



## Stakeholder Comments Template

### Resource Adequacy Enhancements

This template has been created for submission of stakeholder comments on the Resource Adequacy Enhancements fifth revised straw proposal that was published on July 7, 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](mailto:initiativecomments@caiso.com). Submissions are requested by close of business on **August 7, 2020**.

Submitted by	Organization	Date Submitted
<i>Michael Whitney mike.whitney@ncpa.com</i>	<i>Northern California Power Agency</i>	<i>8/7/2020</i>

**Please provide your organization's overall position on the RA Enhancements fifth 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 Determining System RA Requirements topic as described in section 4.1.1. Please explain your rationale and include examples if applicable.

*No comment at this time.*

- b. Please provide your organization's feedback on the Unforced Capacity Evaluations topic as described in section 4.1.2. Please explain your rationale and include examples if applicable.

NCPA appreciates CAISO's efforts to address CAISO's existing outage planning issues that limit generators' ability to schedule maintenance and repairs with certainty. NCPA supports the new "urgent" outage category. NCPA further understands and appreciates that CAISO is now proposing to allow a denied planned outage to be resubmitted as a forced outage when necessary to address issues that may result in impending failure of equipment. However, NCPA would still prefer to avoid such planned to forced transitions and suggests that generators be allowed to submit Urgent outages prior to 7 days out in order to clearly signal that the work is unavoidable.

NCPA vehemently opposes CAISO's proposal to limit the UCAP Exempt Outages to only "rare outlier events." CAISO should exempt all outages outside a generator's control, including transmission-induced generator outages and generator outages due to wildfire and PSPS events. The UCAP calculation should incentivize generators to take actions that will increase the availability of RA resources, so the calculation should exclude outages that a generator cannot meaningfully control.

MISO's approach is instructive. There, "compliance rating for individual generators will be based on the XEFORd metric" which "focuses on the manageable performance differences among individual generators."<sup>1</sup> The XEFORd metric excludes outages that are outside management control, including Force Majeure conditions and losses of transmission outlet lines<sup>2</sup>. MISO accounts for outages beyond those captured in the XEFORd metric in its LOLE study that calculates the total system-wide capacity need<sup>3</sup>. That approach properly incentivizes generators to increase availability, while still ensuring that MISO has sufficient capacity that accounts for all outages.

CAISO's proposed approach allocates the risk of transmission-induced outages and wildfire-related outages to individual generators, rather than allocating the risk to the system as a whole. That approach is inconsistent with the cost-causation principle.

Allocating risk of wildfire- and PSPS-related generator outages to individual generators highlights the error of CAISO's approach. Wildfires affect the entire state, and PTOs are undertaking significant efforts to reduce that risk, pursuant to state requirements. PTOs are presently collecting hundreds of millions of dollars to perform wildfire mitigation and harden the transmission system through a multitude of tactics including vegetation management, replacing

---

<sup>1</sup> MISO Business Practice Manual for Resource Adequacy, at 25

<sup>2</sup> Id.

<sup>3</sup> Id.

wood poles with steel poles, and moving lines underground. CAISO is also including wildfire analysis in the TPP in order to determine what measures, such as protection schemes, can be installed to reduce PSPS events. Penalizing generators for wildfires that are usually caused by distribution or transmission equipment (if caused by a utility at all) is similar in effect to penalizing generators for other types of natural disasters, which CAISO's proposal correctly excludes from the UCAP calculation.

The CAISO's proposal includes detailed rules and requirements that apply to scheduling planned maintenance of generation facilities. If the CAISO is going to effectively hold a generation facility responsible for outages attributed to events that are out of the control of the generation facilities, such as transmission induced outages, the CAISO should at the very least hold PTO's to the same rigorous requirements for scheduling planned maintenance of transmission facilities. Based on NCPA's past experience, the PTO that provides transmission service to many of NCPA's generation facilities provides very limited, if any, forewarning or coordination regarding when it schedules planned maintenance of its transmission facilities. If NCPA were made aware of the PTO's scheduled transmission maintenance schedule well in advance of such maintenance being performed, NCPA could more effectively strive to coordinate the timing of its planned generation facility maintenance to align with any transmission maintenance that is scheduled. CAISO's proposal does not address how coordination between generator planned maintenance and transmission planned maintenance will be handled. As stated herein, NCPA strongly disagrees with CAISO's current proposal, but notwithstanding such, CAISO must also ensure the PTOs are subject to the same rigorous standards for coordinating scheduling of planned maintenance of transmission facilities.

NCPA therefore strongly urges CAISO to revise its proposed UCAP calculation to exclude all outages outside of the generator's control.

- i. Please provide your organization's feedback on whether the ISO should establish a dead band around a resource's UCAP value given the associated benefits and burdens, as described in section 4.1.2. Please explain your rationale and include examples if applicable.

No comment at this time.

