



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.aiso.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 **July 30, 2020**.

Submitted by	Organization	Date Submitted
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PG&E offers the following preliminary set of comments on the California Independent System Operator (CAISO) Resource Adequacy Enhancements (RAE) Fifth Revised Straw Proposal (the Proposal), published on July 7, 2020 and discussed in the stakeholder meetings (July 14, 15 and 16).

As requested by the CAISO, PG&E offers the following set of comments in advance of the August 7 deadline, to provide stakeholder input for consideration in the CAISO's comments to the CPUC Track 3 RA proceeding. PG&E will submit further detailed comments following the CAISO's template by August 7.

In this set of comments, PG&E broadly supports the concept of a UCAP framework. However, from an operational and implementation standpoint, PG&E raises the following two main concerns to be addressed by the CAISO prior to fully support the Proposal: 1) the proposed implementation timeline for transition from NQC to UCAP and 2) the lack of robust analysis to design the UCAP paradigm.

Implementation timeline:

The CAISO currently proposes the following timeline for transition from NQC to UCAP:

- the 2022 RA year binding RA requirements would still be in terms of today's NQC values, but the CAISO would shadow test both UCAP RA requirements and showings;
- The 2023 RA year would transition to binding RA requirements and showings in terms of UCAP.

PG&E opposes the current transition timeline and believes many critical design details must be resolved prior to fully support the Proposal as listed below. The current timeline appears challenging, PG&E proposes the timeline to be adjusted once a complete set of analysis has been done.

UCAP proposal requires more robust analysis to address reliability concerns:

As already raised in PG&E's comments on the Third¹ Revised Straw Proposal, PG&E opposes the CAISO's overall direction unless the proposal demonstrates greater consistency in objectives and design across forums, study assumptions, and elements of the RA program. The CAISO must provide more robust analysis in support of its proposed designs prior to making such vast program changes. The CAISO should harmonize its RA program with the CPUC's RA program to achieve the "right mix" of resources to meet reliability needs.

PG&E believes more robust analysis should be done on: 1) Planning Reserve Margin (PRM) adjustments under the UCAP paradigm; 2) a demonstration of the average percentage of UCAP capacity versus NQC capacity at system level; 3) what are the appropriate incentives replacing RAIM by UCAP; 4) determining the appropriate basis of selection for the UCAP assessment hours.

1) How the Planning Reserve Margin (PRM) should be adjusted under the UCAP paradigm?

In the Proposal, the CAISO recognizes that "efforts to establish a minimum UCAP requirement needs additional collaboration with LRAs to address under-forecasting risks. At this time, CAISO believes that the UCAP requirement should be set at a minimum of 110 percent of forecasted peak".

The CAISO should conduct and share analysis on how a transition to UCAP and its proposed 110% Planning Reserve Margin (PRM) will affect reliability on a Loss of Load Expectation basis. This includes understanding the capability of the existing resource fleet to meet reliability requirements in the proposed paradigm.

2) What is the average percentage of UCAP versus NQC at system level?

The CAISO has currently focused on a resource-level assessment and proposed three UCAP counting examples of units transitioning to the UCAP.

At this stage the CAISO hasn't provided any general study on the average impact rate of UCAP versus NQC system wide. Acknowledging the diverse types of resources, this analysis should be done at minimum per class average and should also provide an assessment for resources approaching retirement.

¹ Please see PG&E's comments, pages 2 and 4 at http://www.aiso.com/InitiativeDocuments/PG_EComments-ResourceAdequacyEnhancements-ThirdRevisedStrawProposal.pdf

LSEs should have relevant analysis to achieve the “right mix” of resources to meet reliability needs. PG&E suggests the CAISO works with stakeholders and set up a working group to collect the needed data to provide such analysis.

3) UCAP versus RAIM: what are the appropriate incentives?

As the DMM highlighted in its comments to the June 10 Working Group²: The CAISO should address critical design details to improve incentives to increase availability and maximize capacity sales at the system level for all resource types, conventional and non-conventional, new or existing ones as well as for resources approaching retirement.

Because a UCAP framework is intended to replace existing availability incentive mechanisms, the methodology used to derive UCAP values will be very important in order to ensure that the different resource types are incentivized to be available, especially when the ISO needs capacity the most on the system.

4) Which hours are UCAP assessment hours?

PG&E believes the CAISO should establish more robust basis to select the UCAP assessment hours.

In the current proposal, the CAISO uses “Resource Adequacy Availability Incentive Mechanism (RAAIM) as inspiration” for UCAP assessment hours – to define the top 20% tightest supply cushion hours for peak and off-peak months. PG&E believes that reliability planning should be predicated on clear reliability objectives and outcomes, n. PG&E fails to understand the rationale of using RAIM as the inefficiency of RAIM was one of the main drivers to conduct a Resource Adequacy Enhancements initiative. As developed in its comments to the June 10 Working Group³, PG&E believes the CAISO should determine whether an hour is an availability assessment Hour (AAH) based on a clear metric of supply tightness and supported by data analysis.

Conclusion:

PG&E urges the CAISO to clarify these above points before moving forward with a Draft Final Proposal as currently scheduled by the ISO mid-October 2020.

² <http://www.caiso.com/InitiativeDocuments/DMMComments-ResourceAdequacyEnhancementsWorkingGroup-Jun102020.pdf>

³ Please see PG&E’s comments, page 2 and 3 at http://www.caiso.com/InitiativeDocuments/PG_EComments-ResourceAdequacyEnhancementsWorkingGroup-Jun102020.pdf