

# Stakeholder Comments Template

## FRACMOO 2 Stakeholder Working Group

This template has been created for submission of stakeholder comments on the FRACMOO 2 Working Group Call that was held on August 2, 2017. The working group presentations and other information related to this initiative may be found at:

<http://www.caiso.com/informed/Pages/StakeholderProcesses/FlexibleResourceAdequacyCriteria-MustOfferObligations.aspx>

Submitted by	Company	Date Submitted
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Upon completion of this template, please submit it to [initiativecomments@caiso.com](mailto:initiativecomments@caiso.com). Submissions are requested by close of business on **August 18, 2017**.

Please provide your organization's comments on the following items:

1. Operational issues discussed during the working group related to flexible capacity needs.

SDG&E understands there will always be operational issues that occur after the CAISO completes its forecasted operational requirements for LSEs to procure capacity. Such forecasts unfortunately will not capture the operational needs of the system during events that occur outside of the 1-in-2 forecast.

In the presentation, the CAISO notes that flexible capacity needs are a function of both predictable and unpredictable factors. SDG&E believes the CAISO needs to compare its forecasted needs by each component to understand the uncertainty and variability. This may help the CAISO understand which factor in real time caused the greatest variability. However, this should be limited to the 1-in-2 day rather than a 1-in-100 day simply because that would be comparing situations in which the CAISO did not require LSEs to procure such capacity.

SDG&E would recommend the CAISO to recognize which operational needs is better suited for energy market solutions rather than resource adequacy procurement framework. Underlying capabilities of a resource should not be carved up in numerous ways and sold off as different products to meet the same need. The only difference between the 3-hour, 1-hour, intra-hour and 15-min ramp is the speed (MW) when divided into equal portions. Making the market product simpler will enable easier compliance and ensure the CAISO has sufficient capacity to meet the forecasted need.

2. Proposed flexible capacity procurement framework presented by The Brattle Group.

SDG&E believes the framework is representative of the current initiative process. SDG&E recommends the Brattle Group and CAISO to focus on the development of the flexibility needs and analyzing how the existing fleet may meet those needs. If there are gaps in which the portfolio of existing resources cannot meet those needs, the proposal should identify the challenges and potential solutions. The proposal should identify implementation and bilateral procurement impacts and what measures should be taken to minimize the overall challenges.

3. Proposed flexibility metrics and any additional metrics that you believe the CAISO should consider.

SDG&E believes the CAISO should provide some analysis to the suggestions raised by stakeholders from previous comments. SDG&E may have additional comments to the next ISO proposal.

4. Plan to move the flexible capacity initiative forward.

Without the analysis and proposal, it is difficult to know whether the plan is realistic. SDG&E would support the CAISO giving sufficient time to stakeholders to understand the CAISO's full proposal rather than rushing towards a self-appointed deadline. As seen in some of CAISO's RA initiatives, RAAIM update (RSI 1A) and RSI Phase 2, the CAISO should ensure its proposal is fully understood by all and ensure there are no unintended consequences. SDG&E recommends holding additional workshops and meetings to review analysis and understand implementation challenges before the CAISO reaches a final proposal.

5. Any other comments.

SDG&E is also concerned that the holistic approach to rethinking flexible resource adequacy capacity excludes the expected RA revamp initiative. Making a change to one attribute of a product without understanding how it will be changed by another initiative in the future may create contradictory issues.