Stakeholder Comments Template

Resource Adequacy Enhancements

This template has been created for submission of stakeholder comments on the Resource Adequacy Enhancements fifth revised straw proposal that was published on July 7, 2020. The proposal, stakeholder meeting presentation, and other information related to this initiative may be found on the initiative webpage at: http://www.caiso.com/StakeholderProcesses/Resource-Adequacy-Enhancements

Upon completion of this template, please submit it to initiativecomments@caiso.com. Submissions are requested by close of business on **August 7, 2020**.

Submitted by	Organization	Date Submitted
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Please provide your organization's overall position on the RA Enhancements fifth revised straw proposal:

☐ Support
X Support w/ caveats
☐ Oppose
☐ Oppose w/ caveats
☐ No position

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

1. System Resource Adequacy

Please provide your organization's feedback on the System Resource Adequacy topic as described in section 4.1. Please explain your rationale and include examples if applicable.

a. Please provide your organization's feedback on the Determining System RA Requirements topic as described in section 4.1.1. Please explain your rationale and include examples if applicable.

b. Please provide your organization's feedback on the Unforced Capacity Evaluations topic as described in section 4.1.2. Please explain your rationale and include examples if applicable.

i. Please provide your organization's feedback on whether the ISO should establish a dead band around a resource's UCAP value given the associated benefits and burdens, as described in section 4.1.2. Please explain your rationale and include examples if applicable.

ii. Please provide your organization's feedback on Option 1 and Option 2 for calculating UCAP for new resources without three full years of operating history, as described in section 4.1.2. Please explain your rationale and include examples if applicable.

iii. Please provide your organization's feedback on the ISO's approach to use the historical availability during the RAAIM hours for years prior to 2019 and the historical availability during the 20% tightest supply cushion hours in years 2019 and beyond for hydro resources, as described in section 4.1.2. Please explain whether this approach is necessary or preferred to the standard UCAP calculation to reflect hydro availability.

iv. Please provide your organization's feedback on the modifications for UCAP counting rules for storage resources as described in section 4.1.2. Please explain your rationale and include examples if applicable.

c. Please provide your organization's feedback on the System RA Showing and Sufficiency Testing topic as described in section 4.1.3. Please explain your rationale and include examples if applicable.

d. Please provide your organization's feedback on the Must Offer Obligation and Bid Insertion Modifications topic as described in section 4.1.4. Please explain your rationale and include examples if applicable.

   i. Please provide your organization's feedback on generally defining variations to the must offer obligations and bid insertion into the day-ahead market based on resources type, as described in Table 12 in section 4.1.4. Please explain your rationale and include examples if applicable.

e. Please provide your organization's feedback on the Planned Outage Process Enhancements topic as described in section 4.1.5. Please explain your rationale and include examples if applicable.

f. Please provide your organization's feedback on the RA Import Requirements topic as described in section 4.1.6. Please explain your rationale and include examples if applicable.

MSCG thanks the CAISO for this opportunity to comment on the fifth revised straw proposal. We agree with much of the CAISO's latest proposal including provisions to ensure RA imports are backed by physical and verifiable capacity, are not speculative, are not "double-sold" or committed elsewhere, and are dependable and reliable. There are however a couple of specific provisions that still give MSCG pause because if implemented incorrectly they could result in an uncompetitive, and unjust playing field for market participants and ultimately lead to less liquid and less reliable products for CAISO and California LSEs.

The three concepts that MSCG would like to see clarified by CAISO includes:

i) The definition of Non-dynamic resource specific resources should include specified pool of resources in multiple BAAs;

ii) Confirmation that CAISO will be implementing a firm transmission requirement only on the 'last line of interest' into CAISO and not a 'source to sink' firm requirement; and

iii) Day Ahead e-Tag requirements and timelines that consider the transmission release rules on adjacent BAAs.

