

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 to the Second Revised Straw Proposal for the Regional Resource Adequacy initiative that was posted on May 26, 2016. Upon completion of this template, please submit it to initiativecomments@caiso.com. Submissions are requested by close of business on **June 15, 2016**.

Please provide feedback on the Regional RA Straw Proposal topics:

1. Resource Adequacy Unit Outage Substitution Rules for Internal and External Resources

Silicon Valley Power (SVP) has no comments on this item at this time.

2. Discussion of Import Resources that Qualify for RA Purposes

SVP is supportive of the CAISO's proposal to allow RA system capacity requirements, including substitution requirements, to be met with imported resources.

3. Load Forecasting

SVP urges the CAISO to ensure that the reporting requirements of LSEs in the load forecasting process be as efficient as possible. Requiring multiple reporting over differing time periods to different agencies serves no practical purpose and inhibits LSEs from performing their utility functions in the most effective manner. If the regional CAISO does require hourly load forecasts on a one year forward basis, SVP requests that such reporting follow similar formats and request the same data as the forecasts required for the California Energy Commission (CEC) and other regulatory agencies. SVP would also urge that the forecasting requirements for this effort be

consistent with other CAISO activities, such as with forecasts submitted for Congestion Revenue Right (CRR) allocation purposes.

4. Maximum Import Capability

SVP reiterates its prior comments that it is important to ensure that the modified MIC capacity allocation continue to recognize and honor existing contractual rights and commitments. SVP understands that the Second Revised Straw Proposal proposes only two categories of changes to the existing MIC: (1) changes to recognize diversity between subregions; and (2) limiting the initial allocations of MIC capability to those sub-regions of the ISO that are defined by Regional TAC sub-regions based on a load-ratio share of only the LSEs serving load within the sub-regional TAC areas. The Second Revised Straw Proposal and associated presentation provide some general assurances that existing LSEs will still receive their current allocations of MIC capability at the current BAA interties. However, the assurances are not absolute, and the discussion during the June 2, 2016 stakeholder call indicated there were several open issues that CAISO needs to address. SVP continues to seek confirmation that any proposed changes to the resource adequacy tariff provisions and/or Business Practice Manual language will continue the current practice of allocating capacity based on existing contracts and commitments. SVP needs assurances that it will be able to obtain the same MIC allocations it currently receives based on its existing contracts and commitments.

5. Monitoring Locational Resource Adequacy Needs and Procurement Levels

SVP has no comments on this item at this time.

6. Allocation of RA Requirements to LRAs/LSEs.

SVP has no comments on this item at this time.

7. Reliability Assessment

a. Planning Reserve Margin for Reliability Assessment

SVP remains concerned about the complexity of the Loss of Load Expectation (LOLE) study to establish system wide Planning Reserve Margins (PRM). In its previous comments, SVP had requested that results of the LOLE study be used by the CAISO to provide examples for stakeholders on how this probabilistic methodology would improve system wide PRM data. SVP re-iterates this request. The CAISO, in its second straw proposal, continues to press forward with the LOLE approach without showing that it is a more effective approach. The CAISO states that the LOLE study requires extensive work and will be time consuming to develop models and cases. SVP remains concerned that such a complex process will likely have issues and

unintended consequences, and that adoption of a methodology prior to understanding these issues is problematic.

Notwithstanding the above concern with transitioning to the use of LOLE to establish a PRM, if a LOLE methodology is to be used, more information is needed prior to selecting the specific reliability criterion such as a one day in ten years (1-in-10) LOLE. It is premature to set a criterion prior to the ability to even model the system's performance against the metric. Proper selection of a criterion requires understanding of how loads and resources specific to the area are modelled and the risks and consequences of the selection of a specific criterion. None of these are known at this time. If the decision is to move towards a LOLE metric in setting the PRM, the models must be developed and the reliability of service to load versus the resource cost implications known before selecting a criterion.

It appears that the individual LSE will be held accountable to the PRM determined by the ISO based upon a regional LOLE analysis. SVP is concerned that not enough is known to understand whether it is possible for a LSE to individually meet the 1-in-10 LOLE criterion without meeting the regional PRM or vice versa.¹ Again, more modeling capability is needed before setting a regional or individual LSE performance requirement.

b. Resource Counting Methodologies for Reliability Assessment

It is interesting that CAISO is pressing ahead with the LOLE, which is still not fully understood by CAISO modelers, but yet has pushed back against the state law requirement that the Effective Load Carrying Capacity (ELCC) methodology be used for resource counting of wind and solar renewables. By remaining focused on the exceedance methodology to measure minimum amount of generation, and proposing to potentially transition into using the ELCC methodology, the CAISO is running counter to state law. The CAISO has also expressed concerns that the ELCC methodology has not been fully developed, even though significant work on this methodology has been completed at the CPUC since 2014. The difference between the treatment of LOLE and ELCC by the CAISO is confusing and appears to be somewhat arbitrary.

8. Other

¹ For example, consider a LSE that has a resource portfolio that is long in capacity but energy limited. Such a LSE may have abundant capacity to meet a PRM, but insufficient energy to meet a LOLE criterion.

SVP wishes to echo the concerns raised by the Transmission Agency of Northern California (TANC) in the CAISO's Regional Transmission Access Charge Options stakeholder process - regarding the value and level of input into the stakeholder process. As stated by TANC in that arena, "Submission of conceptual proposals by the CAISO to FERC could effectively undermine the Order 1000 principle of consultation with stakeholders. Filing conceptual proposals on discrete components of the regional process may serve to entrench these proposals and constrain the flexibility that will be required to move towards a comprehensive proposal that reflects broader region-wide stakeholder consensus." SVP shares TANC's concerns, and similarly views the CAISO's proposal to seek FERC approval of conceptual Regional Resource Adequacy proposals without specific tariff language being shared with and reviewed by stakeholders as problematic.

SVP appreciates the opportunity to provide comments on the CAISO's Second Revised Straw Proposal for the Regional Resource Adequacy initiative.