Stakeholder Comments Template

Flexible Resource Adequacy Criteria and Must-Offer Obligation Third Revised Straw Proposal, Posted October 3, 2013

Submitted by	Company	Date Submitted
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VIASYN appreciates the opportunity to offer these comments on the California Independent System Operator's (the ISO) Third Revised Straw Proposal regarding the Flexible Resource Adequacy Criteria and Must-Offer Obligation Initiative.

1. The ISO has outlined a methodology to allocate flexible capacity requirements to LRAs. It is based on one possible measurement of the proportion of the system flexible capacity requirement to each LRA and calculated as the cumulative contribution of the LRA's jurisdictional LSE's contribution to the ISO's largest 3-hour net load ramp each month. Please provide comments regarding the equity and efficiency of the ISO proposed allocation. Specifically, please comment on:

    a. The ISO's proposal to use an LSEs average contribution to historic daily ISO maximum 3-hour load changes to allocate the Δ load component of the flexible capacity requirement.

VIASYN supports the use of average contribution to daily maximum 3-hour load ramp because the ISO will use historic LSE-specific load data in the calculation.

    b. The potential of using historic average daily maximum 3-hour net-load ramps or time of day system maximum 3-hour load ramps (morning vs. evening ramps).

Given that the methodology used to assess an LSE's contribution to change in wind and solar output is based on percentage share of change in aggregated system-level wind and solar output, as opposed to each LSE's contracted resource portfolio, calculation of historic average daily 3-hour net-load ramps appears unnecessarily granular and intensive with little additional benefits.

The benefits of using time of day system maximum 3-hour load ramps is also unclear. The use of maximum 3-hour load ramps should be sufficient for use in the flexible capacity requirement and LSE contribution calculations.

What other measurement or allocation factor should the ISO consider to determine an LRA's contribution to the change in load component of the flexible capacity requirement?

The existing proposal is sufficient for a capacity requirement based on 3-hour maximum net-load ramps.

c. Should the ISO consider seasonal allocations for each component? What would these seasonal allocations look like?

Seasonal or monthly allocations would be appropriate.

2. The ISO believes the proposed methodology reflects causation principles. Specific to allocating flexible capacity requirements, what does "causation" mean to your organization and how would this definition be most accurately reflected in a flexible capacity requirements allocation process?

No comment at this time.

3. What are the appropriate bounds for the maximum and minimum for the error term as well as how to address year-to-year variability? What are the appropriate actions if such bounds are reached?

To address year-to-year variability the ISO can incorporate an additional variable in the flexible capacity requirement calculation that reflects the variability uncertainty inherent in the renewable resource profile used in the calculation of the projected maximum three hour ramp. This uncertainty should not be reflected in the error term.

The error term should be bounded by a percentage of the maximum three hour ramp, reflecting a threshold beyond which reliability concerns escalate due to insufficient capacity dedicated by the flexible capacity requirement calculation. If such bounds are reached the source of the unanticipated flexibility need should be assessed, and adjustments should be made to the flexible capacity requirement formula in the subsequent flexible capacity requirement assessment process.

The ISO has proposed must-offer obligations for various types of resources. Please provide comments and recommendations regarding the ISO's proposed must-offer obligations for the following resources types:

a. Resources not identified as use-limited

No comment at this time.

b. Dispatchable gas-fired use-limited resources

1. Please provide comments regarding the ISO's proposal that would allow resources with use- limitations to include the opportunity costs in the resource's default energy bid, start-up cost, and minimum load cost.

No comment at this time.

2. Please provide information on any use-limitations that have not been addressed and how the ISO could account for them.

No comment at this time.

c. Hydro Resources

The ISO should clarify why it proposes to require hydro resources to provide at least six hours of energy when the flexible capacity requirement is based on a 3-hour ramp period. A four hour requirement appears adequate.

d. Specialized must-offer obligations (please also include any recommended changes for the duration or timing of the proposed must-offer obligation):

1. Demand response resources.

No comment at this time.

2. Storage resources.

No comment at this time.

3. Variable energy resources.

Assessing availability as the lower of the bid or resource's forecast appears appropriate.

4. The ISO has proposed a flexible capacity availability incentive mechanism Please provide comments of the following aspects of this mechanism:

    a. The selection of the adder method as the preferred option

The adder method appears appropriate.

        1. Should the ISO still consider the bucket method, the "worse-of" method, or some other method not already considered? Why?

No comment at this time.

    b. The price for the flexibility adder. Specifically, if the ISO proposed price is not correct, what price or data source should the ISO consider and why?

The ISO proposed price is not correct, however we do not have a better alternative at this time.

    c. The interaction between the existing SCP and the proposed SFCP

No comment at this time.

    d. The proposed SFCP evaluation mechanism/formula

        1. The formula used to calculate compliance (including the treatment of long-start and use-limited resources)

Compliance calculations appear adequate, however we would like greater clarification regarding the requirement for hydro resources to provide at least six hours of energy when the flexible capacity requirement is based on a 3-hour ramp period.

        2. The treatment of forced and planned outages

The treatment of forced and planned outages appears appropriate.

        3. The minimum availability thresholds for use-limited resources

Availability thresholds for use-limited resources appear appropriate.

e. The proposed substation rules for forced outages

Substitution rules for forced outages appear appropriate.

f. Please also include comments regarding issues the ISO must consider as part of the evaluation mechanism that are not discussed in this proposal.

No comment at this time.

5. The ISO has proposed to include a backstop procurement provision that would allow the ISO to procure flexible capacity resources to cure deficiencies in LSE SC flexible capacity showings. Please provide comments regarding the following issues of ISO's proposed flexible capacity backstop procurement proposal:

   a. The inclusion of the adder methodology

This methodology appears appropriate.

   b. The opportunity for LSEs to provide a list of uncommitted flexible capacity that can be used to help cure flexible capacity deficiencies

This opportunity appears appropriate.

6. Are there any additional comments your organization wishes to make at this time?

No comment at this time.