



## 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 **July 30, 2020**.

Submitted by	Organization	Date Submitted
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PG&E offers the following response to 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).

#### Key Highlights of PG&E Response

- **Planned outages process enhancements:** PG&E continues to oppose the options presented as they don't address PG&E objectives including defining a clear reliability need, while respecting regulatory, operational, and contractual imperatives. Option 1 (planned outages only in off-peak months) and the status quo do not meet these objectives.
  - PG&E proposes a foundation for an alternative for planned outage process developed in section 1(e) below.
- **RA import requirements:** the CAISO proposes new requirements for import RA resources.
  1. Non-Resource Specific Resources no longer qualify as RA.
    - PG&E opposes a requirement that import RA resources must be resource specific. If the CAISO intends to prevent non-resource specific import resources from qualifying as RA, a transition plan must be developed by the CAISO that provides clear guidance on how existing import RA resources (mainly non-resource specific resources) can continue to provide RA.

2. Firm transmission source-to-sink will be required. Alternatively, CAISO proposes firm transmission delivery on the last line of interest (last leg) to the CAISO BAA with a minimum DA e-tagging requirement may be sufficient.
  - PG&E still questions the firm transmission requirement is practical and asks the CAISO to share with stakeholders a timeline on when firm transmission is released. PG&E also reiterates its previous comments asking CAISO to discuss non-recallability protocols in the West and to address this question at the appropriate regulatory level FERC/NERC.
- **Implementation timeline:** PG&E opposes the current transition timeline and believes several critical design details must be resolved prior to fully supporting the proposal (PG&E's comments on July 30<sup>1</sup>). PG&E proposes adjusting the timeline once a complete set of analysis has been done. PG&E would like incremental analysis on the following areas : 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; and 4) determining the appropriate basis of selection for the UCAP assessment hours.

**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.

**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.**

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<sup>1</sup> See PG&E's comments: [http://www.caiso.com/InitiativeDocuments/PG\\_EComments-ResourceAdequacyEnhancements-FifthRevisedStrawProposal.pdf](http://www.caiso.com/InitiativeDocuments/PG_EComments-ResourceAdequacyEnhancements-FifthRevisedStrawProposal.pdf)

This section of the Proposal is unchanged since the CAISO is currently assessing actual June RA showings using stochastic production simulation. PG&E will provide more comments once the outcomes of the study will be shared with stakeholder mid-August.

In the meantime, PG&E reiterates comments submitted on the Third Revised Straw Proposal<sup>2</sup>, the Fourth Revised Straw Proposal<sup>3</sup>, and the June 10 Working group<sup>4</sup> and as submitted in its first set of comments to the Fifth Revised Straw Proposal on July 30.

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.

- 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.
  - 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.

**PG&E requests the CAISO provide any general study on the average impact rate of UCAP versus NQC system wide.**

At this stage, the CAISO has provided only three examples of UCAP determination on an excel sheet. As PG&E suggested in its first set of comments submitted to the CAISO on July 30<sup>5</sup>, the CAISO should set up a working group to further work with stakeholders to collect the needed data to provide a systemwide an assessment of the UCAP versus NQC per resource type (conventional resource type; new and non-conventional resource types – storage, hydro, wind and solar, Demand response - as well as resources approaching retirement).

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<sup>2</sup> Please see PG&E's comments, pages 2 and 4 at [http://www.aiso.com/InitiativeDocuments/PG\\_EComments-ResourceAdequacyEnhancements-ThirdRevisedStrawProposal.pdf](http://www.aiso.com/InitiativeDocuments/PG_EComments-ResourceAdequacyEnhancements-ThirdRevisedStrawProposal.pdf)

<sup>3</sup> Please see PG&E's comments pp. 2-3: [http://www.aiso.com/InitiativeDocuments/PG\\_EComments-ResourceAdequacyEnhancements-FourthRevisedStrawProposal.pdf](http://www.aiso.com/InitiativeDocuments/PG_EComments-ResourceAdequacyEnhancements-FourthRevisedStrawProposal.pdf)

<sup>4</sup> Please see PG&E's comments pp. 1: [http://www.aiso.com/InitiativeDocuments/PG\\_EComments-ResourceAdequacyEnhancementsWorkingGroup-Jun102020.pdf](http://www.aiso.com/InitiativeDocuments/PG_EComments-ResourceAdequacyEnhancementsWorkingGroup-Jun102020.pdf)

<sup>5</sup> See PG&E's comments: [http://www.aiso.com/InitiativeDocuments/PG\\_EComments-ResourceAdequacyEnhancements-FifthRevisedStrawProposal.pdf](http://www.aiso.com/InitiativeDocuments/PG_EComments-ResourceAdequacyEnhancements-FifthRevisedStrawProposal.pdf)

- 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.