Definition of Non-Dynamic Resource Specific Resources

With respect to Non-dynamic resource specific resources, MSCG believes the definition should be modified as follows:

> Non-dynamic resource specific system resources definition encapsulates (1) a single resource, (2) a specified portfolio of resources ~~within a single BAA~~, or (3) a BAA's pool of resources

There is no reason why a specified portfolio of resources should be required to be in a single BAA. Having such a requirement needlessly restricts the pool of a available resources and is discriminatory to aggregators of resources like MSCG versus BA operators which are largely vertically integrated utilities . For example, MSCG may wish to designate two physical resources as its verifiable commitment for its import RA obligations. One resource may be a gas plant located in its own generation only BAA, and the other resource may be slice of system hydroelectric located in the BAA of one

of the Mid-Columbia (Mid C) entities. There is no reason why MSCG should be precluded from listing both of these physical and verifiable resources in its RA showings as being committed to providing RA for California. Disallowing this would not only harm reliability, it would be discriminatory.

As proposed, a vertically integrated utility operating out of a single BAA can utilize numerous units inside its BAA to provide its import RA obligation. The same benefit should be afforded to aggregators of physical resources so that they can list multiple resources that may be located in different BAAs. Should there be any unforeseen outage at one of the resources, or it is uneconomic to run the gas plant for example, then the other resource that is identified to the CAISO in advance can be used to satisfy the RA commitment. A vertically integrated utility would be able to optimize its units in this way and the same benefit should be afforded to aggregators of physical resources. The simple change to the definition suggested above accomplishes this objective.

The CAISO also listed as one of its key principles that there be:

"Provisions to ensure RA import cannot be recalled or curtailed to meet a source or intervening BAA's own needs."

MSCG agrees with this principle and in fact believes that aggregators of physical resources such as MSCG that contract for surplus capacity from a diverse client base including private generation owners in generation only BAs, where the asset has been paid for with private funds as opposed to local ratepayer funds, are better positioned to make this commitment to CAISO. Merchant assets do not have local load serving obligations and can be specifically dedicated for Resource Adequacy in other regions. These are the very assets in the Pacific Northwest and Desert Southwest that CAISO and California entities should be competing for through the RA program to ensure these MW flow to California customers when needed. In fact, there is an inherent conflict of interest with a vertically integrated utility selling any resource adequacy product to another load sering entity; a vertically integrated entitiy whose ratepayers have funded a generation fleet fully expect their native load will be served prior to exports. This conflict does not exist with uncontracted merchant generators.

In fact the two largest vertically integrated utilities in the Pacific Northwest have this fundamental principle of priority for native load customers specifically enshrined in

their statutes.[1] Only surplus power after domestic needs are met may be exported and this is determined solely by the load serving side and not the marketing affiliate.

CAISO states an increasing reliance on Import RA (4700 MW in 2019 and more going forward). It makes little sense and would be poor risk management to implement artificial barriers that restrict legitimate physical suppliers in favor of concentrating supply behind a few remote BAAs with the statutory obligation to first meet their own Native Load obligations. MSCG believes that it is much better risk management to have a diverse set of suppliers and the rules should be designed to encourage competition not restrict it.

Firm Transmission on Last Line of Interest

MSCG is encouraged by the CAISO's alternative proposal of including a firm transmission requirement only on the last line of interest as opposed to firm from source to sink. MSCG believes that this alternative provides for all the benefits of increased competition and diversity of supply, without sacrificing reliability. MSCG strongly encourages CAISO to confirm this alternative as the selected approach and its support of this fifth revised straw proposal is contingent on confirmation of this important point.

The CAISO should reject the arguments promoting source to sink firm requirements. These stringent rules will only serve to squeeze out competition, reduce diversity of supply and in fact, harm reliability. In recent months, MSCG has observed transmission queue flooding with long term requests from predominantly one entity in an attempt to obtain (and potentially hoard) all of the available firm transmission rights to access Big Eddy. This will prevent any other supplier from gaining access to Big Eddy on a firm basis. This same entity is the most vocal arguing for a firm source to sink requirement to benefit its newly acquired position.

For example, as highlighted in the CPUC RA proceeding, at the time of that filing, the power marketing affiliate of a vertically integrated utility controlled over 80% of the source to sink firm rights TO Big Eddy AND from Big Eddy to NOB.[2] Furthermore, this same entity has requests in the OASIS queue for over 900MW of additional firm rights

[1] Transfer Price Agreement between Powerex and BC Hydro (https://www.bchydro.com/content/dam/BCHydro/customer-portal/documents/corporate/regulatory-planning-documents/regulatory-filings/tpa/2020-05-29-bchydro-transfer-pricing-agreement-application.pdf)

Bonneville Project Act (https://www.usbr.gov/power/legislation/bonnevil.pdf),

Pacific Northwest Power Preference Act (https://www.nwcouncil.org/reports/columbia-river-history/PacificNorthwestPublicPowerPreferenceAct)

[2] MSCG – R.19-11-009 – Track 1 Proposal (02.28.20) available at: https://apps.cpuc.ca.gov/apex/f?p=401:56:0::NO:RP,57,RIR:P5_PROCEEDING_SELECT:R1911009

to Big Eddy which will in effect prevent any other supplier from gaining access to this transmission rights on a firm basis.

