



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
Bonnie Blair 202-585-6905	Cities of Anaheim, Azusa, Banning, Colton, Pasadena, and Riverside, California ("Six Cities")	March 20, 2019

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.

Six Cities' Response: The Six Cities have no comments on this topic at this time.

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.

Six Cities' Response: The Six Cities have no comments on this topic at this time.

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.

Six Cities' Comments: Counting rules and eligibility standards for resources should be determined and clearly stated in advance of annual procurement cycles in order to minimize risk of ineffective procurement by LSEs. The Six Cities are concerned with the ISO's suggestion (Straw Proposal at page 22) that LSEs need only submit NQC values for designated resources, from which the ISO will calculate UCAP. If satisfaction of RA requirements is based primarily on UCAP values, then LSEs need to be able to calculate the UCAP prior to procuring a resource, not afterwards.

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

Six Cities' Comments: If the ISO plans to limit assessments of RA sufficiency to consideration of UCAP values, then it is not clear why RA requirements should be expressed in terms of NQC values. As noted above, efficient procurement of RA resources depends on LSEs having a clear understanding of counting rules and eligibility requirements in advance of procurement activities. Expressing RA requirements in two different forms would seem to create unnecessary complexity and a potential for ineffective and/or wasteful procurement.

The Six Cities do not support increasing the minimum RA requirement based on UCAP by an additional factor for observed forecast error as suggested at Slide 31 of the presentation for the March 6, 2019 stakeholder meeting on the Straw Proposal. The calculation already would include flexible ramping product requirements that reflect forecast error. Layering on yet another amount for forecast error seems duplicative.

With respect to consideration of greater levels of granularity in requirements for Flexible RA as described at Slide 32 of the March 6 presentation, it is possible that such an approach could lead to a substantial increase in Flexible RA requirements. Has the ISO evaluated whether the existing resource fleet could satisfy expanded Flexible RA requirements? If it could not, or if all resources effectively would become "must procure," then the ISO should develop an approach to phasing in expanded requirements in a way that would support competition to develop additional eligible resources.

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

Six Cities' Response: The Six Cities have no comments on this topic at this time.

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

Six Cities' Response: The Six Cities have no comments on this topic at this time.

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.

Six Cities' Response: The Six Cities have no comments on this topic at this time.

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

Six Cities' Comments: Some of the Cities have experienced difficulty in obtaining MIC capacity for desired RA imports at times when suitable MIC appeared to be unused. The Six Cities therefore support consideration of enhancements to the MIC process to facilitate the transfer of unused MIC to other market participants. However, any such enhancements should be consistent with the principle that LSEs (and any others that support the embedded costs of the transmission network) should receive priority for the use of MIC to serve native load customers.

Additional comments

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

Six Cities' Comments: Since the inception of the RA program in 2006, there have been multiple revisions to RA requirements, counting rules, and performance expectations. The lack of stability in RA requirements and other factors such as load migration have increased risks for long-term resource commitments as well as for resource development. To the maximum extent possible (*i.e.*, to the maximum extent consistent with maintaining grid reliability) the ISO should seek to preserve value of longer-term resource commitments made by LSEs, including both resource commitments made prior to initiation of the RA program and to commitments made to date under the RA program. System needs are evolving, but that evolution should be able to accommodate reasonable grandfathering provisions and other transition mechanisms more extensive than

the phasing out of the RAIM discussed at pages 25-26 of the Straw Proposal. Preserving the value of pre-existing resource commitments wherever possible will not only minimize the imposition of stranded costs and over-lapping capacity procurement but also will encourage LSEs to embrace forward procurement objectives, thereby enhancing resource stability and grid reliability.