



Draft 2023 Flexible Capacity Needs and Availability Assessment Hours Technical Study

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April 14, 2022

What's the purpose of this call?

To discuss the assumptions, methodology, and draft results of the monthly flexible capacity requirement and Availability Assessment Hours Technical Study.

Specifically

Calculating monthly flexible capacity requirements for all LRAs within the ISO footprint for RA compliance year 2023 and advisory requirements for compliance years 2024 and 2025

Agenda / Overview

- Background
- Process review
 - Expected build out from all LSEs (CPUC jurisdictional and non-jurisdictional)
 - Load, wind and solar profiles
 - Calculate 3-hour net load upward ramps
 - Add the larger of either the spinning reserve portion of contingency reserves or the most severe contingency
 - Calculate monthly Flexible Capacity requirement
- Overview of methodology used for system/local availability assessment hours
 - 2023 availability assessment hours
 - 2024-2025 draft availability assessment hours

Each LSE Scheduling Coordinator shall make a year-ahead and month-ahead showing of flexible capacity for each month of the compliance year

Resource Adequacy (RA)

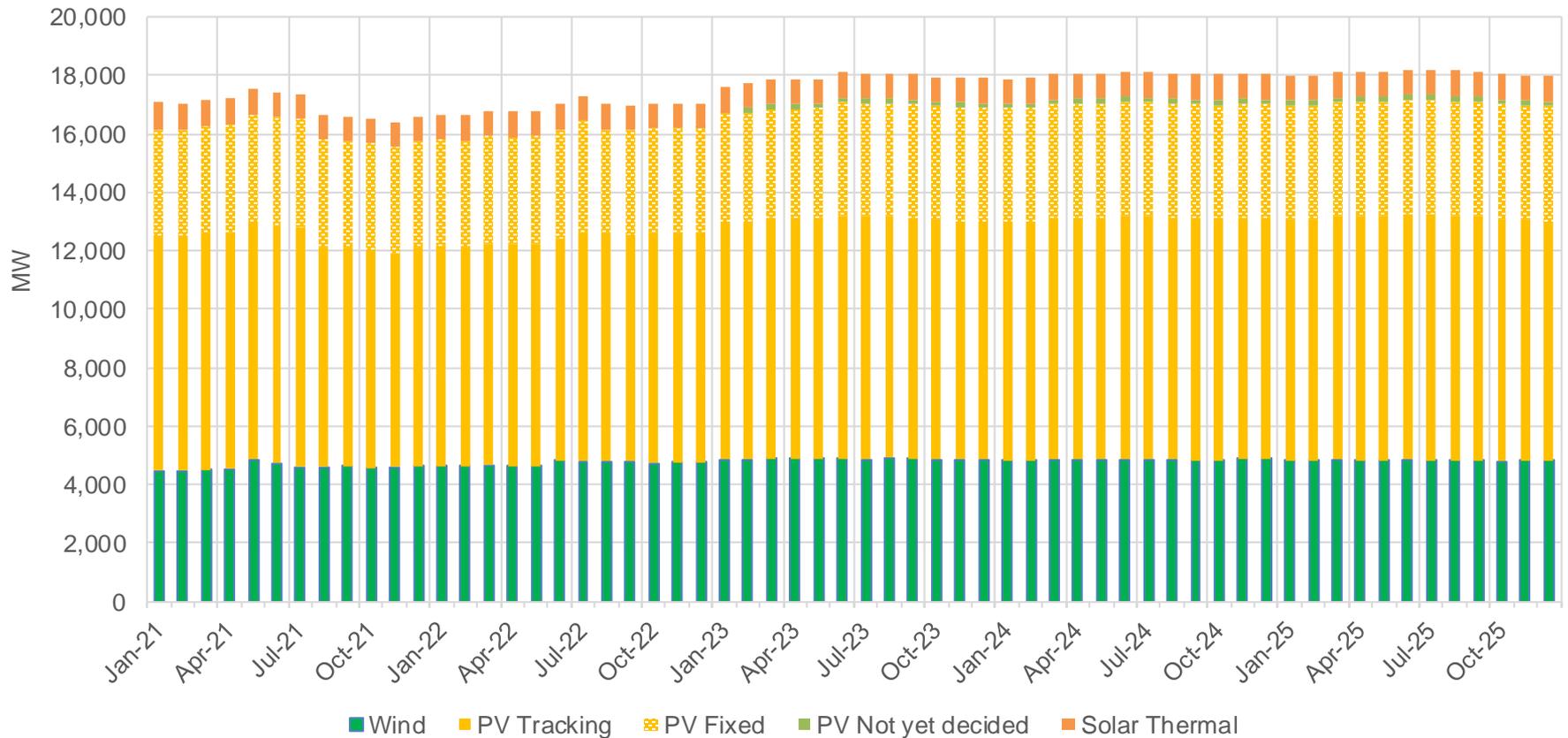
- Ensure LSEs contract for adequate capacity to meet expected flexible capacity needs
- Year ahead: LSEs need to secure a minimum of 90% of the next years monthly needs
- Month ahead: LSEs need to secure adequate net qualified capacity to serve their peak load including a planning reserve margin and flexible capacity to address largest 3-hour net load ramps plus contingency reserves
- All resources participating in the ISO markets under an RA contract will have an RA must-offer-obligation
- Required to submit economic bids into the ISO's real-time market consistent with the category of flexible capacity