The argument that other suppliers have not been willing to 'invest' in the transmission system is a smoke screen. On the contrary MSCG has invested heavily in the transmission system on flow constrained paths (John Day to COB and Big Eddy to NOB), as have many other suppiers, and currently has requests in the queue for firm access to Big Eddy. Unfortunately those requests remain in Study Mode with the Transmission Provider despite being in the queue for several months, and they remain behind the aforementioned 900MW of requests.

Firm Transmission is sold point to point. While a vertically integrated utility can commit to firm transmission to John Day or Big Eddy on a long term basis, from a 'single' point of receipt (the host BAA), an aggregator of resources or marketer cannot do the same because its portfolio of resources changes over time. The definition of non resource specific resources as currently proposed, or a firm source to sink transmission requirement would only permit a host BAA to substitute resources inside its BAA and still maintain a single point of receipt for its Transmission Reservation . This is discriminatory. Therefore, the CAISO's consideration of a firm transmission requirement on the last line of interest is a critical element of this fifth revised proposal because not only does it level the playing field, it promotes liquidity and greater participation in CAISO's RA program from the very resources it should be targeting – those merchant assets that do not have native load obligations in their region.

Remove the incentive to hoard network firm transmission

The irony of *NOT* requiring a source to sink firm transmission requirement is that the CAISO will likely see *MORE* schedules flowing on firm transmission. That is due to the simple fact that not requiring source to sink firm will remove the incentive for competitors to *hoard* transmission in the first place. Then, the actual importer that gets the CAISO dispatch and has firm transmission on the constrained path upstream (i.e. last line of interest; Big Eddy to NOB, or John Day to COB) can request and receive transmission from their source to Big Eddy or John Day on the BPA network. However, as of right now, the uncertainly created by the CAISO considering a firm source to sink transmission requirement has promoted this transmission hoarding activity on the BPA network, which has the consequence of preventing competition from real, verifiable physical resources.

For the above reasons, MSCG strongly advocates the CAISO implement the firm transmission requirement only on the last line of interest into CAISO BAA and reject calls for a firm source to sink requirement.

i. Please provide your organization's feedback on the issue of whether firm transmission service on the last line of interest to the CAISO BAA will ensure reliability and is feasible, or whether the CAISO should require point-to-point, source to sink firm transmission service as originally proposed, as described in section 4.1.6 page 68. Please explain your rationale and include examples if applicable.

Firm transmission alone will not prevent curtailments to meet native load

Firstly, MSCG believes that the CAISO might have misinterpreted the provisions of the pro-forma Open Access Transmission Tariff with respect to curtailment priority to meet Native Load. It is correct that Firm PTP Transmission has the same curtailment priority as Network Transmission with respect to serving load in a host BAA. However, transmission should not be confused with generation. BAA Operating Procedures that are implemented in an Emergency Capacity Shortfall in Real Time (for example due to a unit outage) specify curtailment procedures based on the Generation Product Type in the E-tag (i.e. Generation Firm or Generation Interruptible) NOT based on the firmness of the transmission path. After a short term emergency situation is relieved with pro-rata curtailments, going forward BAAs with Native Load will reassess the BAA Surplus and restrict exports to accommodate the Native Load as per their statutory obligations. BAA's serving Native Load will simply not provide Resource Adequacy to California if faced with an ongoing internal generation capacity constraint. Requiring firm transmission service for RA in no way puts RA exports from a BAA on par with that BAA's Native Load obligations when that source BAA is facing ongoing generation constraints.

Firm transmission on the last line of interest will provide reliable flows

MSCG's position has been consistent that a firm source to sink transmission requirement is unnecessary, as it will dramatically limit the number of market participants able to provide Import RA and unnecessarily disqualify reliable physical resources from providing RA including those merchant resources not encumbered by a native load obligation.

