



## 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
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The Public Power Council (PPC) appreciates the opportunity to provide comments on the CAISO's Fifth Revised Straw Proposal on Resource Adequacy Enhancements. We are very supportive of CAISO's efforts to improve its Resource Adequacy (RA) program. While this effort is targeted at procuring RA more efficiently within the CAISO BAA, we acknowledge that many of the proposed changes could benefit western energy markets more broadly through increased reliability. Additionally, as CAISO staff has continually pointed out, there is an important nexus between the proposed RA Enhancements, Day-Ahead Market Enhancements (DAME), and the potential formation of an Extended Day-Ahead Market (EDAM). Many of the changes proposed in these initiatives, particularly when pursued together, have the potential to create benefits for ratepayers across the West. This includes potential benefits to those in CAISO's BAA through increased reliability, diversity benefits from integration of a larger market footprint, and increased access to carbon free resources to help meet CAISO BAA load and clean energy targets.

The potential for more optimal commitment and dispatch of resources across a bigger footprint is the source for many of these benefits. PPC supports aspects of the CAISO's RA Enhancements proposal that would specifically enable this resource sharing through Import RA rules that do not unduly discriminate against imports that can provide reliable, carbon free capacity for loads in CAISO's BAA. CAISO has put forth a proposal on imports that will significantly reduce the potential for speculative supply or double counting of imports, while still allowing for reliable import capacity to meet RA needs

within the CAISO BAA. PPC supports CAISO's continued pursuit of its Import RA proposal and believes it is an important element to create benefits for both load inside the CAISO BAA footprint and reliable resources outside of the CAISO BAA.

PPC represents the interests of nearly 100 public and consumer owned utilities in the Northwest. PPC's members are interested in this initiative as the primary funders of generation resources controlled by the Bonneville Power Administration (BPA) and as owners of their own generation – primarily consisting of hydro resources which could provide reliable, flexible, carbon-free capacity to help meet the RA needs within CAISO's BAA. Additionally, PPC's members remain committed to exploring the potential benefits of an EDAM and as stated by CAISO staff, it will be “vital to ensure that all of the interrelated aspects [of these proposals] work together without unintended consequences.”<sup>1</sup>

PPC offers these comments on select aspects of the CAISO's RA Enhancements Proposal.

**Please provide your organization's comments on the following issues and questions.**

## **1. System Resource Adequacy**

- 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.

The CAISO BAA is increasingly relying on RA Imports to meet its RA requirements.<sup>2</sup> It is important for both load in the CAISO BAA and reliable resources outside of the CAISO BAA that the CAISO rules for Import RA create safeguards that would prevent speculative supply from providing RA capacity and ensure that Import RA capacity cannot be double counted. However, it is also important that the CAISO Import RA requirements are such that reliable import capacity is able to participate in CAISO's RA program. This will provide benefits within the CAISO BAA by making firm, carbon-free, low-cost resources outside of the BAA eligible to provide the CAISO RA product.

CAISO's current proposal achieves both of these objectives and could be improved with some minor modifications. PPC supports CAISO's continued pursuit of this proposal.

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<sup>1</sup> CAISO's Fifth Revised Straw Proposal – Resource Adequacy Enhancements, pg. 62

<sup>2</sup> 7% of system RA requirements during summer peak hours in 2017, 8% in 2018, and 10% in 2019 – from CAISO's Fifth Revised Straw Proposal – Resource Adequacy Enhancements, pg. 58.

- 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.

In CAISO’s fifth proposal, staff states that their preference to ensure reliable delivery of Import RA is to require a source-to-sink firm transmission requirement.<sup>3</sup> PPC concurs with this perspective. The CAISO is including in its Import RA proposal “Provisions to ensure RA import cannot be recalled or curtailed to meet a source or intervening BAA’s own needs.”<sup>4</sup> It is unclear why such a provision would not also extend to transmission. As the CAISO describes in their proposal, non-firm transmission can essentially be recalled from the purchaser if a holder of firm OATT transmission rights chooses to schedule their transmission after the non-firm transmission has been purchased. This creates additional risk and could potentially undermine the CAISO’s objective to ensure that RA Imports are dependable and reliable.

- 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.

