



## Stakeholder Comments Template

### Resource Adequacy Enhancements

This template has been created for submission of stakeholder comments on the RA Enhancements stakeholder working group held on April 8 & 9. The 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](mailto:initiativecomments@caiso.com). Submissions are requested by close of business on April 22.

Submitted by	Organization	Date Submitted
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**Please provide your organization's comments on the following issues and questions.**

#### **1. Unforced capacity concepts: Inclusion of forced outage rates in capacity counting/valuation**

LS Power supports the concept of incorporating forced outage rate in capacity counting/evaluation, however we have a few questions in this regard.

CPUC expects RA showings to be based upon NQC MW values. When the CAISO "tests" the resources shown in LSE RA filings to the CPUC based upon the UCAP methodologies to identify deficiencies, entities with compliant CPUC RA showings may be found deficient in the CAISO UCAP process if the resources' outage rate increases after they were contracted and reported. It is therefore imperative that any UCAP values be established early in the year ahead process and not changed throughout the filing year. Since the UCAP test will then drive CPM procurement, there is a possible disconnect between CPUC vs. CAISO compliance obligations, and CPM procurement and cost allocation.

LS Power supports the use of CAISO proposed 5am-10pm as the assessment window. A shorter window may sacrifice grid reliability for hours outside the window and a 24 hour window may mask the value of resource availability during the critical hours of 5am-10pm.

## 2. Flexible RA concepts

LS Power supports the CAISO proposed new “Fast ramping requirement” to be set at the largest forecasted one hour net load ramping need. Additional details are needed however;

- a. Does the CAISO expect to then allocate individual LSE’s their load ratio share of the requirement to be procured?
- b. Will this be a new and separate Fast Ramping FLEX RA attribute assigned to individual resources? If so, then will the definition that requires resources be able to deliver for a minimum of 4 hours be changed/ modified to allow 1 hour duration resources to qualify as Flex RA?
- c. We understand that the CAISO is expecting the Fast Ramping attribute to be “nested” under Long Ramping similar to how Local RA is also counted as System RA. It seems that a 4 hour duration product/ resource is fundamentally different in design and operation than a 1 hour resource. Nesting a 1 hour product/ resource under a product/ resource that requires a minimum 4 hour duration may lead to confusion because the 1 hour product/ resource will have inherently different NQC and UCAP values from the 4 hour product/ resource.
- d. Aren’t there any intra hour ramping needs? CAISO previous analyses and last version of its FRACMOO2 proposal had shown & proposed development of intra hour flexible ramping products. In addition to the hourly Day Ahead product, CAISO was considering developing a 15-min and a 5-min flex capacity product to address these needs in the Real Time market. We recommend that initiative should also take a closer look at these Real Time Flexible Capacity needs and develop products as necessary.

CAISO is considering whether NGR REM resources should no longer be eligible to provide Flexible RA because they are not capable of providing (submitting bids for) energy needs. This seems counterintuitive, since NGR REM resources provide huge value to CAISO because of their ability to respond to instantaneous dispatch in both up/down direction as deemed necessary to meet the Real Time Area Control Error (ACE) requirements for CAISO BAA. When dispatched for Regulation, the energy portion of the dispatch gets settled based on Real Time prices. So while these resources may not have an energy bid in the market, these are providing similar to better value to the grid while also assuming the risk of bearing the Real Time prices when dispatched. Taking away the Flexible Capacity attribute from these resources will dis-incentivize this product being offered to CAISO which could be detrimental to grid reliability. RA resources in general are not required to deliver energy, nor are they required to offer dispatch rights, which are contracted and bid separately. It seems that the fast ramping energy need should be addressed through enhancements to the Flexible Ramping Product which is not currently providing an adequate economic incentive for participation in that market.

It is difficult to reconcile how the most flexible FLEX RA resources could not be counted as flexible.

Lastly, as noted in LS Power comments<sup>1</sup> on the last version of CAISO FRACMOO2 proposal, resources that provide increased flexibility in the form of very little to no Start Time, and very little to no Pmin burden should receive higher value and not get mixed up in other flexible resources that do not. As discussed in our earlier comments, CAISO should consider Minimum Qualification standards for the Real Time Flex RA product.

### **3. RA showings and assessments**

Please see LS Power comments above in 1.

#### **a. Portfolio assessment**

Please see LS Power comments above in 1 & 2.

### **4. Planned Outage Substitution**

LS Power has no comments on this topic.

### **5. CPM and Backstop authority**

LS Power generally supports the CAISO proposal; however, would like to see more discussion in this initiative as to why CPM designations are being limited to 1 year in duration. If CAISO's LCR studies show possible local capacity deficits for the next few years, a multi-year CPM should be considered for new resources that are consciously sited to mitigate local capacity needs but that require a longer contracting term to be built.

### **6. Import RA provisions**

LS Power supports the element of CAISO proposal that for RA imports to count these should be from a Resource Specific import only, or else CAISO will continue to deal with unreliable imports leading to potentially less LSE procurement for in-state generation and potential reliability issues.

### **7. Maximum Import Capability and Import Capability Allocation provisions**

LS Power has no comments on this topic.

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<sup>1</sup> <http://www.aiso.com/Documents/LSPowerComments-SecondRevisedDraftFlexibleCapacityFramework.pdf>

**8. Must Offer Obligations concepts**

LS Power has no comments on this topic.

**9. Local capacity assessments with availability-limited resources**

LS Power continues to support this element of the CAISO proposal with a caveat that this should not lead to blanket requirements that make certain resources ineligible to bid for local requirements. If the load pocket needs are more than four hours, then staggering a few resources should be considered rather than requiring only longer duration resources participate, which could unnecessarily lead to increased cost to ratepayers.

**10. Slow demand response**

LS Power has no comments on this topic.

**Additional comments**

LS Power has no other feedback on the April 8-9 RA Enhancements stakeholder working groups.