

## Stakeholder Comments Template

### Resource Adequacy Revised Straw Proposal

This template has been created for submission of stakeholder comments on the *Resource Adequacy Revised Straw Proposal* that was published on July 1, 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/informed/Pages/StakeholderProcesses/ResourceAdequacyEnhancements.aspx>

Upon completion of this template, please submit it to [initiativecomments@caiso.com](mailto:initiativecomments@caiso.com). Submissions are requested by close of business on July 24.

Submitted by	Organization	Date Submitted
<i>Maria Belenky</i>	<i>OhmConnect</i>	<i>July 24, 2019</i>

**Please provide your organization's comments on the following issues and questions. Please explain your rationale and include examples if applicable.**

#### 1. System Resource Adequacy

- Please provide your organization's feedback on the *Determining System RA Requirements* as described in *Section 5.1.1*.

*OhmConnect has no comment at this time.*

- Please provide your organization's feedback on the *Forced Outage Rates and RA Capacity Counting* as described in *Section 5.1.2*.

*OhmConnect observes that the CAISO has now surfaced the issue of appropriate Resource Adequacy (RA) accounting for demand response (DR) resources in two different stakeholder initiatives. First, the CAISO's Energy Storage and Distributed Energy Resources, Phase 4 (ESDER 4) initiative Straw Proposal includes a proposal to set the qualifying capacity (QC) of variable DR resources via the Effective Load Carrying Capacity (ELCC) methodology. Second, the Revised Straw Proposal in this RA Enhancements initiative asks stakeholders to provide*

feedback on the application of the UCAP requirement to DR. It is unclear whether the CAISO prefers to apply the ELCC methodology to DR—thereby excluding these resources from a stand-alone UCAP value requirement—or to mandate that DR receive a UCAP value to supplement the NQC.

To start, we recommend that in the interest of cohesion and efficiency this issue be dealt with in just one stakeholder initiative. Moreover, it would be informative to hear CAISO’s perspective on the merits of one methodology versus the other (i.e. ELCC versus UCAP) for DR RA valuation so that stakeholders can have more complete information before beginning to think through the application of UCAP in depth. Is it the case, for instance, that CAISO believes ELCC to be preferable, but would like to explore UCAP as an option in the event that ELCC cannot be adopted?

In terms of the UCAP specifically, we have several questions and observations. First, to the best of our knowledge, there is no clear definition of what constitutes an “outage” in the case of a DR resource. The *Demand Response User Guide v4.5* notes only that OMS outages can be submitted to remove resources from the market “due to exceptionally low load”, or if a PDR/RDRR is “unable to provide [Ancillary Services].”<sup>1</sup> In an accompanying set of FAQs, the answer to a question about how a DRP might handle seasonal unavailability states that the DRP “could potentially put in an Outage for the other season, but [CAISO] would have to verify that is an acceptable use of outage management.”<sup>2</sup> In order to calculate a useful UCAP value, the CAISO and other stakeholders would need to develop a concrete definition of a DR outage. Importantly—because most DR resources are not designed to operate 24/7, 365 days per year—the definition of “outage” would need to be careful to *exclude* instances where a PDR/RDRR can reasonably be expected to not be bidding into the CAISO market due to the characteristics of demand response.

Second, it would be useful to understand the extent to which demand response providers (DRPs) have been utilizing CAISO’s Outage Management System. Is there a sufficient historical record of outages in OMS to calculate a useful Equivalent Forced Outage Rate? If not, the application of UCAP to DR might have to be delayed until sufficient data is collected.

Third, we note that unlike other resource types, a PDR with an RA obligation cannot take a partial outage (i.e. a derate). For example, if a DRP includes a PDR for 10MW on its supply plan, but later determines that only 7MW are actually deliverable—e.g. because it is an unseasonably cool day—the DRP cannot bid just those 7MW into the CAISO market. Rather, it must take an outage for the full 10MW. This inability to derate available capacity is a limitation that, to our knowledge, only affects DR resources. Because DR is unable to take a partial outage, its UCAP value would be artificially depressed. In the example above, the DRP would be forced to take a full outage even though it was capable of delivering

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<sup>1</sup> CAISO Demand Response User Guide v 4.5, at p. 123.

