

September 15, 2017

**COMMENTS OF THE CITIES OF ANAHEIM, AZUSA, BANNING, COLTON,
PASADENA, AND RIVERSIDE, CALIFORNIA ON CAISO'S RESOURCE ADEQUACY
AVAILABILITY INCENTIVE MECHANISM MODIFICATION WHITE PAPER**

In response to CAISO's request, the Cities of Anaheim, Azusa, Banning, Colton, Pasadena, and Riverside, California (collectively, the "Six Cities") provide the following comments on the August 31, 2017 Resource Adequacy Availability Incentive Mechanism Modification White Paper ("the RAAIM White Paper"):

According to the RAAIM White Paper, the current methodology for calculating performance under the RAAIM (and related penalty charges or incentive payments) results in skewed performance calculations, because greater weight is attached to Flexible Capacity than to System Capacity. The RAAIM White Paper expresses concern that the skewed calculations distort the incentives to follow must-offer obligations or to replace capacity on outage and allow resources to manipulate performance calculations by showing small amounts of Flexible Capacity. The RAAIM White Paper proposes to address these problems by calculating daily availability values separately for System and Flexible RA.

The Six Cities support in concept the objectives underlying the modifications to the RAAIM methodology proposed by CAISO. But as CAISO acknowledged during the September 7, 2017 stakeholder web conference, the sample calculations are extremely complex, and stakeholders have not had a great deal of time to study the details of the calculations or CAISO's model. The Cities may identify technical concerns with the proposed modifications based on further experience as the design changes are implemented.

Submitted by,

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