



## Comments of Pacific Gas & Electric Company

### Effective Flexible Capacity (EFC) Ratings Process Clarification

Submitted by	Company	Date Submitted
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Pacific Gas and Electric Company (PG&E) offers the following comments on the Effective Flexible Capacity (EFC) Ratings Process Clarification along with the California Independent System Operator Corporation’s (CAISO’s) draft tariff language to Section 40 of the CAISO Tariff.

PG&E appreciates the CAISO conducting a stakeholder call on May 14<sup>th</sup>, 2019 to walk-through the process for establishing 2020 EFC values for resources that fall under the (1) general formula calculation and (2) special category formula calculation. PG&E’s comments on the EFC Ratings Process Clarification and proposed tariff language can be found below.

#### **Proposed Tariff Language**

##### **Hydroelectric Resources Should Remain as Eligible Flexible Capacity Resources**

PG&E believes there is no policy or tariff basis to categorize hydroelectric resources as “non-eligible” flexible capacity resources under Section 40.3.10.6 of the CAISO Tariff. Like proxy demand response, energy storage, multi-stage generation and combined heat and power resources, hydroelectric resources should remain under Section 40.10.4.1 of the CAISO Tariff as eligible flexible capacity resources with a special category formula calculation.

PG&E further notes that the proposed tariff language is ambiguous. The tariff language should be clear that the EFC calculation is based on the resource’s **physical capability to store the water** and not the physical storage of water at the time of the EFC calculation. The timing of the EFC calculation, occurring in August of the preceding year, is done 5 up to 17 months in advance of a respective monthly compliance showing. Thus, it is infeasible for the CAISO to determine the EFC of a resource based on hydrological conditions months in advance and should be based on the resource’s **physical capability to store the water**.

PG&E requests CAISO to defer to the previous tariff language and not re-classify hydroelectric resources as “non-eligible” flexible capacity resources. Specifically, Section 40.10.4.1(b) should remain in the CAISO Tariff and be slightly revised to state the following:

- The Effective Flexible Capacity of a hydroelectric generating unit will be the amount of capacity from which the resource ~~can produce~~ is capable of producing Energy consistently for 6 hours based upon the resource's physical ~~storage capacity capability to store the water~~, which shall not exceed its Net Qualifying Capacity.

PG&E believes the revisions to the proposed tariff language adds clarity to market participants.

### **Revisions to the Draft EFC Timeline**

In the current annual resource adequacy (RA) timeline, the CAISO is to publish the draft net qualifying capacity (NQC) and EFC lists by the second week in August. Upon publishing the draft lists, there is a comment period of three weeks for the NQC list and a comment deadline of September 1 for the EFC list. PG&E has observed in prior years that the defined date of September 1 for the EFC list in the CAISO Tariff hinders a scheduling coordinator's ability to effectively provide comments to the CAISO on the draft EFC values for the resource.

For example, scheduling coordinators were given only one and two days to provide comments to the CAISO for the 2016 and 2017 draft EFC lists, respectively. PG&E proposes that in any event, scheduling coordinators be given a three-week comment period from when the CAISO publishes the NQC or EFC lists.

PG&E proposes that Section 40.10.4.2(a)(1) state the following:

- If the Scheduling Coordinator for a resource that was not included on the draft list of Effective Flexible Capacity values seeks to have the resource included on the list, it must ~~no later than September 1~~ submit a request to the CAISO **in accordance with the schedule set forth in the Business Practice Manual** either showing that the resource meets the criteria in Section in 40.10.4.1 or is capable of meeting the criteria, and provide documentation to enable the CAISO to determine the resource's Effective Flexible Capacity pursuant to the criteria in Section 40.10.4.1.

PG&E also proposes that Section 40.10.4.2(a)(2) state the following:

- If the Scheduling Coordinator for a resource that was included on the draft list of Effective Flexible Capacity values seeks to change the value for that resource, it must submit documentation ~~no later than September 1 to the CAISO~~ **in accordance with the schedule set forth in the Business Practice Manual** that supports such a change.

### **EFC Calculation and Attestation Process**

PG&E disagrees with the CAISO that an attestation by the scheduling coordinator is the only basis in which an eligible resource shall receive an EFC value. The attestation process for an EFC calculation is not in the CAISO Tariff nor Business Practice Manual. Thus, there is no policy or tariff basis for the process and PG&E disagrees that it is the sole basis for establishing an EFC for resources for the 2020 RA compliance year.

PG&E believes that eligible resources should continue to receive an EFC value based on the criteria set forth in the CAISO Tariff. PG&E notes that scheduling coordinators are required, per Section 4.3.1.1 of the Reliability Requirements BPM, to include "...an affirmative representation by the SC submitting the Resource Adequacy Plan that the ISO is entitled to rely on the accuracy of the information provided in the Resource Adequacy Plan. The legal notification also describes the obligation on SCs to submit a true and accurate Resource Adequacy Plan." PG&E believes that it is through the submittal of an RA Plan or Supply Plan that a scheduling coordinator is attesting that the resource meets the requirements set forth in the CAISO Tariff and, thus, an independent attestation process for EFC calculation is unwarranted.

Additionally, PG&E expresses its concern that the EFC Ratings Process Clarification that CAISO has proposed was communicated to market participants via Microsoft PowerPoint presentation material during the stakeholder call. PG&E encourages the CAISO to communicate actionable items required by scheduling coordinators to be supplemented with a market notice, like other actionable items requested by CAISO.