

Stakeholder Comments Template

Subject: Regional Resource Adequacy Initiative

Submitted by	Company	Date Submitted
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This template has been created for submission of stakeholder comments on the Third Revised Straw Proposal for the Regional Resource Adequacy initiative that was posted on September 29, 2016. Upon completion of this template, please submit it to initiativecomments@caiso.com. Submissions are requested by close of business on **October 27, 2016**.

Please provide feedback on the Regional RA Third Revised Straw Proposal below.

The ISO is especially interested in receiving feedback that indicates if your organization supports particular aspects of the proposal. Alternatively, if your organization does not support particular aspects of the proposal, please indicate why your organization does not support those aspects.

Six Cities’ Response - - The Six Cities appreciate the opportunity to submit their comments on the ISO’s Third Revised Straw Proposal in the Regional Resource Adequacy Initiative (the “3rd Revised Straw Proposal”).

The Six Cities specifically support the following elements of the 3rd Revised Straw Proposal:

- Development of a system-wide Planning Reserve Margin (“PRM”) target with input from the Western States Committee (“WSC”) (3rd Revised Straw Proposal at 17, 24), subject to input from the Western Electricity Coordinating Council (“WECC”), as discussed below;
- Limiting intra-year updates to load forecasts to revisions based on load migration (*Id.* at 11);
- Development of an ISO guidance document on acceptable load forecasting methodologies (*Id.* at 15);

- Provisions relating to ISO review of LSE forecasts, resolution of any disagreements regarding the reasonableness of LSE load forecasts, and application of the ISO’s forecast where disagreements are not resolved by mutual agreement (*Id.* at 15-16);
- Publication of individual LSE load forecast error percentages (*Id.* at 16) as long as the approach is applied consistently (*e.g.*, all non-weather adjusted, etc.);
- Development and application of uniform counting methodologies for resource RA values (*Id.* at 17, 20, 24);
- Development of documentation requirements and testing procedures to validate capacity values (*Id.* at 20-23);
- Provisions relating to implementation of backstop procurement authority to address collective deficiencies and allocation of costs in the first instance to any deficient LSEs (*Id.* at 27-28);
- Requiring month-ahead (prior to the T-45 showing date) procurement for import resources (*Id.* at 39-40), subject to allowing procurement of import resources during the RA “cure” period, as discussed below;
- ISO monitoring of Locational RA needs and procurement (*Id.* at 43-44).

The foregoing elements of the 3rd Revised Straw Proposal are consistent with preservation of reliability throughout an expanded regional BAA and are necessary to protect against potential unfair resource “leaning” by sub-regions or LSEs within the expanded BAA.

With respect to the development of the system-wide PRM, the Six Cities urge the ISO to supplement the Regional RA principles to provide specifically for coordination and consultation with WECC. The WSC may provide valuable input on policy considerations, but the members of the WSC do not have responsibility for grid operations and reliability. In light of WECC’s technical expertise and responsibility for operational reliability, its involvement in the development of the system-wide PRM is essential to ensure that the PRM takes into account the dispersion and location of planning reserves in a potentially very large regional BAA.

With respect to the timing requirements for procurement of import resources for RA, the Six Cities agree that import resources should be procured prior to the time they are included in an RA showing, which generally would require procurement prior to the T-45 monthly RA showing deadline. However, if the ISO notifies an LSE of an RA deficiency, the LSE has until T-30 to cure the deficiency. The ISO should allow import resources to cure an insufficient monthly showing, and the procurement deadline for such “cure” resources should be the later of the date that such resource is designated as RA for the subsequent month or the end of the cure period.

The Six Cities also request confirmation of several points discussed in the October 6, 2016 meeting on the 3rd Revised Straw Proposal. Specifically, the Six Cities request that the ISO confirm the following:

- MIC will no longer be required for interties that become internal to an expanded BAA footprint;
- The ISO will preserve LSEs' ability to count existing RA resources; and
- Must-offer requirements, Resource Adequacy Availability Incentive Mechanism ("RAAIM") provisions, and substitution rules all will be applied consistently throughout an expanded BAA footprint.

The ISO's Second Revised Straw Proposal for Regional Resource Adequacy discussed the possibility of allowing external resources to provide substitute RA. The Six Cities' June 16, 2016 comments on the Second Revised Straw Proposal conditionally supported allowing external resources to provide substitute capacity, provided that the external resource is able to provide capacity that is comparable (in terms of firmness, including necessary MIC allowances, and operating characteristics required for the relevant RA category) to the resource for which it is substituting and could comply with the Must-Offer Obligations applicable to the resource for which it is substituting. In the 3rd Revised Straw Proposal, the ISO no longer proposes to consider allowing external resources to provide substitute RA capacity, based on perceived difficulties in ensuring that the external resource could provide the same quality of capacity as the resource for which it is substituting. 3rd Revised Straw Proposal at 40-41. The Six Cities do not oppose deferral of this topic for the time being given the implementation challenges identified by the ISO. However, the Six Cities request that the ISO revisit the possibility of allowing external resources to provide substitute RA capacity if the implementation issues can be resolved.