The ISO used the following data to determine the flexible capacity needs

- CEC's IEPR demand forecast for 2023 through 2025
- LSE SCs updated renewable build-out for 2021 through 2025
- The Analysis of Flex Capacity Needs included:
 - Existing VERs capacity
 - Expected installed capacity by technology and expected operating date (e.g. Solar thermal, solar PV tracking, solar PV non-tracking, estimate of behind-the-meter solar PV, co-located and renewable components of hybrids) for all variable energy resources under contract
 - Operational date or expected on-line date
 - Dynamically scheduled resources located outside ISO's BAA

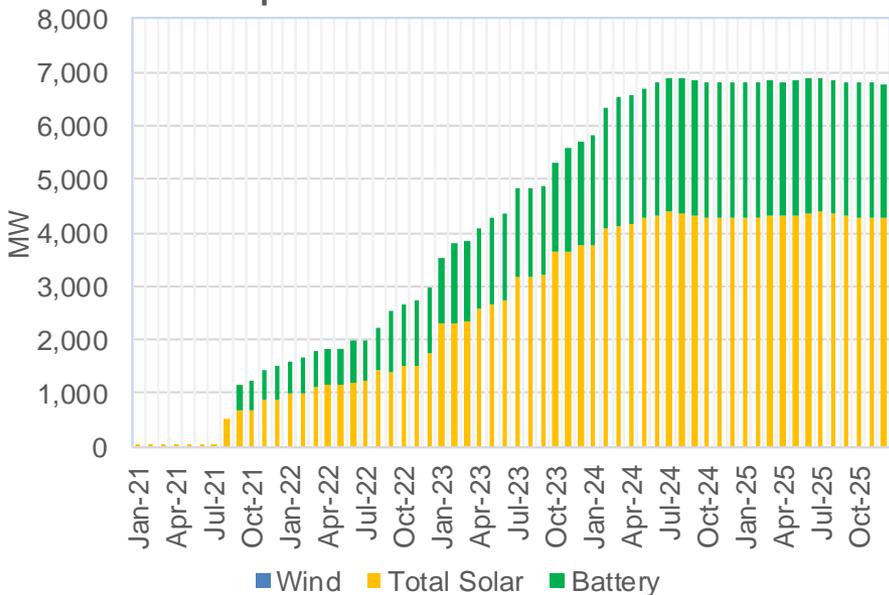
Expected renewable buildout through December 2026 based on LSE's submittal

