



Stakeholder Comments Template

RA Enhancements

This template has been created for submission of stakeholder comments on the straw proposal part two that was published on February 28. The paper, 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. Submissions are requested by close of business on March 20.

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

1. Review of counting rules in other ISO/RTO's

Please provide your organization's feedback on this topic, described in Section 4.1. Please explain your rationale and include examples if applicable.

When considering alternative counting rules in ISO/RTO, we believe it would be helpful to see the mix of resources in each of the other ISOs/RTOs. The reliability of those systems may largely depend on the mix (fuel type), age of facilities and those dependent upon adjacent control areas such as the CAISO is dependent upon imports into California.

2. Capacity counting and availability best practices

Please provide your organization's feedback on this topic, described in section 4.2. Please explain your rationale and include examples if applicable.

We do not oppose the review of resources' forced outage to compute availability on a forward basis. We seek more information as to how long the historical actual availability will be used to compute on a forward basis. We understand various ISOs

use a wide range of historical information. Please provide more information as to what timeframe the CAISO proposes and why that is the best approach. We're looking forward to reading generators comments to this question.

3. RA counting rules and assessment enhancements

Please provide your organization's feedback on the following sub-section topics, described in section 4.3.

Please indicate any analysis and data review that your organization believes would be helpful to review on the this topic. Please provide details and explain your rationale for the type of data and analysis that you suggest.

- a. Calculating NQC, UCAP, and EFC values topic, described in section 4.3.1.

We defer to the generators to provide more input on this topic. We believe it remains unclear how Import RA would be treated under these different value calculations. More discussion is needed on that topic. In particular, we would like to see feedback from large producers in the Pacific Northwest.

- b. Determining System, Local, and Flexible RA requirements topic, described in section 4.3.2. Please explain your rationale and include examples if applicable.

We have no specific comments at this time.

- c. RA showings, supply plans, and assessments topic, described in section 4.3.3. Please explain your rationale and include examples if applicable.

We would ask the CAISO and the CPUC to ensure a common set of guidelines to how the showings are filed. Having two sets of rules is suboptimal. Given that the UCAP number will be the value that is allowed to be counted by the CAISO for RA, we would ask that no value higher than the UCAP be allowed to be given to an LSE for their RA Plan. This will impact how contracting is performed and likely lead to existing contracts to be renegotiated as previous RA contract language is tied to an NQC number. It is important that the ratepayers not overpay for a product that may not be delivered or count towards their RA obligation. Addressing the showing obligation in the rules of not allowing anything higher than a UCAP should provide a level of comfort that the shortage obligation as the UCAP varies from the NQC is not shifted to the LSE.

- d. Backstop capacity procurement topic, described in section 4.3.4. Please explain your rationale and include examples if applicable.

On slide 51 of its recent presentation, the CAISO identified three potential mechanisms for new CPM authority for deficiencies of UCAP showings by LSEs: 1) LSE specific UCAP test, 2) System UCAP test, 3) Capacity incentive mechanism. During the stakeholder meeting, CAISO staff acknowledge the

tension that exists between the need for any such CPM authority for UCAP to deter gaming or free-ridership among LSEs with the need to not result in excessive procurement. Of the three potential mechanisms, the Joint CCAs note the following:

Option 1) LSE specific UCAP test - presents risks for overprocurement if every individual LSE whos UCAP is deemed deficient received a CPM backstop, regardless of whether there is or isn't a collective deficiency.

Option 2) System UCAP test - would avoid overprocurement by considering UCAP deficiencies collectively, but presents opportunities for LSEs to game the system by intentionally not meeting their UCAP requirements yet avoiding CPM cost allocation, if other LSEs consistently exceed their UCAP requirements so that there is no collective UCAP deficiency.

Option 3) Capacity incentive mechanism – presents the potential to minimize overprocurement and gaming by penalizing LSEs that underprocure UCAP and rewarding LSEs that overprocure UCAP. However even with such a incentive mechanism, there could still be the potential for a collective shortage of UCAP thereby triggering CPM backstop if the net UCAP procurement by LSEs remains less than the overall UCAP need.

Therefore, it seems that a combination of Options 2 and 3 would create the appropriate “solution.” The combination of the System UCAP test and Capacity incentive mechanism, would protect against overprocurement while also creating clear disincentives for shortages in UCAP showings by individual LSEs. It would also potentially reward LSEs that go above their UCAP requirements to help meet the collective UCAP need if that excess UCAP is actually needed.

Under this combination of Options 2 and 3, the CAISO should make it clear that if a CPM due to shortage of UCAP is necessary, then the costs of that CPM should only be allocated to those LSEs whose contributions of UCAP are deficient. LSEs that are compliant with providing their share of UCAP (by meeting or exceeding their UCAP requirements), should not have to pay for any CPM backstop resulting from a deficiency of UCAP.

4. Review of RA import capability provisions

Please provide your organization's feedback on the following sub-section topics, described in section 4.4.

Please indicate any analysis and data review that your organization believes would be helpful to review on the this topic. Please provide details and explain your rationale for the type of data and analysis that you suggest.

- a. Maximum Import Capability Calculation review, described in section 4.4.1. Please explain your rationale and include examples if applicable.

- b. Available Import Capability Allocation Process review, described in section 4.4.2. Please explain your rationale and include examples if applicable.

We recognize there is market value lost by there not being a means for LSEs to transact unutilized Import Capability Allocations. At this time it remains unclear to the CCA parties what might be the preferred mechanism for enabling these transactions. We remain open to considering either an CAISO-led "reallocation" process or a bilateral market framework (supported through the use of an electronic bulletin board) to facilitate the exchange of unused Import Capability Allocations from one LSE to another.

Additional comments

Please offer any other feedback your organization would like to provide on the RA Enhancements straw proposal – part two.

CCA parties are generally supportive of a methodology that would reduce or eliminate the reliance of RAIM. The holding back of resources in order to avoid this potential penalty, distorts the availability of resources to the market. This holding back of resources to meet the substitution requirements of RAIM has produced a false scarcity of resources. There should be a direct correlation of the implementation of a UCAP market to the elimination of RAIM.