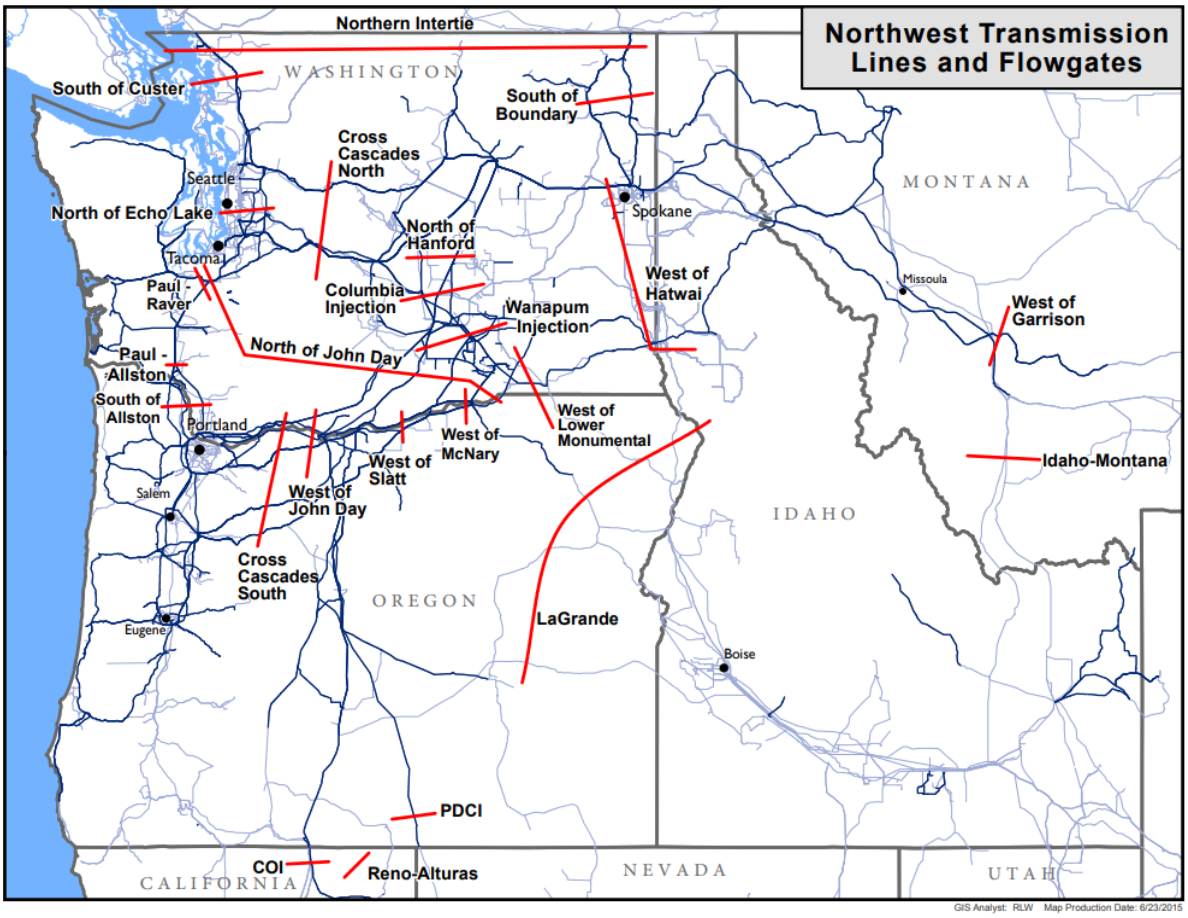
MSCG agrees with the CAISO when it wrote:

> "BPA's system, which is a key concern and of interest to the CAISO, is like a funnel. The northern "network" is a broader, more robust, and non-radial network of transmission while the southern intertie portion funnels radially down

to NOB and COB. It is this southern intertie portion of the BPA system that is more constrained and requires greater certainty and firmness to ensure deliverability to the CAISO BAA.

The following map shows the predominant transmission lines and flow gates in the Pacific Northwest (PNW).

