

Shell Energy North America (US), L.P.

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Shell Energy North America (US), L.P. (Shell Energy) appreciates the opportunity to comment on the Resource Adequacy Enhancements Third Revised Straw Proposal dated December 20, 2019.

RA Import Provisions, Section 5.1.6 – Shell Energy provides comments to several aspects of the CAISO straw proposal:

- With the issuance of R.19-11-009, Track 1, the CPUC has set out a process to review criteria for RA imports. As an initial matter, we first encourage the CAISO to coordinate its RA enhancements program with the CPUC processes, especially with regards to RA imports.
- With regards to the straw proposal, Shell Energy supports the identification of the source BA used for RA imports, to ensure no double counting by EIM entities. As suggested, the CAISO needs to have a valid daily resource sufficiency calculation, and a monthly attestation with the ability to change the source BA on a daily basis prior to an EIM sufficiency test would allow the market to continue to ensure a highly reliable RA import product to the CAISO.
- The CAISO has expressed concerns that market participants demonstrate they have controlled generation and firm transmission to deliver RA import energy. Verification of resources is best accomplished through a market participant's attestation and would be subject to audit. In the situation where a market participant has multiple resources that can be dispatched to ensure a highly reliable RA import energy supply to the CAISO, the CAISO may wish for the attestation to include all resources currently available. If the CAISO desires to have all possible supply resources identified, the CAISO must also allow for daily changes to those resources. The CAISO attestation process must also reflect the actual bilateral market that actively trades in the west. The CAISO can balance its need to assure a reliable sourcing of energy with flexibility to successfully implement a monthly verification process with daily adjustments to ensure that capacity is available.
- Identification of a supply resource, which is scheduled as an NRS-RA resource should not be confused with a pseudo-tie or dynamically scheduled external resource. The latter two resources are actually part of the CAISO grid, controlled by the CAISO EMS, and should not be considered as an NRS-RA resource supplying RA import energy with MIC allocation.
- Shell Energy supports the CAISO's commitment to maintaining the current bidding rules for RA imports, i.e. if awarded in DA, must bid in the RT. We continue to encourage the CAISO to not have a RT bidding requirement on NRS-RA resources that do not clear the DA market, as this provides for more efficient utilization of the transmission system.

Flexible Resource Adequacy, Section 5.2 – Shell Energy supports a CAISO procured flexible capacity product, essentially similar to regulation, which can smooth out 5-minute and 15-minute incremental dispatches, with the expectation that the flexible capacity obligation with the CPUC can be replaced by a CAISO procured product. An hourly flexible capacity product procured in the IFM could simplify the flexible RA capacity market and reporting functions, and allow the CAISO to procure on a more targeted basis, seasonally and according to higher demand periods during the day. Shell Energy would support pursuing this as a separate initiative.

Local Resource Adequacy, Section 5.3 – Shell Energy has concerns that the proposed UCAP process will make it difficult to contract RA forward for specific quantities, in an environment where LSEs are being pressured to procure capacity at least 3-years forward. We encourage the CAISO to continue to explore ways to eliminate RAAIM, to implement better ways to facilitate unit substitution for outages and evaluate the appropriate planning reserve margin to ensure reliability while accommodating unit outages, rather than to pursue the UCAP construct.

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