Expected Renewable Buildout within CAISO Footprint

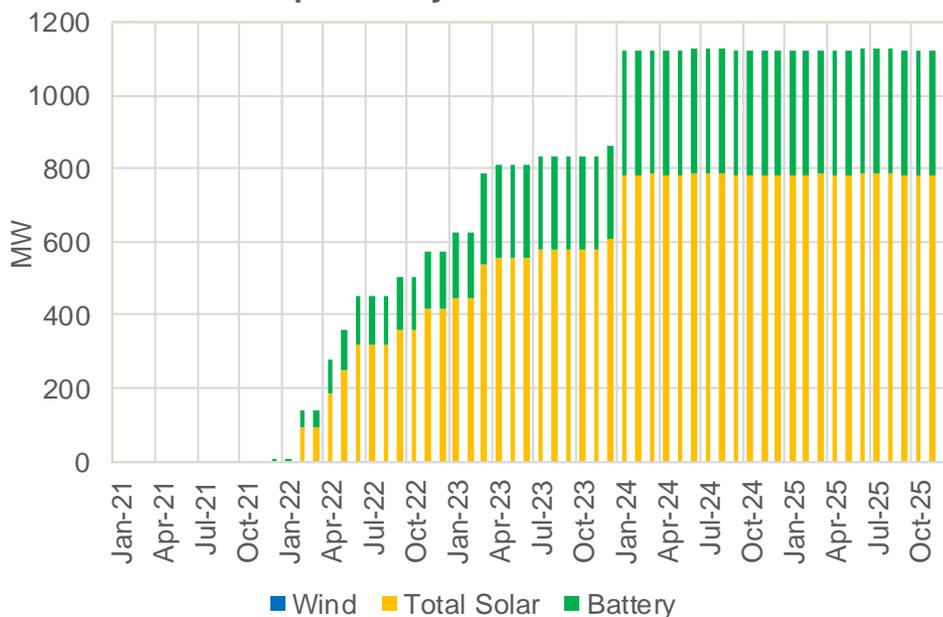


Expected co-located and hybrid renewable buildout through December 2025 based on LSE's submittal

