

Seattle City Light's Comments on CAISO's Draft Framework Proposal for
Flexible Resource Adequacy Criteria and Must-Offer Obligation
December 13, 2017

Seattle City Light (Seattle) is the tenth largest consumer owned electric utility in the nation, providing electrical service to more than 415,000 residential, commercial, and industrial customers in the City of Seattle, Washington and six adjacent cities. Seattle owns and operates resources with approximately 2,000 MW of flexible, fast-ramping, hydroelectric capacity. We regularly transact in the wholesale energy and transmission markets. Seattle executed an Implementation Agreement with the California Independent System Operator (CAISO) and intends to begin participating in the Energy Imbalance Market (EIM) in 2020.

Summary

Seattle appreciates the opportunity to provide comments on CAISO's November 20, 2017, Flexible Resource Adequacy Criteria and Must Offer Obligation Draft Framework Proposal. We support the direction of the proposal, and encourage CAISO to continue to refine and publish more details regarding flexible resource adequacy market products and the eligibility of external resources to bid into the proposed market products.

Identification of ramping and uncertainty needs

Seattle thanks CAISO for including a thorough identification and description of its ramping and uncertainty needs in the proposal. The data presented shows CAISO's clear need for fast-ramping, flexible resources. CAISO's analysis indicates that the current flexible resource adequacy product does not ensure the procurement of an appropriate mix of resources to meet CAISO's demonstrated need.¹

CAISO is charged with the integration of an increasing quantity of renewable resources. As these resources schedule their output into CAISO's day-ahead market, there must be a fleet of flexible resource available to follow and back-up their output.

Seattle agrees that "[e]nhancing the flexible RA product to incorporate ramping speed sends an important longer-term procurement signal to the market to ensure the ISO has the [resources] procured and available to satisfy anticipated . . . ramping needs."² As WPTF observes in their December 13, 2017 comments, an important objective in the design of flexible resource adequacy is to provide market incentives for LSE procurement that increases fleet flexibility. Appropriate market signals promote the orderly retirement of non-flexible resources and the efficient procurement of flexible resources.

¹ CAISO, FRACMOO Phase 2 Draft Flexible Capacity Framework (November 20, 2017), at 7.

² CAISO, FRACMOO Phase 2 Draft Flexible Capacity Framework (November 20, 2017), at 9.

Quantification of the flexible capacity needs

Seattle appreciates CAISO's response to our request to publish data that shows its historical need for each product proposed. The historical need for flexible capacity is a good starting point to determine the quantification of future need. However, considering California's rapidly-increasing renewable portfolio standard and that the ISO expects net-load ramps to grow,³ Seattle recommends that CAISO consider using a forecast of future flexibility need to determine a procurement target, as opposed to considering only historical data.

Eligibility criteria and must offer obligations

Seattle supports further exploration of the CAISO's proposal to develop multiple dispatchable flexible capacity market products that are differentiated based on the ability of a resource to respond within a specified time. Coordination between the Pacific Northwest and California is mutually beneficial to each geographic areas' operational needs. Therefore, Seattle believes that all flexible resource adequacy products should allow the participation of external resources, including in the five-minute market, provided that any necessary transmission and dynamic transfer capability is available. Finally, it is appropriate to expand the must offer obligation for external resources that do not receive an award in day-ahead market.

Seattle believes that the development of these products should necessarily be accompanied by changes to the day-ahead market that will allow CAISO to procure shaped day-ahead capacity. Flexible capacity procured in the day-ahead market should be withheld from immediate dispatch, to allow its energy dispatch in the fifteen minute and real-time market.

Conclusion

Seattle appreciates the opportunity to comment on CASIO's Flexible Resource Adequacy Criteria and Must Offer Obligation Draft Framework Proposal. We look forward to further discussing Seattle's ability to provide services from our clean and flexible hydroelectric resources to address CAISO's ramping needs.

³ CAISO, FRACMOO Phase 2 Draft Flexible Capacity Framework (November 20, 2017), at 11.