



Stakeholder Comments Template

Resource Adequacy Enhancements

This template has been created for submission of stakeholder comments on the Resource Adequacy Enhancements third revised straw proposal that was published on December 20, 2019. 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 **January 27, 2020**.

Submitted by	Organization	Date Submitted
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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 5.1. Please explain your rationale and include examples if applicable.

5.1.1 – Determining System RA Requirements

- a. So long as the comments and/or concerns raised by NCPA herein are fully considered, NCPA can support the concept of a system UCAP calculated using the "bottom-up" approach (Option 2 of 2). NCPA believes the bottom-up approach properly accounts for performance at the resource level, as opposed to measuring performance based on a fleet-wide technology type. The bottom-up approach will create an incentive for resource owners to perform preventive maintenance and to make necessary capital investments, as such may be required to support the reliable operations of their generation assets.

5.1.2 – Unforced Capacity Evaluations

- a. On page 10 of the CAISO’s Resource Adequacy Enhancements Third Revised Straw Proposal (“Proposal”), CAISO states that it “intends to preserve the current NQC calculations for resources”, and the “CAISO will continue to perform NQC calculations exactly as it does today”. NCPA appreciates CAISO’s recognition of the important role Local Regulatory Authorities (“LRA”) play in the Resource Adequacy program, including deferring the right to LRAs to establish resource counting conventions applicable to their respective jurisdictional LSEs. NCPA’s members, acting as non-CPUC jurisdictional LSEs and distinct LRAs have each established their own Resource Adequacy programs, including establishing rules for determining what amount of Qualifying Capacity is eligible under such programs. NCPA supports CAISO’s statement that “the CAISO will coordinate with the CPUC and LRAs to ensure alignment with individual LRA requirements.”¹ Regarding CAISO’s proposal to use an ELCC methodology to set UCAP values for wind and solar, NCPA does not object to such approach for CPUC jurisdictional LSEs (because the CPUC currently applies this methodology as part of its Resource Adequacy counting rules), but NCPA does not support a universal application of the ELCC for all LRAs. Rather, as is currently done today, NCPA requests that CAISO continue to defer to the specific Qualifying Capacity counting rules adopted by each LRA, and to only apply the ELCC methodology (for the purpose of setting UCAP values) for wind and solar resources as a default counting convention if a LRA does not otherwise adopted a specific counting methodology. For example, an LRA may determine it is more appropriate to set the QC value for a wind or solar resource based on the actual historical performance of the resources (as compared to a fleet wide average), based on the fact that each resource is bid independently into the market, and will operate based on its unique characteristics and/or location.
- b. While NCPA recognizes that for practical purposes, a mixture of outage data sources (GADS and OMS) may be needed for measuring performance initially under the UCAP proposal, NCPA continues to support moving toward relying solely on OMS data long term. This will ensure consistency and alignment of the data source used for operations and UCAP performance measurements, and will reduce the possible inconsistency of using data collected from separate and distinct sources. To the extent OMS is not yet well organized to support this long term goal, NCPA encourages CAISO to determine what changes will be needed to enable OMS to be used as the sole data source in the future.
- c. Regarding the Nature of Work cards currently used in OMS for logging forced outages, the OMS system will need to be updated to include a nature of work card that captures unavailability due to constraints associated with

¹ Page 11 of the Proposal.

the natural gas transportation system (constraints that are not directly related to the actions of the unit operator). An example of a constraint that is out of the control of a unit operator could be the gas transportation provider getting a pig stuck in a gas line.

- d. As part of the overall proposal, NCPA supports removing Forced outage replacement and RAAIM application to forced outage periods.

5.1.4 – Must Offer Obligation and Bid Insertion Modifications

- a. For the purpose of clarity, NCPA requests that CAISO reinsert the language included on page 33 of CAISO’s Resource Adequacy Enhancements Second Revised Straw Proposal, which confirmed that “CAISO is not proposing changes to how load-following metered subsystems are treated under the existing tariff” regarding the must offer obligation. More specifically, due to the unique operational characteristics and requirements of a load-following metered subsystem, Resource Adequacy resources used by a load-following metered subsystem will continue to be exempt from the must offer obligation.

5.1.5 – Planned Outage Process Enhancements

- a. NCPA supports removal of the requirement to provide comparable capacity for planned outages.
- b. Neither Option 1 nor Option 2 of the Revised RA Planned Outage Process addresses the “planned to forced” concerns at issue in the PRR 1122 appeal. The CAISO must reform its outage process to encourage resources to report the need for outages as soon as such conditions become known, in a way that does not allow for an unavoidable outage to be cancelled by CAISO. The current system does not classify outages scheduled more than seven days in advance as forced, even though some types of maintenance may be critical for the ongoing viability of the resource. The CAISO should provide more flexibility in recognizing maintenance outages that must be taken. One solution may be for certain planned outage types such as Plant Trouble to be treated as forced, such that CAISO cannot cancel the outage. Such an outage might still potentially count against the UCAP if it falls within the assessment hours. Another potential solution could be to allow the submittal of forced outages beyond the current 7 day window, where the operator can certify that the outage is necessary for critical repairs or maintenance to support the resource’s longer term viability.

