



Stakeholder Comments Template

Resource Adequacy Enhancements

This template has been created for submission of stakeholder comments on the Resource Adequacy Enhancements fourth revised straw proposal that was published on March 17, 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 **April 14, 2020**.

Submitted by	Organization	Date Submitted
Andrew Meditz, (916) 732-6124	Sacramento Municipal Utility District (SMUD)	April 14, 2020
Martha Helak, (916) 732-5071		
Bill Her, (916) 732-6395		

SMUD appreciates the opportunity to provide comments and input on the CAISO's Resource Adequacy Enhancements Initiative, Fourth Revised Straw Proposal, dated March 17, 2020 (Proposal). SMUD is an active market participant in the CAISO's Day-Ahead and Real-time Market, including the Energy Imbalance Market. We are situated in the Balancing of Authority of Northern California (BANC) Balancing Authority (BA) and have robust interties with the CAISO grid, which we use frequently to import and export power. This provides SMUD the potential to provide import Resource Adequacy (RA) to the CAISO market. SMUD also has resources inside the CAISO footprint which could provide RA as well. Accordingly, we have a direct interest in this initiative.

SMUD's comments below primarily focus on the import RA provisions.

Please provide your organization's overall position on the RA Enhancements fourth revised straw proposal:

- Support
- 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 System RA Showings and Sufficiency Testing 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 Planned Outage Process Enhancements 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 when bids should be submitted and how and when they could be changed under Option 2: CAISO procures all planned outage substitution capacity, and what are the implications of doing so under any proposed option.
 - ii. Please provide your organization's feedback on whether or not the Planned Outage Substitution Capacity Bulletin Board is necessary and, if so, why given the effort to develop and maintain.
- c. Please provide your organization's feedback on the RA Import Provisions topic as described in section 4.1.3. Please explain your rationale and include examples if applicable.

General

The CAISO's reliance on import RA for reliability needs is significant, and this reliance will continue to increase as California faces a looming capacity shortfall. While SMUD understands the CAISO's concerns about potential reliability risks associated with double counting and speculative supply of non-specified source import RA, the proposed requirement to specify physical resources at the time of RA showing unreasonably restricts the RA market. The Proposal includes other specific requirements that provide adequate safeguards against this reliability risk, including an attestation that the import supply is not committed to an external BA, firm transmission for delivery, and a new obligation that suppliers must continue to offer their resources in the Real-time Market if they are not taken in the CAISO's in Day Ahead Market. These three requirements will improve reliability, while at the same time not unreasonably restricting import RA. To layer an additional requirement for resource-specific physical supply is one step too far.

It could have unintended consequences by increasing uncertainty regarding RA resource availability and could lead to higher RA costs for California ratepayers.

SMUD believes firm energy is a superior product than resource-specific RA capacity from a single unit. A unit-contingent product is more limiting from an availability perspective and does not provide the certainty that an LSE needs to ensure deliverability. Moreover, the Proposal is inconsistent with the CPUC proposal to allow firm energy deliveries.

Must-offer Obligation

SMUD supports the Real-time Must-offer Obligation for RA import resources, commensurate with the MW quantities included in their respective RA showings. This will further enhance reliability of the grid by lessening the potential for the double-counting of resources, in addition to creating parity among suppliers of RA, both internal and external to the CAISO. Coupled with the Day-Ahead Market Enhancements (DAME) proposal to require all resources to bid into the Real-time Market if awarded a Day-Ahead schedule, this requirement will provide greater certainty as to the availability of imports being relied upon by the CAISO to support reliability.

2. Backstop Capacity Procurement Provisions

Please provide your organization's feedback on the Backstop Capacity Procurement Provisions topic as described in section 4.2. 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 4.2.1. 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 4.2.2. 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 4.2.3. 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 RAIM tool.

- d. Please provide your organization's feedback on the UCAP Deficiency Tool topic as described in section 4.2.4. Please explain your rationale and include examples if applicable.
3. 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.

The CAISO originally proposed to implement this RA Enhancements initiative at the same time as the DAME and Extended Day-Ahead Market (EDAM) initiatives. Regardless of whether DAME and EDAM are delayed, the RA Enhancements initiative should move forward as originally planned. The DAME and EDAM initiatives are more intertwined than the RA initiative and significantly more complex. The RA initiative offers important reliability improvements that are sufficiently independent of these other processes. SMUD therefore believes that this initiative should not be delayed.

4. 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 fourth revised straw proposal.

The CAISO's proposal to impose rigorous safeguards with respect to import RA in this RA Enhancements initiative calls into question the need for the CAISO's maximum import capability (MIC) structure. Were the Proposal to be adopted, the MIC does not seem necessary and SMUD would support elimination of the MIC altogether.