- ii. Please provide your organization's feedback on Option 1 and Option 2 for calculating UCAP for new resources without three full years of operating history, as described in section 4.1.2. Please explain your rationale and include examples if applicable.

Option one relies on class averages while option two starts with NQC and then utilizes a resource's actual performance. NCPA cannot support either option if actual performance will be impacted by events

outside of a generator's control such as transmission-induced outages of any kind.

- iii. Please provide your organization's feedback on the ISO's approach to use the historical availability during the RAIM hours for years prior to 2019 and the historical availability during the 20% tightest supply cushion hours in years 2019 and beyond for hydro resources, as described in section 4.1.2. Please explain whether this approach is necessary or preferred to the standard UCAP calculation to reflect hydro availability.

CAISO has repeatedly stated that it does not have sufficient data to determine UCAP at this time. CAISO states in the 5<sup>th</sup> Revised Straw Proposal that its "OMS system is not currently designed to generate and store historical forced outage rates."<sup>4</sup> Therefore, CAISO will need to adopt a methodology similar to new units, preferably more similar to option 2 except that the UCAP should not be impacted by any events outside the generator's control such as transmission induced generator outages of any kind.

- iv. Please provide your organization's feedback on the modifications for UCAP counting rules for storage resources as described in section 4.1.2. Please explain your rationale and include examples if applicable.

No comment at this time.

- c. Please provide your organization's feedback on the System RA Showing and Sufficiency Testing topic as described in section 4.1.3. Please explain your rationale and include examples if applicable.

No comment at this time.

- d. Please provide your organization's feedback on the Must Offer Obligation and Bid Insertion Modifications topic as described in section 4.1.4. Please explain your rationale and include examples if applicable.

No comment at this time.

- i. Please provide your organization's feedback on generally defining variations to the must offer obligations and bid insertion into the day-ahead market based on resources type, as described in Table 12 in section 4.1.4. Please explain your rationale and include examples if applicable.

No comment at this time.

---

<sup>4</sup> 5<sup>th</sup> Revised Straw Proposal p. 15

- e. Please provide your organization's feedback on the Planned Outage Process Enhancements topic as described in section 4.1.5. Please explain your rationale and include examples if applicable.

As stated above, NCPA appreciates CAISO's efforts to resolve conflicts that arise when a generator must plan maintenance around RA commitments. NCPA has some concerns with CAISO's proposed Planned Maintenance season. Somewhat peculiarly, the UCAP assessment season and the RA showing season do not align. For RA purposes, the standard winter months are October through April and the standard summer months are May through September, which is consistent with longstanding utility practice in California. For UCAP, however, CAISO proposes to classify October as a summer month. This is problematic for several reasons, not least of which is that it could lead to general confusion.

More importantly, however, October is a crucial month for maintenance on hydro resources located in rugged terrain throughout California. For example, NCPA's 250 MW Upper Utica and North Fork Stanislaus Hydroelectric projects have facilities located high in the Sierra Nevada mountains. The New Spicer Meadows powerhouse is located at an elevation of 6,500 feet, and accessed via a US Forest Service road that is closed, with no snow removal, in the winter. As a general matter, hydro resources must avoid planned maintenance during the spring runoff months and must also be available during true summer months when peak loads arrive. Reclassifying October as a summer month would force generation owners of units in remote areas to move planned maintenance into the more volatile November timeframe when the early stages of the rainy season or a severe storm could easily cancel critical work or worse, make it much more unsafe for employees to perform. An early winter storm could close access to the New Spicer Meadows powerhouse for the winter months. The CAISO must reflect this reality in its proposal, and the long standing maintenance practices used by the hydro fleet throughout the state that is a direct function and result of average weather conditions. Burdening maintenance for hydro units in rugged terrain would have a detrimental impact on the reliability of such units and make forced outages more likely.

Another way to attack the problem was presented in NCPA's earlier comments, where we stated that it is unrealistic to assume that there will never be maintenance outages during summer months. Although most generation owners, including NCPA, strive to avoid planned outages in the summer months where possible, the CAISO's own data show that nevertheless, unavoidable maintenance outages comprising many megawatts of generation do occur. Recently, the market monitor for MISO stated<sup>5</sup> that MISO needed a higher summer reserve margin, in part because MISO does not assume that planned generation outages and derates occur during the summer months. As

---

<sup>5</sup> "Monitor Says MISO Needs Higher Reserve Margin", RTO Insider, July 14, 2020 at 17.

the market monitor noted, MISO is simply wrong about that, and that if it had accounted for historical patterns of such outages, its summer reserve margin would be about 11%. CAISO should not adopt a similarly flawed plan. In sum, NCPA cannot support any outage process that would prevent or penalize it for scheduling planned outages during the month of October for remote hydroelectric resources. That said, NCPA appreciates the CAISO's efforts to reform the Planned Outage process, and could live with Option 1 so long as CAISO can satisfactorily address the need for hydro units to schedule planned outages in October.