5.1.6 – RA Import Provisions

- b. NCPA continues to support including a requirement for LSEs to identify the source BA from which RA Imports are supplied. NCPA believes this

information will be sufficient to enable CAISO to evaluate an EIM entity's sufficiency test. NCPA does not support including a requirement by which a LSE would have to identify the specific resource/generator that is used to support a RA import. Doing so could be counterproductive and artificially reduce the amount of imports that can be used as RA (even if such imports can and will actually provide power to the CAISO BAA). For example, a RA import may be supplied from a system composed of multiple hydroelectric generators, which together will physically be available to support the RA import. In such case, due to the unique operating characteristics of individual resources within the system, the production of an individual resource may change over the course of a month (due to environmental requirements), but this would not reduce the ability of the system of resources to support the import. NCPA does not support a resource specific requirement at this time, but in the event the resource specific concept is considered further, the unique operating characteristics of hydroelectric systems must be fully considered.

Please provide your organization's position on the System Resource Adequacy topic as described in section 5.1. (Please indicate Support, Support with caveats, Oppose, or Oppose with caveats)

Please see NCPA's comments above.

2. Flexible Resource Adequacy

Please provide your organization's feedback on the Flexible Resource Adequacy topic as described in section 5.2. Please explain your rationale and include examples if applicable.

For the purpose of clarity, NCPA requests that the statement reflected on Slide 39 of the CAISO's Day 2 Presentation be included in the next draft of the Resource Adequacy Enhancements proposal. More specifically, CAISO confirmed that a load-following metered subsystem LRA will not receive an allocation for any forecasted flexible RA capacity needs attributed to changes in load (including behind-the-meter solar used to serve load), due to the unique operating characteristics and requirements of a load-following metered subsystem.

Please provide your organization's position on the Flexible Resource Adequacy topic as described in section 5.2. (Please indicate Support, Support with caveats, Oppose, or Oppose with caveats)

Please see NCPA's comments above.

3. Local Resource Adequacy

Please provide your organization's feedback on the Local Resource Adequacy topic as described in section 5.3. Please explain your rationale and include examples if applicable.

NCPA has no comment at this time.

Please provide your organization's position on the Local Resource Adequacy topic as described in section 5.3. (Please indicate Support, Support with caveats, Oppose, or Oppose with caveats)

NCPA has 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 5.4. Please explain your rationale and include examples if applicable.

NCPA continues to object to CAISO's proposed UCAP Deficiency Tool (see NCPA's July 30, 2019 Comments on the RA Enhancements Revised Straw Proposal). As proposed, the UCAP Deficiency Tool will exacerbate market power concerns in the bilateral RA market. By offering administrative payments to LSEs that have excess RA capacity, the UCAP Deficiency Tool creates an incentive for LSEs to withhold RA capacity from the bilateral market. If an entity controls a significant share of excess RA available in the market (especially in a local RA area), the UCAP Deficiency Tool would create a moral hazard by encouraging that entity to exercise its market power. For example, based on requirements that may be established by a LRA or other regulatory bodies, a LSE that elects to not sell excess RA may have a means of collecting any stranded costs or investments from other market participants through alternative mechanisms (e.g., Power Charge Indifference Adjustment). If an LSE has alternative mechanisms that can be used to recover its costs, an LSE may be incented to structure their portfolio in a way that increases their ability to receive UCAP Deficiency Tool payments. CAISO's UCAP Deficiency Tool as proposed does not have the necessary visibility into the bilateral market that is required to protect customers against such external effects, and could result in LSEs receiving double charges or double payments for uncommitted capacity.

CAISO's role regarding Resource Adequacy policy should be solely focused on reliability. CAISO should not act as enforcement officer; that role should be reserved for the applicable LRA. For example, if through a collective demonstration of RA capacity the CAISO determines that it has received sufficient RA to maintain grid reliability, the CAISO's role should stop there. To the extent there are concerns with "leaning", such concerns should remain the sole responsibility of the applicable LRA.

Please provide your organization's position on the Backstop Capacity Procurement Provisions topic as described in section 5.4. (Please indicate Support, Support with caveats, Oppose, or Oppose with caveats)

Per NCPA's comments above, NCPA opposes CAISO's UCAP Deficiency Tool proposal.

Additional comments

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

NCPA has no additional comments at this time.