



Stakeholder Comments Template

Resource Adequacy Enhancement Initiative: Second Revised Straw Proposal

This template has been created for submission of stakeholder comments on the **Resource Adequacy Enhancements Initiative, Second Revised Straw Proposal** that was held on October 9, 2019. The meeting material and other information related to this initiative may be found on the initiative webpage at:

<http://www.caiso.com/informed/Pages/StakeholderProcesses/ResourceAdequacyEnhancements.aspx>

Upon completion of this template, please submit it to initiativecomments@caiso.com. Submissions are requested by close of business on October 24, 2019.

Submitted by	Organization	Date Submitted
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Please provide your organization's comments on the following topics. When applicable, please indicate your organization's position on the topics below (Support, Support with caveats, Oppose, or Oppose with caveats). Please provide examples and support for your positions in your responses.

System Resource Adequacy

1. Determining System RA Requirements

Please provide your organization's feedback on the System RA Requirements proposal as described in the second revised straw proposal.

2. Forced Outage Rates Data and RA Capacity Counting

Please provide your organization's feedback on the Forced Outage Rates and RA Capacity Counting and Forced Outage Rate Data topics as described in the second revised straw proposal.

3. Proposed Forced Outage Rate Assessment Interval

Please provide your organization's feedback on the Proposed Forced Outage Rate Assessment Interval topic as described in the second revised straw proposal.

4. System RA Showings and Sufficiency Testing

Please provide your organization's feedback on the System RA Showings and Sufficiency Testing proposal as described in the second revised straw proposal.

5. Must Offer Obligation and Bid Insertion Modifications

Please provide your organization's feedback on the Must Offer Obligation and Bid Insertion Modifications proposal as described in the second revised straw proposal.

Comments: On page 34, the CAISO proposes to only require a DA must offer obligation for RA resources. We support the ISO proposal, and believe this moves the RA construct closer to aligning in state and out of state resources, and concomitant obligations.

On pages 36 and 38, "the CAISO proposes that system RA resources may not submit block bids or self-schedule greater than one hour." The CAISO also indicates the need for shaping day ahead market awards. However, this restriction will prove untenable, and we request that the CAISO revise the proposal to remove the restriction on multi-hour block schedules. Of importance, DA clearing prices should provide the market price signal to impact scheduling of DA energy adequately. The CAISO should rely on market price signals to indicate the need or lack thereof for energy.

6. Planned Outage Process Enhancements

Please provide your organization's feedback on the Planned Outage Process Enhancements proposal as described in the second revised straw proposal.

Comments: Regarding page 41 and the revised RA planning outage process, historically, when a generator had to modify a planned outage, the revision was processed to be a new request, and the existing outage request was terminated, sending the generator to the back of the line, when in fact, it had originally submitted its planned outage with plenty of time for the CAISO to ensure that there would be adequate generator capacity during the outage. This has triggered a re-assessment of replacement RA and has in some cases assessed significant costs to a generator for changing the end date of the outage. It appears that the proposal attempts to address planned outage changes and to reclassify the extension dates, and we wish to note the importance of not resetting the generator in the outage queue when a modification/extension/subtraction to a planned outage is made.

7. RA Imports Provisions

Please provide your organization's feedback on the RA Imports Provisions proposal as described in the second revised straw proposal.

Comments: On page 44, the CAISO states "LSEs can meet system RA requirements with a mix of RA resources..." It is important for the CAISO to preserve the ability to source RA import energy from multiple non-resource specific system resources to maintain current economic and availability benefits that CA ratepayers receive under the current construct. On page 45, the CAISO is concerned about double counting of RA import resources. While laudable for the CAISO to perform a verification 1-1/2 months before the prompt month, if suppliers must lock in external RA resources for RA import energy supplied from non-resource specific system resources, CA consumers will bear additional costs. If the CAISO chooses to require SCs to identify external RA resources to provide non-resource specific system RA import energy, the CAISO construct needs to allow flexibility to change generation units supplying that energy consistent with current WECC and e-tag timelines, to reflect unit availability, the ability to utilize economic generation units and to allow for bilateral market transactions similar to how bilateral markets transact today. The CAISO may choose to allow SCs to identify multiple generators in multiple BAs where an SC controls generation, and the SC may then source energy from a portfolio of those resources to maintain the highest level of availability for supply of RA import energy to support the CAISO when dispatched in the DA market, as described previously. A better alternative to an SC declaration of generation units which it controls would be for the CAISO to perform periodic audits to ensure there is no double counting.