<sup>2</sup> Demand Response and Proxy Demand Response FAQ version 5, at FAQ 73.

70 percent of its RA capacity. This could unfairly disadvantage demand response compared to conventional generating resources.

Finally, the proposed UCAP assessment window, 5am to 9pm, may not be applicable to all demand response programs. Many DR programs are designed to operate between either 1pm and 6pm or 4pm and 9pm. The inability of DR customers to curtail loads in the very early morning should not constitute an outage because PDRs are not typically expected to deliver at this time. As a possible way of addressing this for DR resources, the CAISO could equate the assessment window to the MOO hours.

- Please provide your organization's feedback on the *System RA Showings and Sufficiency Testing* as described in *Section 5.1.3*.
- Please provide your organization's feedback on the *Must Offer Obligation and Bid Insertion Modifications* as described in *Section 5.1.4*.
- Please provide your organization's feedback on the *Planned Outage Process Enhancements* as described in *Section 5.1.5*.
- Please provide your organization's feedback on the *RA Import Provisions* as described as described in *Section 5.1.6*.
- Please provide your organization's feedback on the *Maximum Import Capability Provisions* as described in *Section 5.1.7*.

In summary, please provide your organization's position on System Resource Adequacy (Section 5.1). (Please indicate Support, Support with caveats, Oppose, or Oppose with caveats)

OhmConnect has no comment at this time.

## 2. Flexible Resource Adquacy

OhmConnect has no comment at this time.

- Please provide your organization's feedback on the *Identifying Flexible Capacity Needs and Requirements* as described in *Section 5.2.1*.
- Please provide your organization's feedback on the *Identifying Flexible RA Requirements* as described in *Section 5.2.2*.
- Please provide your organization's feedback on the *Setting Flex RA Requirements* as described in *Section 5.2.3*.
- Please provide your organization's feedback on the *Establishing Flexible RA Counting Rules: Effective Flexible Capacity Values and Eligibility* as described in *Section 5.2.4*.

- Please provide your organization’s feedback on the *Flexible RA Allocations, Showings, and Sufficiency Tests* as described in *Section 5.2.5*.
- Please provide your organization’s feedback on the *Flexible RA Must Offer Obligation Modifications* as described in *Section 5.2.6*.

In summary, please provide your organization’s position on Flexible Resource Adequacy (Section 5.2). (Please indicate Support, Support with caveats, Oppose, or Oppose with caveats)

### 3. Local Resource Adequacy

OhmConnect has no comment at this time.

- Please provide your organization’s feedback on the *Local Capacity Assessments with Availability Limited Resources* as described in *Section 5.3.1*.
- Please provide your organization’s feedback on the *Meeting Local Capacity Needs with Slow Demand Response* as described in *Section 5.3.2*.

In summary, please provide your organization’s position on Local Resource Adequacy (Section 5.3). (Please indicate Support, Support with caveats, Oppose, or Oppose with caveats)

### 4. Backstop Capacity Procurement Provisions

OhmConnect has no comment at this time.

- Please provide your organization’s feedback on the *Capacity Procurement Mechanism Modifications* as described in *Section 5.4.1*.
- Please provide your organization’s feedback on the *Reliability Must-Run Modifications* as described in *Section 5.4.2*.
- Please provide your organization’s feedback on the *UCAP Deficiency Tool* as described in *Section 5.4.3*.

In summary, please provide your organization’s position on Backstop Capacity Procurement Provisions (Section 5.4). (Please indicate Support, Support with caveats, Oppose, or Oppose with caveats)

### Additional comments

Please offer any other feedback your organization would like to provide on the Resource Adequacy Revised Straw Proposal.

OhmConnect has no additional comments at this time.