

Comments of Viasyn
Flexible RA Criteria and Must Offer Obligations Phase 2 // Working Group Presentation

Submitted by	Company	Date Submitted
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Viasyn appreciates the opportunity to comment on the August 18 FRACMOO Phase 2 Working Group presentation proposal. We express our support for the proposal and look forward to offering more substantive comments on a straw proposal.

Short-Term Unit Commitment

Viasyn supports extending the STUC commitment horizon as this will better optimize resources to meet net load challenges.

Lowering the Bid Floor

Viasyn supports lowering the bid floor to incentivize economic bidding and to better reflect the costs of inflexible capacity and reliability challenges.

Priority Ranking for RA and Non-RA Capacity

Viasyn agrees that RA resources should receive higher priority than non-RA resources, and supports aligning the non-RA self-schedule penalty parameter with the bid floor.

Inflexible Capacity and Allowances

Viasyn supports delineating RA procurement based on the capability of the capacity to participate economically. Viasyn looks forward to a more detailed straw proposal around refinements to existing flexible capacity buckets; treatment of storage, demand response, and variable resources; and must-offer obligations and quality requirements for allowances.

The ISO states that allowances may be provided by resources already under contract at zero additional costs.¹ We clarify however that an existing bilateral contract for energy, capacity, or ancillary services does not necessarily account for the economic implications of a downward dispatchable capacity allowance, and that new performance obligations and penalties, in the context of participating within the greater market design, may have a material impact upon a contract's performance, even for many dispatchable VER and storage contracts. Modern PPAs treat the interplay between negative prices, noneconomic and economic curtailments, renewable attributes, and capacity products as an interlaced accounting of the risks associated with market participation; and the introduction of downward dispatchable capacity allowances is extensive enough to have a potentially material impact on this complex dynamic.

As net load curves become increasingly acute and the economics of p-min and ramp rate retrofits, dispatch enhancements, storage and demand response options become increasingly attractive, the role of capacity allowances will become increasingly important. Depending on more specific elements of the ISO's proposal and on participant expectations regarding the timeframe and severity of subsequent capacity market design modifications, capacity allowances may have a material impact on contract structures and financials.

Examples and other Considerations

Viasyn believes the ISO's phase 2 proposal to be a necessary enhancement to the existing market design. We support the ISO moving forward in this direction and look forward to providing more substantive comments as more specific elements of the proposal are presented.

¹ Working Group presentation at page 42.