Expected Co-located Build-Out



Expected Hybrid Build-out

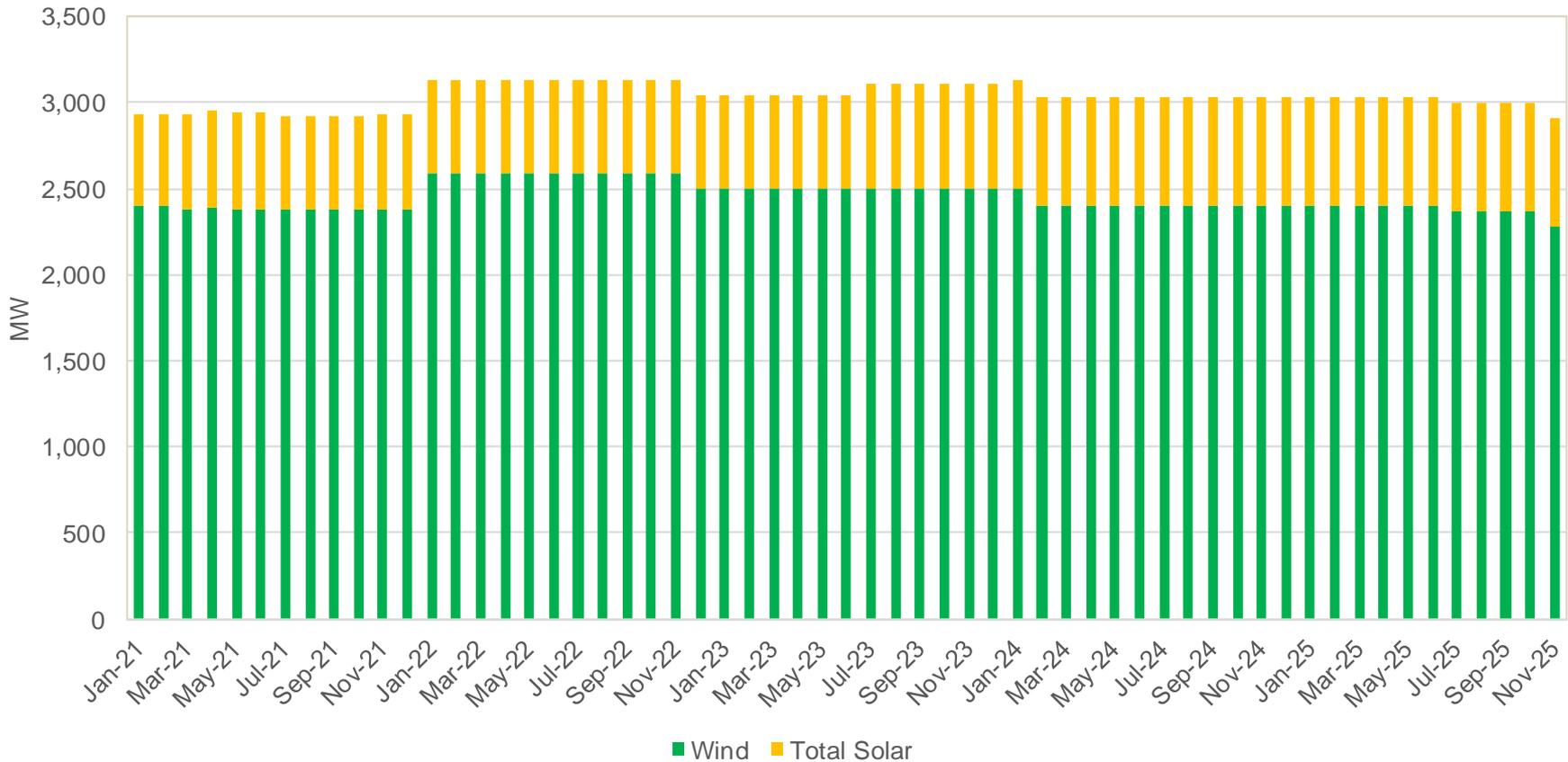


- Co-Located resources and renewable components of hybrid resources were included in the flexible needs assessment

For more detail on hybrid and co-located resources, visit the stakeholder page: <https://stakeholdercenter.caiso.com/StakeholderInitiatives/Hybrid-resources>

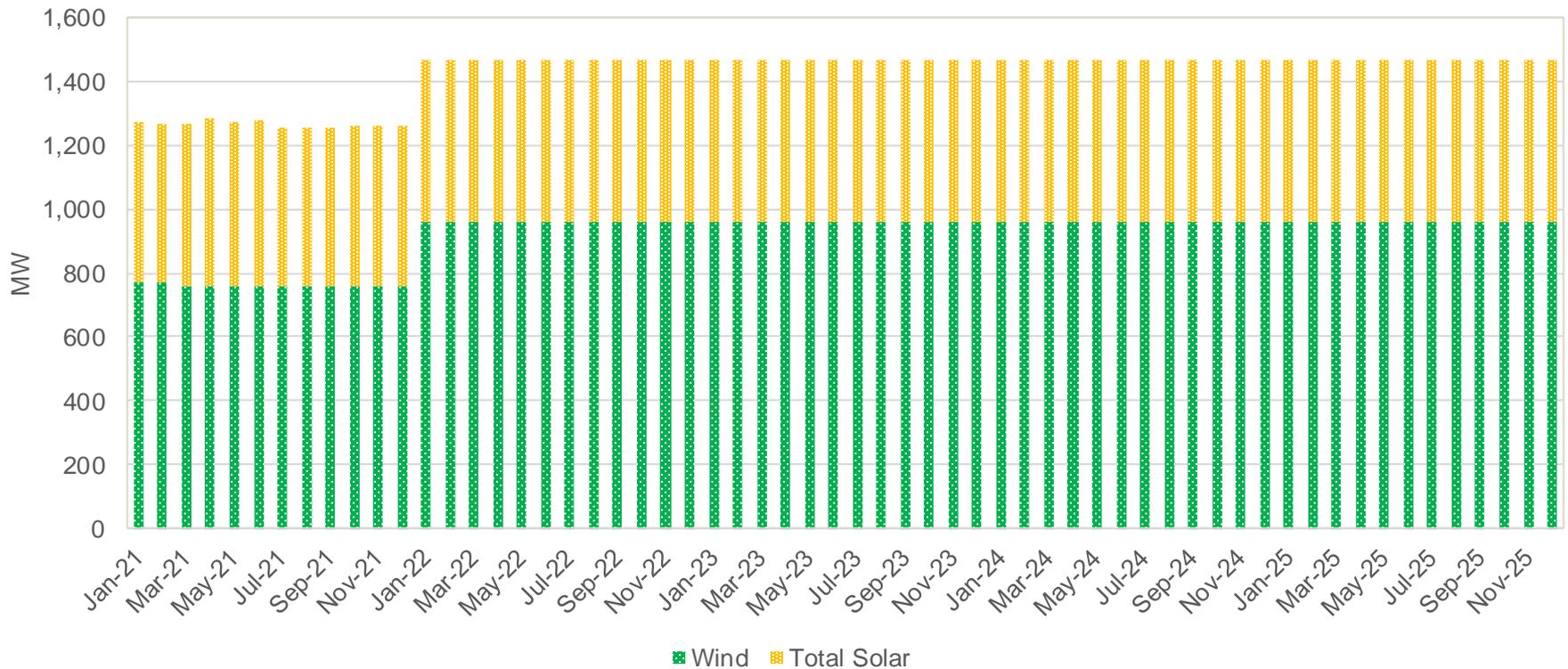
Expected wind/solar resources located outside the ISO which are contracted by LSE within the ISO