Figure 1. Northwest Transmission Line and Flowgates



Instituting a firm on the last line of interest rule would make sense since the PDCI (Nevada Oregon Border or “NOB”) line and the COI (“California Oregon Interface” or “COB”) congest more frequently. However, the BPA network itself is largely unconstrained. Much of the energy that flows to California from the PNW must first flow through the North of John Day flowgate, which has roughly 8200MW of total transfer capability. MSCG ran a query for the last 3 summer periods from data that

BPA posts publicly[3] to see how often this flowgate gets constrained in the peak summer months (June through September).

The data shows that for the last three summers (2017-2019) the North of John Day flowgate was seldom constrained. In fact, there were only 12 hours over the past 3 summers where the path came to within 250MW of being constrained. This represents just 0.14% of the total hours reviewed. Furthermore, if a curtailment was to take place, the reduction was limited to 10%-15% of the schedule for a short period of time (i.e. a 10MW schedule would go to 9MW for 15min interval). This data shows that this critical flowgate on the BPA network is a highly reliable path, with very few instances of curtailments.

Table 1. North of John Day Flowgate – Summers (June to September) 2017 to 2019

North of John Day	less than 25 MW tx remaining		less than 100 MW tx remaining		less than 250 MW tx remaining		less than 500 MW tx remaining	
	# Hours	% Hours	# Hours	% Hours	# Hours	% Hours	# Hours	% Hours
6/01/2017	2	0.3%	3	0.4%	5	0.7%	20	2.8%
7/01/2017	0	0.0%	0	0.0%	0	0.0%	0	0.0%
8/01/2017	0	0.0%	0	0.0%	0	0.0%	0	0.0%
9/01/2017	0	0.0%	0	0.0%	0	0.0%	0	0.0%
6/01/2018	0	0.0%	3	0.4%	7	1.0%	13	1.8%
7/01/2018	0	0.0%	0	0.0%	0	0.0%	0	0.0%
8/01/2018	0	0.0%	0	0.0%	0	0.0%	0	0.0%
9/01/2018	0	0.0%	0	0.0%	0	0.0%	0	0.0%
6/01/2019	0	0.0%	0	0.0%	0	0.0%	0	0.0%
7/01/2019	0	0.0%	0	0.0%	0	0.0%	0	0.0%
8/01/2019	0	0.0%	0	0.0%	0	0.0%	0	0.0%
9/01/2019	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	2	0.02%	6	0.07%	12	0.14%	33	0.38%

In fact, the few hours that did get near constrained were in the month of June and not during peak load hours. Of the 6 hours where the North of John Day flowgate had less than 100MW of space over the past 3 summer periods, all of those hours were associated with non-peak hours where Mid C price were below $20. Similarly CAISO real-time prices in those hours were all in the low $20s. This data suggests that this

[3] https:/ / transmission.bpa.gov/ Business/ Operations/ Paths/

flowgate that is important for accessing John Day and Big Eddy substations seldom congests and when it does it is more likely to be associated with lower PNW load and high hydroelectric flow days, when market participants are flush with water, rather than high peak load days. This is why MSCG strongly believes that firm transmission across the BPA network should not be a requirement in selling import RA.

Contrasting the BPA network as represented by the North of John Day flowgate above, with the two main interties that connect PNW with California, the COB (or COI) and NOB (or PDCI) we see greater number of congested hours. COB and NOB would qualify as the "last line of interest" before CAISO BA and the tables below look at the same last three summers of data (2017-2019).

Table 2. Nevada Oregon Border (NOB intertie) – Summers (June to September) 2017 to 2019

"NOB" DC Intertie	less than 25 MW tx remaining		less than 100 MW tx remaining		less than 250 MW tx remaining		less than 500 MW tx remaining	
	# Hours	% Hours	# Hours	% Hours	# Hours	% Hours	# Hours	% Hours
6/01/2017	59	8.2%	280	38.9%	404	56.1%	542	75.3%
7/01/2017	10	1.3%	75	10.1%	140	18.8%	307	41.3%
8/01/2017	0	0.0%	5	0.7%	12	1.6%	38	5.1%
9/01/2017	1	0.1%	21	2.9%	54	7.5%	129	17.9%
6/01/2018	27	3.8%	85	11.8%	199	27.6%	305	42.4%
7/01/2018	46	6.2%	103	13.8%	201	27.0%	281	37.8%
8/01/2018	0	0.0%	17	2.3%	91	12.2%	178	23.9%
9/01/2018	0	0.0%	8	1.1%	31	4.3%	87	12.1%
6/01/2019	73	10.1%	73	10.1%	77	10.7%	86	11.9%
7/01/2019	0	0.0%	1	0.1%	32	4.3%	79	10.6%
8/01/2019	0	0.0%	8	1.1%	34	4.6%	83	11.2%
9/01/2019	2	0.3%	15	2.1%	45	6.3%	75	10.4%
Total	218	2.48%	691	7.87%	1320	15.03%	2190	24.93%

