

## Stakeholder Comments

### **Flexible Resource Adequacy Criteria and Must-Offer Obligation Working Group Meeting (Dec. 13, 2013)**

Submitted by	Company	Date Submitted
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SCE submits the following comments on the CAISO's FRAC-MOO Initiative. These comments are based upon SCE's participation in the Dec. 13 FRAC-MOO Working Group Meeting and the discussion of the material presented during that meeting.

SCE applauds the CAISO for listening to Stakeholder concerns and feedback and showing a willingness to change the direction of key aspects of the CAISO's proposal.

#### Must Offer Obligation

The Bucket Must Offer Obligation (MOO) framework is far superior to the prior resource specific MOO framework because it:

- 1) reasonably aligns flexible resource availability with CAISO need,
- 2) appropriately limits dependence on use-limited flexible resources based on the degree of use limitation, and
- 3) is technology neutral and therefore non-discriminatory.

Further discussion will be required to appropriately define the size and configuration of each bucket. For example, requiring 50% of all flexible resources to be non use-limited and to have a 24/7 bid requirement seems excessive.

#### Allocation Methodology

SCE does not believe changing to the Bucket MOO framework necessarily changes or should change the methodology the CAISO uses to allocate monthly flexible capacity requirements to LRAs. Within the existing RA framework, "how much we need" and "how it gets used", while somewhat related, are largely separate questions where allocation is a concern of the former and MOO design is a concern of the latter. A properly designed allocation methodology should reflect an LSE's (or LRA's) contribution to the peak monthly flexible capacity need whereas the flexible capacity MOO - whether Bucket or resource specific - should ensure the flexible resources shown by LSEs to meet that monthly peak need are available throughout the month when needed.

SCE continues to be concerned that the CAISO's proposed allocation methodology does not properly reflect each LSE's contribution to monthly flexible capacity needs. Specifically, SCE believes the allocations produced by the CAISO's methodology, particularly in the summer months, are prone to data and modeling effects that are not reflective of true operating

conditions or a resource group's actual impact on flexible capacity needs. SCE would welcome a discussion of appropriate causation principles and allocation methodology that should apply to flexible capacity - where that resulting methodology may very well not be based solely on peak monthly need. However, in the mean-time, SCE continues to urge the CAISO to at least smooth out the anomalous allocation factors present in their current proposal by averaging the allocations for the four summer months (June-Sept).

### SFCP and CPM Pricing

SCE supports the CAISO's proposal to:

- 1) not include an explicit SFCP mechanism or modify CPM pricing (from what it otherwise would have been) for planning year 2015, and
- 2) to continue the stakeholder discussion of whether and what appropriate forward price and incentive pricing should be established for flexible capacity.

SCE understands that as part of this deferral the CPM tariff may change to include explicit authority for the CAISO to backstop procure for flexible capacity showing deficiencies.