As stated above, PPC does not agree that only requiring firm on a “last line of interest” would effectively support RA import capacity dependability and deliverability. As an example, on page 68 of the proposal the BPA system is cited as a neighboring BAA where acquiring firm transmission on the last line is more critical than on other parts of the system. While it is true that the Southern Interties terminating at COB and NOB tend to be some of the most congested paths on BPA’s system, that does not mean that the rest of BPA’s system is without congestion. BPA has multiple constraints on internal paths that are monitored on a short-term and long-term basis.<sup>5</sup> These constraints are used to manage the sale of transmission rights on the system, and in real-time are used to issue curtailments to maintain reliability if needed.

Network curtailment data posted by BPA<sup>6</sup> shows that there are risks to purchasing non-firm transmission on BPA’s Network. For example, in the first few months of

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<sup>3</sup> CAISO’s Fifth Straw Proposal – Resource Adequacy Enhancement, pg. 67.

<sup>4</sup> CAISO’s Fifth Straw Proposal – Resource Adequacy Enhancement, pg. 63.

<sup>5</sup> BPA Transmission Constraints – long-term:

<https://www.bpa.gov/transmission/Doing%20Business/ATCMethodology/Documents/atc-long-term-constraints.pdf>

BPA Transmission Constraints – short-term:

<https://www.bpa.gov/transmission/Doing%20Business/ATCMethodology/Documents/atc-short-term-constraints.pdf>

<sup>6</sup> Network Curtailment data taken from:

<https://www.bpa.gov/transmission/CustomerInvolvement/TC20Implementation/HourlyFirm/Pages/default.aspx>

2020 (through March), nearly 19,000 MW of non-firm tags were curtailed on BPA's Network. These were all cuts of hourly non-firm transmission. Hourly non-firm transmission is at particular risk of being curtailed, even in comparison with longer durations of non-firm service. This product not only has the lowest NERC-priority code, meaning it is curtailed first, but currently BPA sells hourly non-firm transmission on its Network on an unlimited basis with no check of BPA's Available Transfer Capacity (ATC) prior to granting the service.

BPA's Network transmission segment is only expected to become more constrained in the future creating more risk around the use of non-firm transmission. The South of Allston flowgate, a key constraint to getting to the head of the Southern Intertie, has been highlighted as an increasingly constrained transmission corridor.

As stated above, requiring firm service on only the last leg of transmission – which would not include the Network paths on BPA's system and potentially other interties – could undermine CAISO's efforts to ensure reliable delivery of Import RA. We support CAISO making this a requirement for Import RA to increase Import RA reliability.

- 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.

If CAISO does not require firm transmission from source-to-sink for Import RA, a delivery penalty could be an appropriate alternative to ensure performance of imports. This type of enforcement mechanism would be much preferred to other alternatives to ensure performance, such as the self-schedule requirements instituted by the CPUC that do not incent performance by imports, but instead undermine the economic incentive to supply RA.

- 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 comments.

- 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.

PPC supports CAISO's proposal to continue to recognize two categories of Resource Specific Import RA: (1) Dynamic Resource-Specific System Resources or Pseudo-Tie resources, and (2) Non-Dynamic Resource-Specific System Resources. Retaining the "Non-Dynamic Resource-Specific System" category will be critical for allowing broader participation of reliable capacity in the Import RA program. For instance, BPA could be a reliable, inexpensive, and carbon-free provider of RA capacity for load in CAISO's BAA. BPA cannot pseudo-tie its resources into California (including CAISO's BAA) and has constrained access to dynamic transfer capability. Thus, under the CPUC ruling, BPA's resources would have to participate as non-resource specific, despite being reliable sources of capacity. BPA would not have an economic incentive to participate as a supplier of RA under the CPUC's recent Import RA ruling.

The requirement that Resource-Specific RA resources provide an attestation assuring that the capacity is not committed to any other entity or purpose as set forth in the proposal is an appropriate protection against double counting of resources and speculative supply while still allowing potential Import RA suppliers to economically participate in the market.

### **Additional comments**

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

We appreciate the opportunity to comment and look forward to future discussion on CAISO's proposed RA Enhancements, including their interplay with active DAME and EDAM proposals.