Expected External VERs

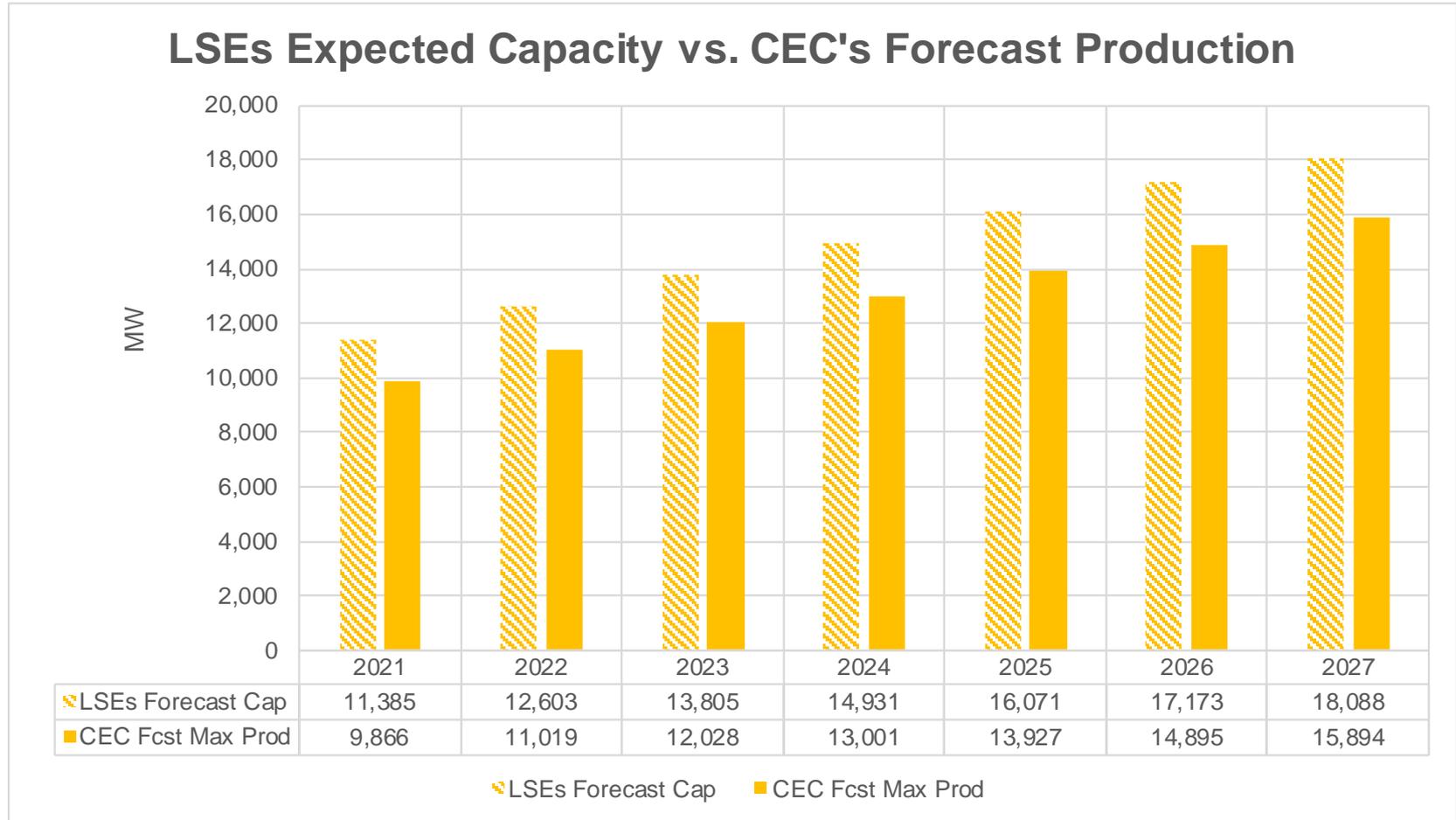


Expected dynamically scheduled wind/solar resources from external resources shown in the previous slide