On page 49, Figure 15 shows a very low non-delivery rate for RA imported energy. Further, the paper states that "the analysis shows that RA import behavior is generally consistent with requirements and expected participation by NRS-RA import providers." The CAISO on page 50 shows that only 4 of 24 providers had RA deliveries that were insufficient, yet the CAISO believes that more rules are required to address

“speculative RA import supply”. We suggest that as shown in the CAISO paper, the percentage of suppliers not delivering is small a small percentage, and that the CAISO should focus on penalties for failure to deliver RA imports, and utilize its authority to investigate market participant behavior as a more market based solution to concerns that NRS-RA suppliers may not be delivering RA import energy when dispatched.

On page 46, the CAISO correctly notes that the CAISO conducted an investigation into why intertie energy may not be delivered, called the Intertie Deviation Settlement Initiative. However, this scope was large and it was difficult to cover all contingencies, so situations in which HASP indicative prices did not accurately represent the FMM settlement price were not adequately analyzed. In the October 11, 2019 MSC meeting, Dr. Harvey suggested that the 5-year experiment with 15-minute dispatchable interties may not have turned out the way the ISO had hoped and may need to be changed. This could suggest that market participants do not have confidence in the alignment of HASP and RT prices, and that a separate hourly settlement may be warranted to assure the integrity of the hourly intertie market. That market should be available to all suppliers. It is very good that “the RA enhancements effort leverages that analysis to determine if there is a problem with non-delivery of import RA when awarded in the CAISO real-time market” as further work should be performed. The CAISO’s hypothetical examples on pages 46-48, however, do not demonstrate the type of analysis that needs to be performed, and notably, Figures 15 and 16 in fact show very low non-deliveries of RA imported energy.

In summary,

- Specification of a RA import resource balancing area source is not a good mechanism of ensuring no double counting and should be a function of audits when the CAISO has concerns.
- “Fixes” should not reduce availability and economical supplies to California consumers, and SCs must still be able to source NRS-RA import energy from different sources as market conditions change, up to WECC e-tag scheduling requirements. On page 53, the CAISO further notes the importance of the efficient utilization of the transmission system. Locking down specific units will increase transmission costs, which will result in increased costs to California consumers.
- Until actual situations, not hypothetical situations, can demonstrate an increase in supply reliability, the CAISO should praise the success of the majority of RA NRS-RA resources, and focus on SC specific investigations and penalties for non-performance, as opposed to more rules which may result in more harm than good to an efficient and competitive energy market.

Flexible Resource Adequacy

8. Identifying Flexible Capacity Needs and Requirements

Please provide your organization's feedback on the Identifying Flexible Capacity Needs and Requirements topic as described in the second revised straw proposal.

9. Setting Flexible RA Requirements

Please provide your organization's feedback on the Setting Flexible RA Requirements topic as described in the second revised straw proposal.

10. Establishing Flexible RA Counting Rules: Effective Flexible Capacity Values and Eligibility

Please provide your organization's feedback on the Establishing Flexible RA Counting Rules: Effective Flexible Capacity Values and Eligibility topic as described in the second revised straw proposal.

11. Flexible RA Allocations, Showings, and Sufficiency Tests

Please provide your organization's feedback on the Flexible RA Allocations, Showings, and Sufficiency Tests topic as described in the second revised straw proposal.

12. Flexible RA Must Offer Obligation Modifications

Please provide your organization's feedback on the Flexible RA Must Offer Obligation Modifications topic as described in the second revised straw proposal.

Local Resource Adequacy

13. UCAP for Local RA

Please provide your organization's feedback on the UCAP for Local RA topic as described in the second revised straw proposal.

Additional comments

Please offer any other feedback your organization would like to provide on the RA Enhancements Initiative.