#### **PG&E supports Option 2 for calculating UCAP for new resources.**

The option 1 proposes to use a class average approach to calculate UCAP for new resources. The Option 2 proposes to use the NQC for the first year and places heavy emphasis on actual performance in the initial years. PG&E prefers the option 2 using the initial NQC as it more accurately reflects the resource's performance.

PG&E also requests the CAISO explicitly address in the Proposal how to calculate UCAP for resources approaching retirement and how to address incentive issues in the last year of the resource's operation.

- 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.
- 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.

#### **PG&E does not support the counting of charge derates in the calculation of UCAP for batteries.**

PG&E disagrees with the counting of charge derates (reductions in charge capability) in the calculation of UCAP for batteries. In the example presented, PG&E believes a derate of charge capability to 20 MW should not affect the battery's effective availability of 25 MW. A battery's charging capability in a given hour has no direct effect on its discharge availability in that hour. Certainly, a derated charging capability over an extended period will tend to make it less likely that a battery's full state of charge is available in all discharge hours, but there is no simple way to measure this effect except by the battery's actual discharge performance. PG&E suggests the CAISO use telemetry to track battery state of charge to determine how frequently minimum state of charge limits impact actual discharge hours before adopting any adjustment to UCAP.

#### **Additional PG&E's comments on section 4.1.2**

##### **Demand Response**

PG&E also reiterates here previous comments on the approach for Demand Response resources. As stated in PG&E's comments in response to the June 10 working group

meeting, PG&E generally supports the approach of considering a resource's availability and historical performance over the prior three years. In fact, it is comparable to how PG&E estimates DR's ex ante impacts today – however, the ex-ante impacts consider historical performance adjusted by weather and future enrollment changes. DR's reliable output (relative to its capacity) is time-dependent and may be weather-sensitive. Accordingly, PG&E recommends the CAISO's model consider time and weather. Otherwise, there could be unnecessary discrepancies between the delivered capacity to the CAISO and the capacity adopted by the CPUC. Ignoring time-dependency and weather-sensitivity could discourage resources from being dispatched frequently. For example, if the hour or the weather is not optimal for a resource to deliver as much as its capacity, the resource may bid at a very high price to avoid being dispatched which would result in lower reliable output. This consequence may go against the CAISO's desire that DR should be "used and useful".

PG&E also recommends that this model not only apply to the scheduling coordinator but also the program and entity. As each of PG&E's programs has different weather sensitivity and availability, per their CPUC tariffs, PG&E recommends availability be addressed by programs. The CAISO may also want to consider a demand response provider-level (DRP) availability, as some scheduling coordinators represent multiple DRPs. Lastly, PG&E recommends the CAISO provide clarity and some examples of how the last three years of performance would be calculated if the weighting examples do not apply to DR.

- 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.
  
- 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.

**PG&E does not support the Must Offer Obligation the CAISO proposes. PG&E believes RA resource must-offer obligations should reflect a resource's physical capability, provide the proper incentives to be available, and produce fair treatment in relation to other resources.**

- 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.

**The CAISO should continue to explore alternatives to the proposed day-ahead 24 by 7 standard must offer obligation**

The CAISO should consider working closely with the CPUC to help align individual resource MOOs to revised MCC buckets. The CAISO has highlighted MCC buckets as a valuable RA design construct, pointing to it as the appropriate means of guiding LSEs in their procurement to ensure that they – and the system as a whole – have the right types of resources for the CAISO to reliably operate the grid in all hours. PG&E has supported

redesigning MCC buckets in comments to the CPUC<sup>6</sup>. This effort would serve to better align the CAISO and CPUC RA programs.

Additionally, the CAISO should clarify MOO requirements within the tariff, not in the Business Practice Manuals, to alleviate perceived legal or regulatory risk for participants.