Expected Dynamic Schedules



Expected LSEs rooftop solar PV capacity vs. CEC's estimated production



Summary of LSEs submittal showing the expected capacity at the end of each year

Resource Type	Existing 2021	Expected 2022	Expected 2023
ISO Solar PV	11,261	11,556	12,322
ISO Solar Thermal	860	858	858
ISO Wind	4,523	4,801	4,912
Co-Located Resources (Wind/Solar)	880	1,744	3,769
Hybrid Resources (Wind/Solar)	2	419	608
Total Variable Energy Resource Capacity within the ISO	17,526	19,377	22,468
Incremental Non ISO Wind/Solar Resources that's Dynamically Scheduled into the ISO		204	204
Total Internal and Dynamically Scheduled VERs in Flexible Capacity Needs Assessment	17,526	19,581	22,672
Incremental New VERs Additions Each Year (Included in Flexible Capacity Needs Assessment)		2,055	3,091
Maximum behind-the-meter Solar PV Production in the CEC's Forecast	9,866	11,019	12,028
Cumulative behind-the-meter Solar PV Capacity reported by LSEs	11,385	12,603	13,805

The ISO flexibility capacity assessment is based on current LSE's RPS build-out data

- Uses the most current data available for renewable build-out obtained from all LSE SCs
 - The SC for each *LSE* in the CAISO BAA [to identify] each *wind and solar resource*... that is owned, in whole or in part, by the LSE, or under contractual commitment to the LSE or the Load-following MSS LSE, for all or a portion of its capacity
- For new renewable installation, scale 2021 actual production data based on the expected installed capacity in subsequent years
- Generate net-load profiles for 2023 through 2025
 - Generate load profiles for 2023 through 2025
 - Generate solar profiles for 2023 through 2025
 - Generate wind profiles for 2023 through 2025

The ISO will use the CEC's 1-in-2 IEPR forecast to develop the monthly flexible capacity

- CEC IEPR Load Forecast

- <https://www.energy.ca.gov/data-reports/reports/integrated-energy-policy-report/2021-integrated-energy-policy-report/2021-1>
- Title of File: “CED 2021 Hourly Forecast - CAISO - Mid Baseline- AAEE Scenario 3 – AAFS Scenario 3”

- CAISO will be using **Managed Net Load (column U)** within the spreadsheet

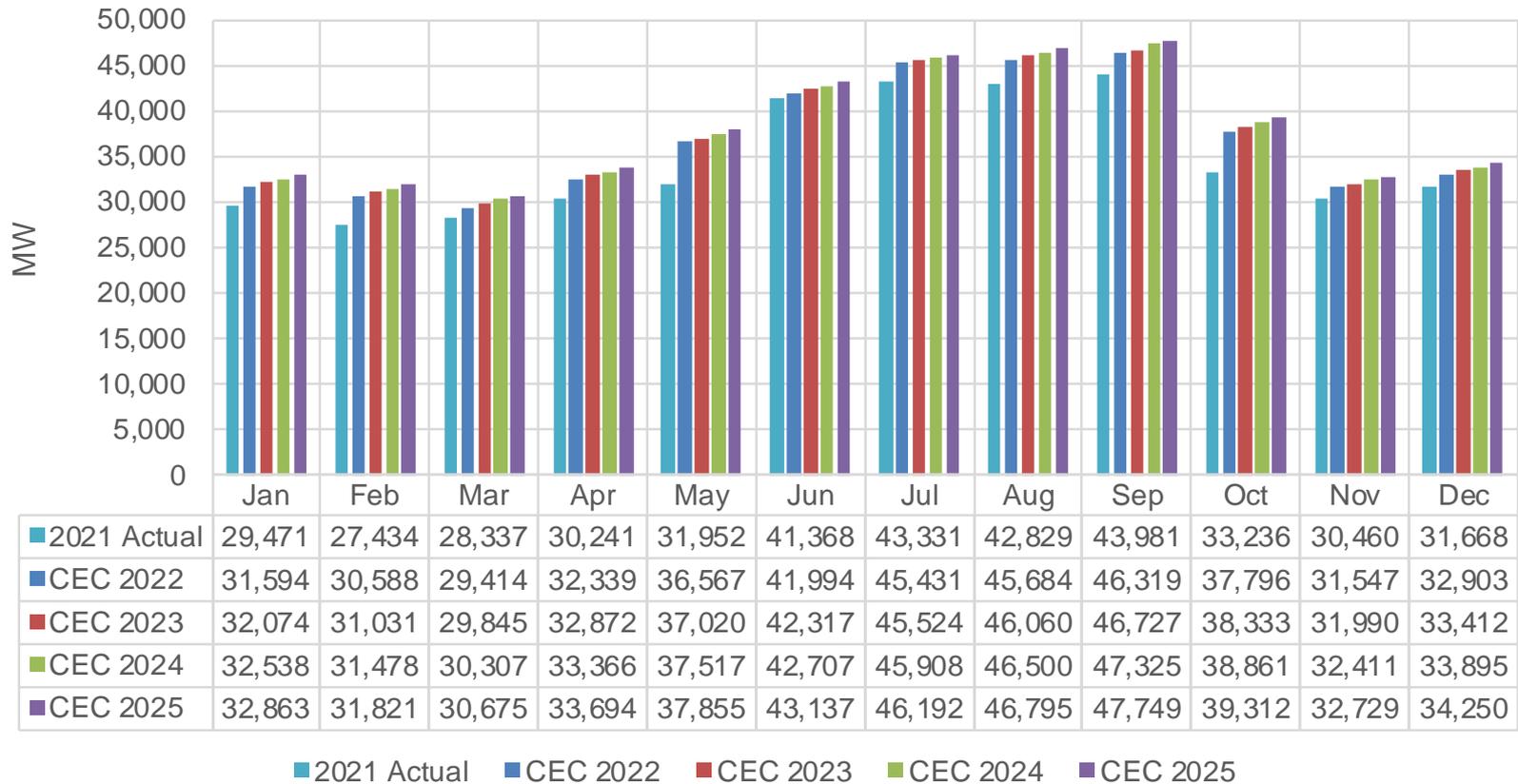
- **Managed Net Load (col U) = Baseline Net Load (col T)**
+ AAEE (Col R) + AAFS (Col S)

