



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
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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.

Bottom-up vs Top-Down Approaches. CAISO believes (Proposal, p. 14) that the bottom-up approach to calculating the system UCAP requirement is better than the top-down approach. NCPA agrees that the bottom-up approach is preferable.

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.

Retaining LRA Authority to Calculate NQCs. CAISO proposes (Proposal, p. 16) to calculate and publish monthly NQC values for all resources annually. CAISO also indicates (Proposal, p. 11) that it “will continue to perform NQC calculations exactly as it does today” and that it will “coordinate with...LRAs to ensure alignment with individual LRA requirements.”

NCPA requests that CAISO confirm that it intends to continue to allow each LRA to determine the NQC values for resources used by LSEs within the LRA’s jurisdiction. In particular, please confirm that NQC for non-VERs resources will continue to be determined in accordance with the LRAs’ NQC counting rules.

Outage Data Must Come From OMS as Soon as Possible. NCPA strongly urges CAISO to use its own OMS to calculate outage data for the UCAP calculation. Using a single system to report outages and calculate outage rates will better preserve data integrity and will avoid potentially inconsistent data between multiple systems. NCPA does not oppose a transition period in which CAISO uses some combination of GADS and statistical methods to calculate a resource’s forced outage rate, *provided that* CAISO commits to and establishes a clear timeline for making any necessary modifications to the OMS, so that the transition mechanism does not turn into a permanent solution.

UCAP Methodology for Hydro. CAISO states (Proposal, p. 18) that it continues to explore options for developing UCAP values for hydro resources. NCPA urges CAISO to grant flexibility to LRAs to determine the most appropriate methodology for hydro resources since the operating characteristics of individual hydro resources, and associated watersheds, can differ due to a number of factors. Alternatively, NCPA urges CAISO to consider a methodology similar to PJM’s (Proposal, p. 74-75).

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.

No comment at this time.

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.

NCPA understands CAISO’s proposal to be that LSEs with shortfalls in the individual capacity assessment will be required to cure that deficiency only if CAISO determines that there is a system UCAP deficiency. If that understanding is correct, NCPA agrees that the proposal would be consistent with CAISO’s current practice, will support grid reliability at least cost, and remains just and reasonable.

NCPA continues to object to CAISO's proposed UCAP Deficiency Tool (see NCPA's July 30, 2019 Comments on the RA Enhancements Revised Straw Proposal). As proposed, the UCAP Deficiency Tool will exacerbate market power concerns in the bilateral RA market. By offering administrative payments to LSEs that have excess RA capacity, the UCAP Deficiency Tool creates an incentive for LSEs to withhold RA capacity from the bilateral market. If an entity controls a significant share of excess RA available in the market (especially in a local RA area), the UCAP Deficiency Tool would create a moral hazard by encouraging that entity to exercise its market power.

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.

NCPA appreciates CAISO's clarification (Proposal, p. 33) that it is not proposing to change how Resource Adequacy Resources that are used by a load-following metered subsystem to meet its RAR, including in area resources and imports, are treated under the existing tariff regarding Must Offer Obligations. Maintaining this existing treatment properly reflects the unique operating requirements of a load-following metered subsystem.

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.

NCPA agrees with CAISO's proposal not to require comparable capacity for planned outages.

NCPA seeks clarity on how CAISO proposes to handle planned outages that need to be extended or moved seven or fewer days prior to the outage. CAISO indicates (Proposal, p. 42) that CAISO will assess requests to extend an outage that is made seven or fewer days prior to the outage as a forced outage, but then goes on to state that if the outage is approved, it will not be included in forced outage calculations. CAISO should clarify (and revise, if necessary) its proposal to better reflect the operational realities of planned outages. Planned outages are often necessary to perform time-sensitive maintenance, and that maintenance generally requires the coordination of multiple experts and outside consultants. For a variety of reasons, the dates on which that maintenance occurs may change from the originally planned dates. To maintain unit reliability, good utility practice may require that the maintenance take place on the revised date, even if the unit could technically operate on that date. Imposing unnecessary and onerous requirements on such maintenance outages would create incentives for generators to delay notifying CAISO of potential outages. CAISO should not implement tariff changes that would have the unintended effect of reducing reliability.

7. RA Imports Provisions

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

NCPA believes that CAISO's goals can be achieved by requiring LSEs to identify the source BA. NCPA would not support a rule requiring LSEs to identify the specific resource that will be providing the import RA, as doing so could—counterproductively—reduce the amount of imports shown in RA plans even if those imports can and will actually provide power.

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.

No comment at this time.

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.

NCPA seeks clarification that, consistent with the current tariff, a load-following metered subsystem will not be assigned a flexible RA requirement. When a LF-MSS is performing load following, a LF-MSS's performance is measure based on deviations from the day-ahead market through each 5-min. dispatch interval. As such, a LF-MSS reserves sufficient flexible capacity to follow all changes in its load (either up or down) between its day-ahead award through meter. To accomplish this a LF-MSS is effectively self-providing all of its flexibility needs (attributed to predictable and unpredictable factors) for all changes to its load. If a LF-MSS is unable to adjust its supply portfolio to follow its load ramps, the LF-MSS is penalized based on the measured difference between the day-ahead market and meter; so the LF-MSS must construct a portfolio that is sufficiently flexible to address any changes in load that it may experience. Accordingly, NCPA strongly believes that the load of a LF-MSS should be exempt from all flexible RA requirements attributable to change in load between the day-ahead market and meter.

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.

No comment at this time.

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.

No comment at this time.

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.

No comment at this time.

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.

No comment at this time.

Additional comments

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

No additional comments at this time.