



Stakeholder Comments Template

Resource Adequacy Enhancements – Straw Proposal Part 1

This template has been created for submission of stakeholder comments on Resource Adequacy Enhancements Straw Proposal Part 1 that was published on December 20, 2018. The Straw Proposal Part 1, Stakeholder meeting presentation, and other information related to this initiative may be found on the initiative webpage at: <http://www.caiso.com/informed/Pages/StakeholderProcesses/ResourceAdequacyEnhancements.aspx>

Upon completion of this template, please submit it to initiativecomments@caiso.com.

Submitted by	Organization	Date Submitted
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Submissions are requested by close of business on February 6, 2019.

Please provide your organization's comments on the following issues and questions.

The Western Power Trading Forum (WPTF) strongly supports holistic RA reform. As WPTF has long noted, many current processes are unnecessarily complex and do not ensure sufficient revenues for needed flexible resources to remain on the grid. This has been demonstrated by the increase in backstop RA procurement in 2017 and 2018. We support the CAISO establishing an RA program with the following attributes but note that these items may or may not work as individual improvements.

- Annual, multi-year forward RA requirements
- CAISO-set Planning Reserve Margin
- EFORd NQC methodology
- Removal of all forced and planned outage penalties
- Centralized capacity market

WPTF also notes that there is currently a high level of uncertainty surrounding RA in California. This is due to potential RA rule changes at the CPUC, shifts in load from IOUs to CCAs, and of course, PG&E filing for bankruptcy. While WPTF believes the CAISO should move forward with comprehensive RA reform, it would be prudent to clearly state that the changes being considered are still in the initial, options phase.

1. Rules for Import RA

Please provide your organization's feedback on the Rules for Import RA topic. Please explain your rationale and include examples if applicable.

Generally, WPTF strongly supports the CAISO proactively addressing risks to reliability. We believe that decreased supply across the entire WECC and increase in flexible resources to address renewable integration make this an important policy topic. Accordingly, WPTF supports additional flexibility from interties and believes the CAISO should create flexible RA intertie rules.

WPTF will reserve further comment on import RA rules until both Part 1 and Part 2 of the straw proposal have been published so that we can better understand the reliability needs of the CAISO. We believe reliability and equity with internal resources should drive import RA rules.

2. RAAIM Enhancements & Outage Rules

WPTF believes the CAISO should focus on RA outage process improvements. WPTF does not support moving forward with changes to RAAIM or implementing an EFORD methodology within the context of a *monthly* RA market at this time for the following reasons:

- While RAAIM is somewhat complex due to flexible RA, it has taken significant effort to implement for both the CAISO and stakeholders and seems to be providing adequate incentives for resources to offer into the energy market. WPTF sees no obvious benefit to reliability or decrease in complexity by moving to a performance evaluation, especially as the CAISO proposes multiple prices and triggers.
 - WPTF does not believe a performance requirement will address the CAISO's reliability needs. According to Mark Rothleder at the most recent EIM Governing Body Meeting, internal resources are performing in the real-time, *with the exception of wind and solar resources*. A performance penalty is primarily used in other ISOs to ensure resources have enough fuel supply on site during stressed winter conditions. The CAISO cannot penalize wind and solar into having sufficient fuel and it seems like the wrong mechanism for California's unique reliability challenges.
 - WPTF sees no obvious benefit or decrease in complexity by moving from the current NQC methodology to an EFORD construct. A *monthly* EFORD construct that would be required to work with the rest of CAISO and CPUC RA rules would require significantly more complexity than that of other ISOs, which have both annual requirements and capacity markets. That said, WPTF supports the CAISO putting forth an EFORD option for stakeholders to consider further.
- a. Please provide your organization's feedback on the Addressing Planned and Forced Outage Issue topic. Please explain your rationale and include examples if applicable.

WPTF supports the CAISO improving the current planned outage process. As noted by several other stakeholders the process lacks certainty of planned outage substitution requirements by a reasonable date and generally lacks flexibility on the part of the CAISO to accommodate reasonable outage requests for outages that are changed for reasons beyond the generators control.

WPTF also supports the CAISO moving forward with a proposal based on bookend 1. Specifically, WPTF believes the CAISO should develop a forced and planned outage matching market whereby both buyers and sellers can provide a price at which the CPM capacity will automatically count toward an RA resource's planned or forced substitution requirement. RA capacity should also retain the ability to provide substitution outside the matching market.

- b. Please provide your organization's feedback on the RAIM Enhancements topic. Please explain your rationale and include examples if applicable.
 - i. Please provide your organization's feedback on the Availability & Performance Assessment Triggers options presented in the proposal.

WPTF does not support moving to a performance assessment, as noted above, and therefore away from the currently defined exemptions. If the CAISO does move to a performance assessment, the trigger should be something that can be forecasted in advance, such as a tangible day-ahead scarcity event and not events that possibly could lead to scarcity.

That said, even scarcity seems like a poor trigger as frequently scarcity in the CAISO is due to poor renewable forecasting or challenges setting up the day-ahead market to meet real-time needs, rather than non-performance that can be incented to decrease through penalties.

3. Local Capacity Assessments with Availability-Limited Resources

Please provide your organization's feedback on the Local Capacity Assessments with Availability-Limited Resources topic. Please explain your rationale and include examples if applicable.

WPTF does not understand the CAISO's current rules related to backstopping annual local RA due to availability limited resources and does not understand what this proposal is changing. We respectfully request the CAISO walk through the current and proposed rules in more detail in the next paper and meeting.

4. Meeting Local Capacity Needs with Slow Demand Response

Please provide your organization's feedback on the Meeting Local Capacity Needs with Slow Demand Response topic. Please explain your rationale and include examples if applicable.

WPTF tentatively supports the CAISO's proposal, but are concerned on how the proposal will impact the LMP in local areas. We ask that the CAISO describe how the scheduling and dispatch of slow DR would impact real-time LMP formulation. It is not obvious to us based on the initial proposal whether the optimization would dispatch slow demand response based on price and how the slow DR's real-time market offers would impact the real-time LMP.

Additional comments

Please offer any other feedback your organization would like to provide on the RA Enhancements Straw Proposal Part 1.

The CAISO has stated for years that it was important to develop a durable flexible RA product and allow imports to count as flexible RA. Has the CAISO given up on this idea and if so, why?