



## Comments of Pacific Gas & Electric Company

### Regional Resource Adequacy Initiative – Third Revised Straw Proposal

Submitted by	Company	Date Submitted
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Pacific Gas and Electric Company (PG&E) offers the following comments on the California Independent System Operator's (CAISO) Regional Resource Adequacy Third Revised Straw Proposal.

As a threshold matter, PG&E would like the CAISO to clarify whether it is considering operating multiple balancing areas that have different reliability criteria as part of regional expansion.<sup>1</sup> PG&E believes that consistent minimum reliability criteria must apply across the regional ISO in order for regionalization to be successful.

PG&E intends to address the CAISO's proposal to provide the Western States Committee with primary authority over System-Wide Planning Reserve Margin in our regional governance comments.

PG&E offers comments on the following topics:

1. PG&E supports continuing the CAISO's current methodology to use a system-wide load-based methodology to allocate RA import allocation rights.
2. PG&E has several recommendations to improve the CAISO's proposed changes to the Maximum Import Capability Calculation Methodology.
3. The CAISO should add modifications to the CAISO's use of the Capacity Procurement Mechanism into the scope of the Regional Resource Adequacy initiative.
4. PG&E supports the CAISO conducting its own load forecasting in order to perform a check on LSE forecasts.
5. The CAISO must provide more details on the enforcement of new rules for imports to count for Resource Adequacy.

1. PG&E supports continuing the CAISO's current methodology to use a system-wide load-based methodology to allocate RA import allocation rights.

PG&E continues to respectfully disagree with the arguments the CAISO has used to justify the changes to the MIC allocation process. The proposed process of giving certain PTOs first access to particular interties will limit the efficiency of the RA market.

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<sup>1</sup> PG&E's request for clarification is based on a comment CAISO staff made during the October 6<sup>th</sup> stakeholder meeting in response to a statement made by the Industrial Customers of Northwest Utilities (ICNU) that "PacifiCorp's reliability profile is different than the CAISO's reliability profile".

We also disagree with the CAISO that the proposed modification will ensure that LSEs in the current balancing area maintain access to current MIC allocations.<sup>2</sup> As more PTOs join the CAISO, LSEs within the current footprint will continue to lose import allocation rights as former intertie capacity will become internal transfers within the CAISO. While some resources may become internal to the CAISO upon expanding, import allocation rights will still be needed for resources that remain external to the new regional ISO.

2. PG&E has several recommendations to improve the CAISO's proposed changes to the Maximum Import Capability Calculation Methodology.

PG&E continues to support its transitional proposal for modifications to the Maximum Import Capability (MIC) calculation methodology. While PG&E does not support the CAISO's current approach, we have four recommendations to improve the CAISO's existing proposal. These changes are to improve the equity of the CAISO's proposal. The changes do not resolve all of PG&E's concerns with the CAISO's MIC calculation modification.

- 1) The CAISO's current proposal is to only assess whether new PTOs that join the ISO have a peak load that occurs non-simultaneously with the peak load of the rest of the system and whether there are no simultaneous constraints between the PTO and the rest of the system. The CAISO should modify its proposal to assess all PTOs consistently, so that existing PTOs whose peak load occurs non-simultaneously and has no simultaneous constraints can benefit from this change.
- 2) The CAISO's use of the term "non-simultaneously" with respect to the coincidence of peak load and the relevant constraints is not well-defined. As a result, it is unclear how the proposal will be implemented. PG&E recommends that when the CAISO is referring to "non-simultaneous peak load", it should use the term "seasonally non-coincidental". The term simultaneous seems to indicate an instant in time. The CAISO should define "seasonally non-coincidental peak load" to be when a PTO's peak load occurs more than three months from the peak load of the rest of the CAISO System (i.e. simultaneous peak of all other PTOs). Three months is chosen to represent an approximation for seasonal variation.
- 3) As mentioned, the relevant constraints related to the CAISO's proposal are ill-defined. The CAISO should further clarify how the relevant constraints within the CAISO will be identified and under what system conditions the constraints will be assessed. The load levels used in any constraint assessment should be transparent and consistent with the seasonally non-coincidental PTO peak load.
- 4) The impact of seasonally adjusted MIC levels on net qualifying capacity of internal resources is not clear. Since this initiative is not meant for solely PacifiCorp integration, PG&E requests that the CAISO conduct a regional deliverability study in order to assess the impact of the change in the MIC calculation methodology based on multiple PTOs joining the CAISO.

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<sup>2</sup> CAISO Regional Resource Adequacy Third Revised Straw Proposal, pg. 31

3. The CAISO should add modifications to the CAISO's use of the Capacity Procurement Mechanism into the scope of the Regional Resource Adequacy initiative.

PG&E continues to believe that modifications to the CAISO's use of the Capacity Procurement Mechanism should be considered in this initiative.<sup>3</sup> The existing process is too opaque and has the potential to serve as a barrier for new entrants to consider joining the CAISO. Consistent with our comments on the 3<sup>rd</sup> Regional Resource Adequacy Working Group meeting, PG&E asks the CAISO to commit in its tariff to provide more information to market participants on the results of the CAISO's Reliability Assessments and whether the CAISO chooses to take action as a result of these assessments. Stakeholders will also be able to use these reports to better understand CAISO procurement costs and processes.

4. PG&E supports the CAISO conducting its own load forecasting in order to perform a check on LSE forecasts.

PG&E supports the CAISO's current approach to load forecasting. However, we request that the CAISO elaborate on the steps of investigation for large discrepancies in LSE and CAISO load forecasts. For example, how will load modifiers be incorporated into the CAISO's system check? PG&E also supports the CAISO's approach to only allow monthly load forecast updates due to load migration.

5. The CAISO must provide more details on the enforcement of new rules for imports to count for Resource Adequacy.

The current CAISO proposal requires that LSEs that plan to use non-resource specific imports for their RA filings must secure contractual obligations for capacity or firm energy delivery prior to when the month-ahead showings are due. PG&E requests that the CAISO clarify how it plans to enforce this contractual obligation without reviewing an LSE's import contracts.

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<sup>3</sup> PG&E Comments on the CAISO Regional Resource Adequacy Revised Straw Proposal, pg. 5