Table 3. California Oregon Border (COB intertie) – Summers (June to September) 2017 to 2019

"COB" AC Intertie	less than 25 MW tx remaining		less than 100 MW tx remaining		less than 250 MW tx remaining		less than 500 MW tx remaining	
	# Hours	% Hours	# Hours	% Hours	# Hours	% Hours	# Hours	% Hours
6/01/2017	122	16.9%	182	25.3%	314	43.6%	466	64.7%
7/01/2017	5	0.7%	6	0.8%	14	1.9%	110	14.8%
8/01/2017	0	0.0%	0	0.0%	1	0.1%	4	0.5%
9/01/2017	5	0.7%	6	0.8%	21	2.9%	76	10.6%
6/01/2018	7	1.0%	26	3.6%	66	9.2%	192	26.7%
7/01/2018	4	0.5%	9	1.2%	22	3.0%	68	9.1%
8/01/2018	16	2.2%	22	3.0%	44	5.9%	100	13.4%
9/01/2018	6	0.8%	7	1.0%	11	1.5%	25	3.5%
6/01/2019	18	2.5%	21	2.9%	34	4.7%	65	9.0%
7/01/2019	39	5.2%	41	5.5%	43	5.8%	51	6.9%
8/01/2019	0	0.0%	0	0.0%	2	0.3%	8	1.1%
9/01/2019	18	2.5%	23	3.2%	36	5.0%	57	7.9%
Total	240	2.73%	343	3.90%	608	6.92%	1222	13.91%

The data for NOB and COB shows that the CAISO is certainly more justified in implementing a firm transmission requirement on the last line of interest. There is greater number of hours where the interties are near capacity and during peak load hours.

By choosing the alternative method of requiring firm transmission only on the last line of interest, the CAISO can achieve the reliability benefits it is seeking without harming liquidity or competition.

Firm on the last line of interest will allow competition for import RA supply from PNW

The following table shows the long term firm transmission rights holders to NOB and COB, from Big Eddy and John Day respectively (i.e. last line of interest). This represents a diverse and wide range of market participants that can compete for limited Import Allocation Rights (IAR) on the CAISO side of the interties.

Table 4. Firm long term transmission rights holders 'last line of interest' to CAISO from Pacific Northwest

HOLDERS OF LONG TERM FIRM RIGHTS ON SOUTHERN INTERIE (JOHN DAY TO COB & BIG EDDY TO NOB)

	AC Intertie (JOHN DAY to COB)	DC Intertie (BIG EDDY to NOB)	AC + DC SOUTHERN INTERTIE TOTAL
Marketing affiliate of utility	**1070**	**1437**	**2507**
Federal Marketing Agency	**700**	**225**	**925**
Wind Operator	**550**	**300**	**850**
Marketer 1	**234**	**590**	**824**
Merchant Generator 1	**308**	**228**	**536**
Marketer 2	**260**	**200**	**460**
IOU 1	**400**		**400**
IOU 2	**300**		**300**
IOU 3	**296**		**296**
Merchant Generator 2	**117**	**100**	**217**
PNW Muni 1	**150**		**150**
Marketer 4	**130**		**130**
IOU 4	**100**		**100**
Marketer 5	**73**		**73**
Marketer 3	**52**	**20**	**72**
PUD 1	**11**		**11**
PUD 2	**11**		**11**
PUD 3	**10**		**10**
PUD 4	**10**		**10**
Marketer 6	**10**		**10**
Marketer 7	**8**		**8**
TOTAL	**4800**	**3100**	**7900**

Table 5. CAISO import allocation rights at COB and NOB for 2020

2020 CAISO Import Allocation Rights	**PACI_ITC & COTP**	**NOB_ITC**	**TOTAL**
Various California LSEs	**1953**	**1547**	**3500**