NCPA supports giving generators the ability to plan maintenance from October through May without substitution. However, this should apply to shorter duration outages. If a plant is scheduled to be offline for an entire month then it simply should not sell or show RA for that month. Otherwise, load is paying twice. The LSE pays once when buying that capacity and collective load pays again for the increased planned outage reserve margin resulting from the outage. As to where to draw that line, NCPA proposes 10 days with a 2-day buffer.

Lastly, NCPA requests that CAISO confirm in the draft final proposal that a generator will be allowed to plan outages and expect approval in any month when it is not shown as RA for that month.

- f. Please provide your organization's feedback on the RA Import Requirements topic as described in section 4.1.6. Please explain your rationale and include examples if applicable.

NCPA could live with CAISO's proposal to specify non-dynamic resource specific system resources as either (1) a single resource, (2) a specified portfolio of resources within a single BAA, or (3) a BAA's pool of resources. NCPA recommends confirming such status via an attestation from the LSE procuring such resources.

- i. Please provide your organization's feedback on the issue of whether firm transmission service on the last line of interest to the CAISO BAA will ensure reliability and is feasible, or whether the CAISO should require point-to-point, source to sink firm transmission service as originally proposed, as described in section 4.1.6 page 68. Please explain your rationale and include examples if applicable.

No comment at this time.

- ii. Please provide your organization's feedback on other BAA's systems bordering the CAISO and whether such a "last line of interest" proposal is feasible and would effectively support RA import capacity

dependability and deliverability, as described in section 4.1.6 page 68. Please explain your rationale and include examples if applicable.

No comment at this time.

- iii. Please provide your organization's feedback on whether a non-compliance penalty or other enforcement actions are necessary if delivery is not made under firm transmission service, as described in section 4.1.6 page 69. Please explain your rationale and include examples if applicable.

No comment at this time.

- iv. Please provide your organization's feedback on how to convey the last line of interest, as described in section 4.1.6 page 69. Please explain your rationale and include examples if applicable.

No comment at this time.

- v. Please provide your organization's feedback on the options proposed in section 4.1.6 and any other potential mechanisms that would best ensure RA imports are dependable and deliverable if the CAISO were to adopt, as an alternative, a "last line of interest" firm transmission service requirement. Please explain your rationale and include examples if applicable.

No comment at this time.

- g. Please provide your organization's feedback on the Operationalizing Storage Resources topic as described in section 4.1.7. Please explain your rationale and include examples if applicable.

No comments at this time.

## 2. Flexible Resource Adequacy

Please provide your organization's feedback on the Flexible Resource Adequacy topic as described in section 4.2. Please explain your rationale and include examples if applicable.

No comment at this time.

## 3. Local Resource Adequacy

Please provide your organization's feedback on the Local Resource Adequacy topic as described in section 4.3. Please explain your rationale and include examples if applicable.

- a. Please provide your organization's feedback on the UCAP in Local RA Studies topic as described in section 4.3.1. Please explain your rationale and include examples if applicable.

No comment at this time.

#### 4. Backstop Capacity Procurement Provisions

Please provide your organization's feedback on the Backstop Capacity Procurement Provisions topic as described in section 4.4. Please explain your rationale and include examples if applicable.

No comment at this time.

- a. Please provide your organization's feedback on the Capacity Procurement Mechanism Modifications topic as described in section 4.4.2. Please explain your rationale and include examples if applicable.

No comment at this time.

- b. Please provide your organization's feedback on the Making UCAP Designations topic as described in section 4.4.3. Please explain your rationale and include examples if applicable.

No comment at this time.

- c. Please provide your organization's feedback on the Reliability Must-Run Modifications topic as described in section 4.4.4. Please explain your rationale and include examples if applicable.

No comment at this time.

- 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, as described in section 4.4.4. Please explain your rationale and include examples if applicable.

No comment at this time.

- d. Please provide your organization's feedback on the UCAP Deficiency Tool topic as described in section 4.4.5. Please explain your rationale and include examples if applicable.

NCPA continues to object to the UCAP Deficiency Tool concept. CAISO explicitly states that the tool will incentivize LSEs to show more UCAP than required, which will effectively allow them to hoard and withhold such surplus from the bilateral market. It is a fact that the west is facing capacity scarcity, not surplus. An entity showing more capacity than required can be certain that another LSE will be short and also can be certain that it will realize penalty revenues that are above market prices in many months. NCPA clearly explained and provided evidence in comments to the 4<sup>th</sup> Revised Straw proposal that some LSE's are already incentivized to withhold capacity due to Power Cost Indifferent Adjustments. Adding this tool will simply reinforce such behavior and unjustly penalize LSEs despite their good faith best efforts to comply.

5. 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.

No comment at this time.

6. 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.

NCPA supports CAISO's plan to seek approval from the CAISO Board only.

### **Additional comments**

Please offer any other feedback your organization would like to provide on the Resource Adequacy Enhancements fifth revised straw proposal.

No additional comments at this time.