The CAISO has not adequately addressed PG&E's concern that a day-ahead-only MOO could increase direct and uplift costs.

Previously, PG&E expressed concern that freeing capacity from offering in real-time (RT) that can be used to address changes between the day-ahead (DA) market and RT markets could result in increased redispatch and uplift costs. In response, the CAISO pointed to the Imbalance Reserve (IR) product proposed in its Day-Ahead Market Enhancements initiative and data analysis in that proposal. This response is inadequate.

The design for IR product has not been defined, let alone delivered. The CAISO cannot rely on a product that is still in development. Further, IRs do not help with managing local constraints which historically have been the driver of RT Congestion Offset. Finally, as the DAME initiative has taken much longer than originally expected, it seems appropriate for the CAISO to develop a transition plan in the case where the RAE initiative moves more quickly than the DAME initiative.

The CAISO should provide an impact analysis of removing the real-time must offer obligation. This analysis should demonstrate how the new products being developed in DAME could impact redispatch needs between DAM and RTM. This analysis should include assessing the impact the redispatch needs have on the Real Time Imbalance Offset costs and the Exceptional Dispatch needs.

- 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.

In this section, PG&E provides comments on 1) the outage definitions; 2) the options CAISO proposed for planned outage process and 3) key principles for an alternative option to be considered.

### 1) Outage definitions:

PG&E provides some comments on the outage definitions as provided in the section 4.1.2 (pages 14 to 18). PG&E shares the concerns expressed at the stakeholder meetings that the definitions for forced and urgent outages need further elaboration with more information on the timing. As expressed at the stakeholder call on July 14 to 16, PG&E supports a working group to provide more clarity on the outage definitions and discuss the implications of these definitions on generators.

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<sup>6</sup> California Public Utilities Commission Rulemaking 19-11-009, Comments of Pacific Gas and Electric Company (U 39 E) on the Order Instituting Rulemaking to Oversee the Resource Adequacy Program, dated December 3, 2019, at <http://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M321/K474/321474444.PDF>, 1, 2.

The CAISO also provided definitions for transmission outages, specifying such outages won't be included in the resource's UCAP value. PG&E believes more clarity is also needed on the transmission outages definitions and on the process to ensure a resource won't see its UCAP value reduced if curtailed because of transmission constraints.

## 2) CAISO's options for planned outage process

**PG&E opposes Option 1. It is problematic from operational, contractual and reliability standpoints for the reasons provided below. PG&E also opposes simply maintaining the status quo.**

PG&E supports a planned outage process that provides outage certainty and accurately reflects the system needs<sup>7</sup>. PG&E believes that the RA planned outage treatment should support a clear reliability need, while respecting regulatory, operational, and contractual imperatives. Rationalizing the planned outage process should reduce compliance risk, operational issues, and appropriately assign the costs and benefits of outages directed and supporting an operationally reliable fleet.

In the Option 1, the CAISO proposes a planned outage reserve margin for off-peak months and only allows short-term and off-peak opportunity outages from June 1 to October 31.

From an operational standpoint, stacking all the outages in the fall and winter could potentially overwhelm maintenance and construction resource pool. The CAISO should communicate to stakeholders whether it has considered the resource constraints associated with the labor necessary to have all outages occur in these short timeframes. Some facilities experience severe winter weather conditions limiting access and the ability to conduct maintenance in Off-Peak months.

Deferring maintenance will inevitably create more forced outages, which creates reliability challenges the CAISO proposal does not address. The CAISO also needs to take into consideration the following questions in the Option 1:

- How would Long duration major overhaul outages longer than 7 months be handled?
- How would regulatory and environmental outage requirements and restrictions that push outages into the summer be handled?

From a contractual standpoint, LSEs might not be able to prevent resources from taking an outage. Does the CAISO intend to modify its Tariff to ensure that the CAISO enforces this restriction against RA resources? If not, how does the CAISO expect to enforce the outage restriction?