However, a firm source to sink requirement would drastically reduce the number of eligible suppliers at NOB and COB. As discussed above, it would concentrate much of the eligible import RA supply from the PNW in the hands of a few vertically integrated utilities whose first priority will be to their native load customers. Importantly, a source to sink firm transmission requirement may shut out the merchant generators in the PNW that have firm rights on NOB and COB but rely on released transmission or non-firm transmission to access Big Eddy and John Day. These merchant generators would likely be shut out of competing for import RA for California, even though they may have no committed load serving obligations in the PNW.

ii. Please provide your organization's feedback on other BAA's systems bordering the CAISO and whether such a "last line of interest" proposal is feasible and would effectively support RA import capacity dependability and deliverability, as described in section 4.1.6 page 68. Please explain your rationale and include examples if applicable.

One potential unintended consequences of a last line of interest method on small interties is that it may result in just a single supplier able to provide import RA on that intertie if they hold all the firm transmission rights (i.e. Silverpeak or Cascade/Craigview).

Likewise a last line of interest requirement may not be necessary at generation hubs (such as Palo Verde in the southwest) where generation is located at or adjacent to the CAISO import location. In these situations generation ties to access the trading hub could be considered firm for the last line of interest method.

iii. Please provide your organization's feedback on whether a non-compliance penalty or other enforcement actions are necessary if delivery is not made under firm transmission service, as described in section 4.1.6 page 69. Please explain your rationale and include examples if applicable.

MSCG strongly advocates that a noncompliance penalty should only be applied when the energy does not flow; not for successfully delivering energy on non- firm transmission. Otherwise, CAISO is incentivizing hoarding of firm transmission simply to put a competitor into a penalty or non-compliance situation. Placing a penalty for successfully flowing on non-firm transmission will only serve to promote hoarding of firm transmission by MPs that want to prevent competition so that they can extract excess rent in an already supply constrained RA market.This is contrary to promoting a competitive market and level playing field.

If CAISO's intent is to promote firm transmission usage then it should be enough for market participants (MPs) to show that they have requested firm transmission for the period of flow but that the request was not confirmed in time by the neighboring transmission provider (TP). Such a request will prove that the MP was willing to procure the firm transmission but it was already sold and going unused and therefore released as non-firm. In fact, by flowing on non-firm transmission, they are flowing on the exact same transmission that the firm rights holder is not using.

It should also be pointed out that the CAISO is already implementing other measures to prove that the resources backstopping the import RA are physical, and under contract. Furthermore, the CAISO is already implementing stringent penalties for non-delivery of any import schedule including import RA that is dispatched. CAISO should consider wether these existing measures are adequate before implementing additional penalties that may be complex to administer.

MSCG applauds CAISO for removing the requirement to procure firm transmission on a month ahead basis. Such transmission may not be available for sale. Similarly, instituting a tariff requirement to flow on Monthly non-firm or weekly non-firm may run into a similar situation of unavailability. Transmission providers are not consistant in the mechanics of selling short term firm or non-firm transmission. A Transmission provider can deny a transmission request for a given duration even if a single hour, is unavailable. As discussed above, a MP should be able to show that they requested monthly firm or monthly non-firm by presenting the OASIS queue that the request was submitted prior to the required time. If the monthly transmission is not available then the MP should not be penalized for delivering energy on daily or hourly transmission. If the MP does not deliver on the energy dispatch, that is when a non-delivery penalty should apply.

MSCG would like to remind the CAISO that there are some pre-FERC 888 grandfathered contracts in the PNW that reserve space on all paths on BPA network, including to Big Eddy and to John Day. Even though they can only flow on one path at a time. Typically, that firm transmission is used to schedule to the utility's own load, so this firm transmission to Big Eddy and John Day is released to the market the day prior to flow. But importantly, it is released with the label of "non firm" because the "firm" had already been sold once.

CAISO should focus its tariff provisions on actual delivery of energy. Once a market participant gets dispatched into the CAISO market, Transmission Capacity on the BPA side will be available for sale as long as CAISO does not over dispatch its share of the intertie. If CAISO enacts arbitrary rules on transmission priority in its tariff, it is

incenting competitors to buy up monthly, weekly, daily firm transmission only to prevent others from buying that transmission. Even though that competitor can still flow successfully to California by flowing on unused transmission with the label of "non-firm".

