



Stakeholder Comments Template

Resource Adequacy Enhancement Initiative: Second Revised Straw Proposal

This template has been created for submission of stakeholder comments on the **Resource Adequacy Enhancements Initiative, Second Revised Straw Proposal** that was held on October 9, 2019. The meeting material 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. Submissions are requested by close of business on October 24, 2019.

Submitted by	Organization	Date Submitted
<i>Ryan Mymko</i>	<i>Morgan Stanley Capital Group Inc.</i>	<i>October 24, 2019</i>

Please provide your organization’s comments on the following topics. When applicable, please indicate your organization’s position on the topics below (Support, Support with caveats, Oppose, or Oppose with caveats). Please provide examples and support for your positions in your responses.

System Resource Adequacy

1. Determining System RA Requirements

Please provide your organization’s feedback on the System RA Requirements proposal as described in the second revised straw proposal.

2. Forced Outage Rates Data and RA Capacity Counting

Please provide your organization’s feedback on the Forced Outage Rates and RA Capacity Counting and Forced Outage Rate Data topics as described in the second revised straw proposal.

3. Proposed Forced Outage Rate Assessment Interval

Please provide your organization’s feedback on the Proposed Forced Outage Rate Assessment Interval topic as described in the second revised straw proposal.

4. System RA Showings and Sufficiency Testing

Please provide your organization's feedback on the System RA Showings and Sufficiency Testing proposal as described in the second revised straw proposal.

5. Must Offer Obligation and Bid Insertion Modifications

Please provide your organization's feedback on the Must Offer Obligation and Bid Insertion Modifications proposal as described in the second revised straw proposal.

6. Planned Outage Process Enhancements

Please provide your organization's feedback on the Planned Outage Process Enhancements proposal as described in the second revised straw proposal.

7. RA Imports Provisions

Please provide your organization's feedback on the RA Imports Provisions proposal as described in the second revised straw proposal.

In conjunction with the recent CPUC order and the CAISO's second revised straw proposal, MSCG offers the following comments and seeks to clarify the following points:

- 1) CAISO should clarify whether the tariff requires a real-time must offer for import RA in the event neither an energy award nor a RUC award was dispatched in the DAM?
- 2) If CAISO proceeds with the requirement to specify a Source BA for any NRS-RA imports it is imperative the CAISO clarify that substitution is permitted prior to the delivery hour. Both a BA identified NRS-RA import and a specified resource import must be permitted to be dispatched elsewhere if not awarded a dispatch by the CAISO. Permitting a firm energy schedule from a substitute resource in another BA or from another resource in real-time is more economically efficient and at the same time enhances reliability. Given the attestation that RA capacity is available to the CAISO and not double counted, this provision provides for more efficient dispatch in the overall market and at the same time increases overall reliability in the CAISO.
- 3) In addition to an attestation provided for a specific resource, does the CAISO have any additional requirements to enable that resource to be qualified as a resource specified import RA? MSCG believes complying with CAISO's requirement to list the Source BA on the annual and monthly showings along with providing attestations outlining the specific resource associated with each contract and intertie should suffice to indicate that it is in fact a resource-specified import RA.

- 4) MSCG requests that CAISO provide an updated analysis of Table 5 and 6 in the 2nd revised straw proposal showing import RA bids and awards for 2019, specifically for the AAH hours. Additionally, MSCG requests the CAISO include an analysis by SCID (corresponding to the same SCIDs shown in Table 5 and 6) for energy delivered under non-RA Resource IDs. MSCG believes it is arbitrary and not particularly revealing to analyze statistics based solely on a Scheduling Coordinator's RA ID's without consideration for energy flowing on non-RA Resource ID's given that past practice has been based on efficient economic decision making. In order to maximize efficiency SC's may prefer to schedule power to the CAISO under many other Resource ID's in the same hours that RA might not have been dispatched by the CAISO under the RA specific resource IDs. This further analysis will be a better gauge of individual SC's contribution to firm imports into the CAISO markets rather than just focusing on RA specific import IDs when the tariff did not require import RA suppliers to flow energy on those IDs.
- 5) MSCG requests that the CAISO not go down a path of requesting a showing of firm transmission either in advance of delivery or on actual energy e-tagged for delivery and also request the CAISO not prescribe any additional restrictions on e-tagging (such as day ahead tags) than already exist in the CAISO Tariff as this would be both misguided and counterproductive. MSCG believes such requirements would needlessly exclude legitimate dependable and proven supply and instead repose in a select few entities that hold long term firm transmission from source to sink (across multiple paths and providers) the ability to maximize profits from selling import RA in a supply-constrained market. The number of suppliers that hold firm transmission across multiple transmission paths and multiple transmission providers from source to sink is very limited as opposed to suppliers who hold generation rights to Firm Energy supply with Operating Reserves from specified resources and can access a mix of both firm and released firm transmission rights that could include the release of capacity held by long term rights holders that is left unscheduled. In fact such a firm transmission requirement could lead to unintended consequences of transmission 'hoarding' which would restrict economic dispatch to the CAISO's energy markets. A blanket "firm" transmission requirement does not consider the complex seams issues that exist in the transmission markets outside the CAISO.

In comments to both the CAISO and the CPUC there have been some attempts made to deliberately mischaracterize reliable, proven generation supply by labeling it 'paper capacity' if not backed by an advance showing or delivery on "firm" transmission. In actuality this would result in lower reliability and would lead to a very limited pool of RA sellers and the potential for pricing power for RA Imports on the Interties.

Requiring an advance showing of firm transmission could needlessly reduce competition by preventing others from flowing on any unused transmission that can come up for use after the Annual or Monthly RA showing. For reference, a query on OASIS shows, six counterparties (including MSCG) hold 77% of the firm transmission rights to the COB and NOB interties. CAISO should not put in place rules that needlessly restrict reliable suppliers ability to offer import RA.

Additionally, for Resources at Mid-C and in the BPA footprint an additional transmission leg across the BPA network is required (BPA Network Point to Point Transmission). For resources further afield or located in another Balancing Authority such as Puget, Portland, Pacificorp or BC Hydro (Powerex) additional transmission legs are required. Given seams issues for procuring long term firm transmission across multiple transmission paths and multiple transmission providers it is clear that the pool of suppliers would be severely limited at a time when all Generation Capacity across the grid should be used for overall System Reliability.

Flexible Resource Adequacy

8. Identifying Flexible Capacity Needs and Requirements

Please provide your organization's feedback on the Identifying Flexible Capacity Needs and Requirements topic as described in the second revised straw proposal.

9. Setting Flexible RA Requirements

Please provide your organization's feedback on the Setting Flexible RA Requirements topic as described in the second revised straw proposal.

10. Establishing Flexible RA Counting Rules: Effective Flexible Capacity Values and Eligibility

Please provide your organization's feedback on the Establishing Flexible RA Counting Rules: Effective Flexible Capacity Values and Eligibility topic as described in the second revised straw proposal.

11. Flexible RA Allocations, Showings, and Sufficiency Tests

Please provide your organization's feedback on the Flexible RA Allocations, Showings, and Sufficiency Tests topic as described in the second revised straw proposal.

12. Flexible RA Must Offer Obligation Modifications

Please provide your organization's feedback on the Flexible RA Must Offer Obligation Modifications topic as described in the second revised straw proposal.

Local Resource Adequacy

13. UCAP for Local RA

Please provide your organization's feedback on the UCAP for Local RA topic as described in the second revised straw proposal.

Additional comments

Please offer any other feedback your organization would like to provide on the RA Enhancements Initiative.