- **Baseline Net Load (col T) = Baseline Consumption (col N)**
 - BTM PV (col O)
 - BTM Storage Res (col P)
 - BTM Storage NonRes (col Q)

- **Baseline Consumption (col N) = unadjusted consumption (col E)**
 - + Pump DWR (col F)
 - + Pump MWD (col F)
 - + climate change (col I)
 - + light duty EV (col J)
 - + medium heavy EV (col K)
 - + TOU impacts (col L)
 - + other adjustments (col M)

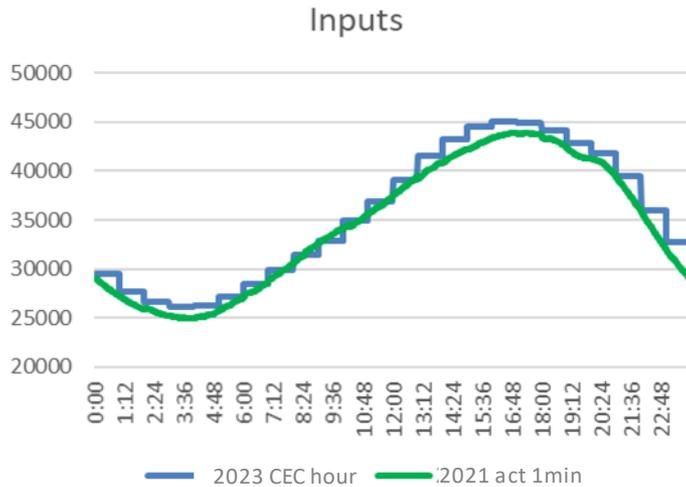
CEC's (1-in-2) ISO monthly coincident peak forecast

CEC's Maximum Monthly Forecast vs. 2021 Actual



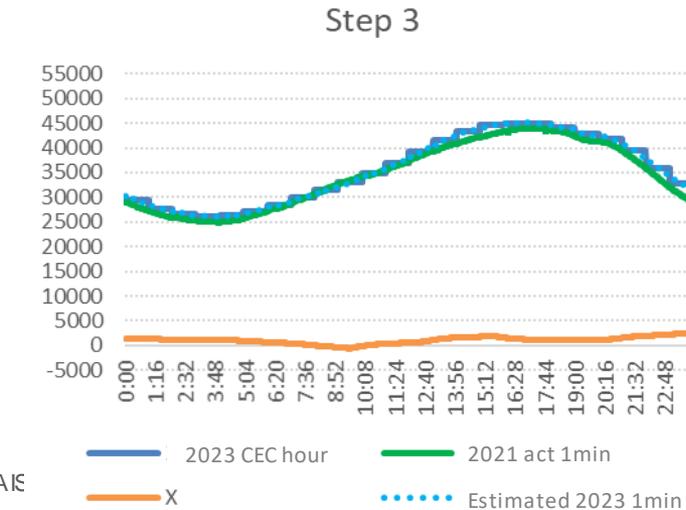
Building expected 1-minute load profile requires actual 2021 hourly and 1-minute data and CEC's hourly forecast