Penalties should apply to non-delivery but at the very least, a market participant should not be assessed noncompliance penalties if they can show that they requested and attempted to buy firm transmission but when they were unable to do so, they still successfully delivered energy to California by using non-firm transmission on the BPA network leg.

iv. Please provide your organization's feedback on how to convey the last line of interest, as described in section 4.1.6 page 69. Please explain your rationale and include examples if applicable.

MSCG believes this rule should apply to the last leg of transmission and could be implemented by looking for firm (7F) transmission on the energy tag, on the transmission leg immediately preceding CAISO sink.

v. Please provide your organization's feedback on the options proposed in section 4.1.6 and any other potential mechanisms that would best ensure RA imports are dependable and deliverable if the CAISO were to adopt, as an alternative, a "last line of interest" firm transmission service requirement. Please explain your rationale and include examples if applicable.\

Any day ahead eTag requirement should take into account transmission release rules on neighboring BAs. Attention should be given to neighboring BA business practices and potential seams issues before artificially placing a deadline for eTags. For example, in the WECC day-ahead market, eTag checkouts between control areas are typically completed by 3pm on the day prior to flow. However, various transmission providers in WECC sell unused firm transmission across their system at differing times. The current business practices of firm transmission release, for several transmission providers are highlighted below:

Bonneville Power Administration – 10:00 p.m.

Los Angeles Department of Water and Power – 4:00 p.m.

Portland General Electric – 2:00 p.m.

Idaho Power/ Nevada Power – 12:00 p.m.

Northwestern (Montana) – 10:00 a.m.

Therefore, if a supplier has firm transmission on the last line of interest but needs to procure unused transmission on the BPA network they may need to wait until that transmission is released at 10pm on the day prior to flow. Any day ahead eTag deadlines should take this timing into account.

MSCG is also not opposed to the requirement to put in a force outage for the curtailment of non-firm transmission as long as this can be done after the fact. Requiring the submission of a forced outage ticket in the middle of a curtailment when the supplier may be busy arranging an alternative delivery path is counterproductive. As mentioned previously, any potential additional penalties should consider the existing penalties for non-delivery of intertie energy.

g. Please provide your organization's feedback on the Operationalizing Storage Resources topic as described in section 4.1.7. Please explain your rationale and include examples if applicable.

2. Flexible Resource Adequacy

Please provide your organization's feedback on the Flexible Resource Adequacy topic as described in section 4.2. Please explain your rationale and include examples if applicable.

3. Local Resource Adequacy

Please provide your organization's feedback on the Local Resource Adequacy topic as described in section 4.3. Please explain your rationale and include examples if applicable.

a. Please provide your organization's feedback on the UCAP in Local RA Studies topic as described in section 4.3.1. Please explain your rationale and include examples if applicable.

4. Backstop Capacity Procurement Provisions

Please provide your organization's feedback on the Backstop Capacity Procurement Provisions topic as described in section 4.4. Please explain your rationale and include examples if applicable.

a. Please provide your organization's feedback on the Capacity Procurement Mechanism Modifications topic as described in section 4.4.2. Please explain your rationale and include examples if applicable.

b. Please provide your organization's feedback on the Making UCAP Designations topic as described in section 4.4.3. Please explain your rationale and include examples if applicable.

c. Please provide your organization's feedback on the Reliability Must-Run Modifications topic as described in section 4.4.4. Please explain your rationale and include examples if applicable.

    i. Please provide your organization's feedback on an appropriate availability incentive design to apply to RMR resources after the removal of the RAAIM tool, as described in section 4.4.4. Please explain your rationale and include examples if applicable.

d. Please provide your organization's feedback on the UCAP Deficiency Tool topic as described in section 4.4.5. Please explain your rationale and include examples if applicable.

5. Please provide your organization's feedback on the implementation plan, including the proposed phases, the order these policies must roll out, and the feasibility of the proposed implementation schedule, as described in section 5. Please explain your rationale and include examples if applicable.

6. Please provide your organization's feedback on the proposed decisional classification for this initiative as described in section 6. Please explain your rationale and include examples if applicable.

Additional comments

Please offer any other feedback your organization would like to provide on the Resource Adequacy Enhancements fifth revised straw proposal.