From a reliability standpoint, some planned outage maybe needed for some days during the on peak months. Under Option 1, the resources can't sell RA for the entire month while

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<sup>7</sup> Please see also PG&E's previous comments to the RAE – 4<sup>th</sup> RSP, pp. 3-4:  
[http://www.aiso.com/InitiativeDocuments/PG\\_EComments-ResourceAdequacyEnhancements-FourthRevisedStrawProposal.pdf](http://www.aiso.com/InitiativeDocuments/PG_EComments-ResourceAdequacyEnhancements-FourthRevisedStrawProposal.pdf)

these resources may still provide RA and reliability, Option 1 undermines reliability by not allowing claiming of resources that may have to take planned outage during the summer.

For the reasons above, Option 1 doesn't meet the needed principles as it impedes reliability needs and doesn't respect regulatory, operational, and contractual imperatives.

### **3) Alternative Option to be Considered**

PG&E supports a planned outage process that provides outage certainty to resource owners, maintains system reliability for the CAISO's operational needs, facilitates RA market transactions and considers the total costs for doing so.

PG&E requests the CAISO work on a stakeholder process better balances the principles as outlined below:

1. CAISO provides certainty to resource owners that approved planned outages will not be cancelled if approved by a specific cut-off date prior to the monthly showing deadline.
  - o CAISO defines a deadline after which it will not cancel planned outage and require the scheduling coordinator to find substitution capacity (i.e. deadline should be set before monthly RA showings are due (T-45)).
  - o CAISO will perform a "reliability assessment" study as part of the process to determine which resources have full certainty on planned outages.
2. If the CAISO must cancel an approved planned outage after the specified deadline, a revised process for securing the least cost option for substitute capacity or potentially compensating resource owners for deferring cancelled planned outages should be established.
  - 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.

### **PG&E opposes any requirement that import RA resources must be resource specific beyond identifying the source BAA.**

#### **Firm transmission requirement:**

PG&E generally supports the CAISO's current import RA proposal to specify the source BAA and implement Energy Division's import RA proposal in the CPUC RA Proceeding Track 1.

PG&E believes more details are needed to understand how the CAISO will validate and enforce whether the source BAA identification will be consistent with e-tags. What will be the consequence if the identification of Source BAA is not maintained through the CAISO energy markets?

PG&E believes it is not appropriate to require firm transmission for import RA until the appropriate mechanisms are in place to mitigate any market power concerns. In the reply comments to the Tack 1 Proposed Decision on RA import at the CPUC, commenters provided evidence the market for firm transmission rights holders is "highly constrained".

As PG&E noted previously<sup>8</sup>, a firm transmission requirement could result in only a few market suppliers making import RA available due to market power associated with firm transmission rights. Transmission holdings should not be used as a lever to exercise market power in the capacity market. PG&E believes the CAISO should further evaluate the impact of requesting firm transmission on RA markets and the overall cost of RA imports given the current structure of firm transmission.

On the issue of the firmness of transmission and whether the transmission is purchased in advance such that the energy is reliable, it is not clear whether using solely the last line of interest solves stakeholder issues with the CAISO requirements for firm transmission. The more relevant question is whether the external BAAs have processes in place that will allow any form of a CAISO-enforced firm transmission requirement for import RA resources to be workable. If there are significant limitations with respect to when external BAAs make firm transmission available, it is possible that even having a last line of interest requirement will foreclose on a substantial amount of imports counting for RA. To determine whether the last line of interest is the appropriate level of information related to firm transmission requirement, the CAISO should perform an assessment of when firm transmission is released in the West and share with stakeholders the timeline highlighting when each entity releases their transmission, whether such releases impact transmission availability in the RA showing timeline.

In addition to or in lieu of firm transmission requirements, PG&E encourages the CAISO to focus on establishing non-recallability protocols with other Balancing Authority Areas (BAAs) in the West and include pseudo ties and dynamic scheduling. These types of arrangements will harmonize the transmission protocols of the CAISO and external BAAs in ways that achieve the CAISO's objectives of source specific imports that can be determined in sufficient advance notice to be considered reliable on a forward basis. If these agreements require firm transmission rights, then they should be required. If not, firm transmission should not be required.

The question of how external BAAs make firm transmission available is also crucial in the current development of the Extended Day-Ahead Market (EDAM) initiative.

PG&E recommends the CAISO to approach NERC and FERC to identify what is the best regulatory path to address this issue.

### **Import RA contract requirements:**

PG&E reiterates its request that the CAISO consider alternative methods to further clamp down on speculative supply rather than requiring imports to be tied to specific generators. PG&E opposes any requirement that import RA resources must be resource specific beyond identifying the source BAA. PG&E continues to believe that the Western Systems Power Pool (WSPP) Schedule C (or contractually equivalent) firm energy contract (i.e. firm energy delivery with a stipulated damages provision enforced against the Seller upon failure

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<sup>8</sup> See PG&E's comments to the RAE Fourth Revised Straw Proposal, pp. 5-6:  
[http://www.aiso.com/InitiativeDocuments/PG\\_EComments-ResourceAdequacyEnhancements-FourthRevisedStrawProposal.pdf](http://www.aiso.com/InitiativeDocuments/PG_EComments-ResourceAdequacyEnhancements-FourthRevisedStrawProposal.pdf)

to deliver, with limited exemptions allowing for force majeure claims or a requirement to meet public utility or statutory obligations) is robust and provides reliability value.

In some of its previous comments to the CPUC<sup>9</sup>, the CAISO has shown that the vast majority of the import RA resources are non-resource specific. The CAISO's proposal therefore risks significant disruption to the market. Additionally, the CAISO's proposed changes go beyond those recently adopted by the CPUC. The CAISO should provide a clear demonstration that the CPUC's rule changes are not already sufficient to address concerns with import RA resources before introducing a divergence in the RA rules between the CPUC and the CAISO.

If the CAISO intends to prevent non-resource specific import resources from qualifying as RA, a transition plan must be developed by the CAISO that provides clear guidance on how existing import RA resources can continue to provide RA. To this end, PG&E would welcome more discussion on contract types not currently in use such as non-dynamic resource specific 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.
- 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.
- 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.
- 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.

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<sup>9</sup> See matrix on p. 5, <https://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M328/K473/328473287.PDF>

- 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.
  
- 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.

**PG&E requests the CAISO provide clarifications on the minimum state of charge requirement.**

The proposal to require minimum state of charge constraints to maintain DA market awards for batteries providing RA requires clarification. PG&E believes any minimum state of charge requirement will need to be implemented automatically by CAISO, rather than relying on the battery's SC to enter state of charge targets in real time. Additionally, the implications of minimum state of charge constraints for BCR should be clarified, as these constraints are not equivalent to real time state of charge targets (the SC is not using the requirements to effectively self-schedule the battery).

## **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.

Not developed in the RAE 5<sup>th</sup> RSP – pending additional development in the Day-Ahead Market Enhancements initiative.

## **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 additional comments on the Local Resource Adequacy section.

#### 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.

PG&E's primary concern is misalignment with the CPUC and asks the CAISO to consider the interaction between its proposals, including the UCAP deficiency tool, and the discussions ongoing in the RA proceeding.

The CAISO has left its backstop provisions proposal largely unchanged. For this reason, PG&E reiterates in questions a) to d) its previous comments.

- 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.

The CAISO should explain the need for various CPM designation authorities.

PG&E asks the CAISO to explain the continued need for annual System RA CPM designations, whether for UCAP or NQC. PG&E does not understand the need for system RA annual deficiency CPM authority since, as stated in the proposal, the CAISO cannot act on the current 90% annual showings requirement. Further, PG&E does not understand the need for the authority to designate system RA CPM capacity for an NQC need since it the system requirement is a UCAP requirement.

- 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.

PG&E opposes an implied UCAP CPM soft offer cap higher than the current \$6.31/kW-month for NQC. The CAISO has proposed that it will maintain the current CPM soft offer cap, tied to NQC. When the CAISO conducts backstop procurement to meet UCAP requirements, the effective capacity price, on a UCAP basis, may be much higher. Since the CAISO proposes that LSEs will have UCAP RA compliance requirements, for both system and local, and will backstop to these requirements for system RA, this effectively raises the system RA soft offer cap.

- 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.



The CAISO should change the timing of the compliance showing deadlines to be the Monday following the weekend if t-45 falls on a weekend (i.e. to be consistent with the CPUC rules). Inconsistencies between the deadlines between the two regulators have led to confusion and do not seem to serve a purpose. Furthermore, since the CAISO allows LSEs and SCs to update their plans until T-30, it does not appear that this change will have any impact to the ability for the CAISO to receive accurate and timely information.