Using the 2023 CEC hourly forecast and the 2021 1-minute actuals, we will create the estimated 2023 1-minute forecast



Take the hourly average of the 1-minute data and find the difference between the hourly 2021 actuals and 2023 forecast

Smooth the hourly 2023-2021 difference from Step 1 to a 1-minute granularity



Add the 1-minute data from Step 1 to the 2021 1-minute actuals to get a smoothed 2023 forecast



Hourly load forecast to 1-minute load forecast

- Used 2021 actual 1-minute load data to build 1-minute load profiles for subsequent years
- Scaled the hourly CEC load forecast value of each hour into 1-minute forecast data using a smoothing equation looking at the differences between the forecasted year and the 2021 1-minute actuals.

2023 Load 1-Minute Forecast

$$- \text{2023 } L_{\text{CECfcst}_{1\text{-min}}} = \text{2021 } L_{\text{Act}_{1\text{-min}}} + X$$

- Where X = Interpolated 1min profile from the difference

$$(\text{2023 } L_{\text{CECfcst}_{\text{hourly}}} - \text{2021 } L_{\text{actual}_{\text{hourly}}})$$

2024 Load 1-Minute Forecast

$$- \text{2024 } L_{\text{CECfcst}_{1\text{-min}}} = \text{2021 } L_{\text{Act}_{1\text{-min}}} + X$$

- Where X = Interpolated 1min profile from the difference

$$(\text{2024 } L_{\text{CECfcst}_{\text{hourly}}} - \text{2021 } L_{\text{actual}_{\text{hourly}}})$$

Solar growth assumptions through 2025

- Used the actual solar 1-minute solar production data for 2021 to develop the 1-minute solar profiles for 2022 through 2025
- Scaled 1-minute solar data using the forecast monthly solar capacity for the new plants scheduled to be operational in 2021
- Repeated the above steps for 2023, 2024 & 2025

$$2022 S_{Mth_Sim_1min} = 2021 S_{Act_1min} * \frac{2022 S_{Mth\ Capacity}}{2021 S_{Mth\ Capacity}}$$

$$2023 S_{Mth_Sim_1min} = 2021 S_{Act_1min} * \frac{2023 S_{Mth\ Capacity}}{2021 S_{Mth\ Capacity}}$$

$$2024 S_{Mth_Sim_1min} = 2021 S_{Act_1min} * \frac{2024 S_{Mth\ Capacity}}{2021 S_{Mth\ Capacity}}$$

$$2025 S_{Mth_Sim_1min} = 2021 S_{Act_1min} * \frac{2025 S_{Mth\ Capacity}}{2021 S_{Mth\ Capacity}}$$

Net-load is a NERC accepted metric¹ for evaluating additional flexibility needs to accommodate VERs

- Net load is defined as load minus wind and solar power production
- Net load variability increases as more and more wind and solar resources are integrated into the system
- The monthly 3-hour flexible capacity need equates to the largest upward change in net load when looking across a rolling 3-hour evaluation window
- The ISO dispatches flexible resources (including renewable resources with energy bids) to meet net load

1 NERC Special Report

Flexibility Requirements and Metrics for Variable Generation: Implications for System Planning Studies, August 2010. https://www.nerc.com/files/IVGTF_Task_1_4_Final.pdf

The flexible capacity methodology is expected to provide the ISO with sufficient flexible capacity

Methodology

$$\text{Flexible Req}_{MTH_y} = \text{Max}[(3RR_{HR_x})_{MTH_y}] + \text{Max}(\text{MSSC}, 3.5\% * E(\text{PL}_{MTH_y})) + \epsilon$$

Where:

$\text{Max}[(3RR_{HR_x})_{MTH_y}]$ = Largest 3-hour contiguous ramp starting in hour x for month y

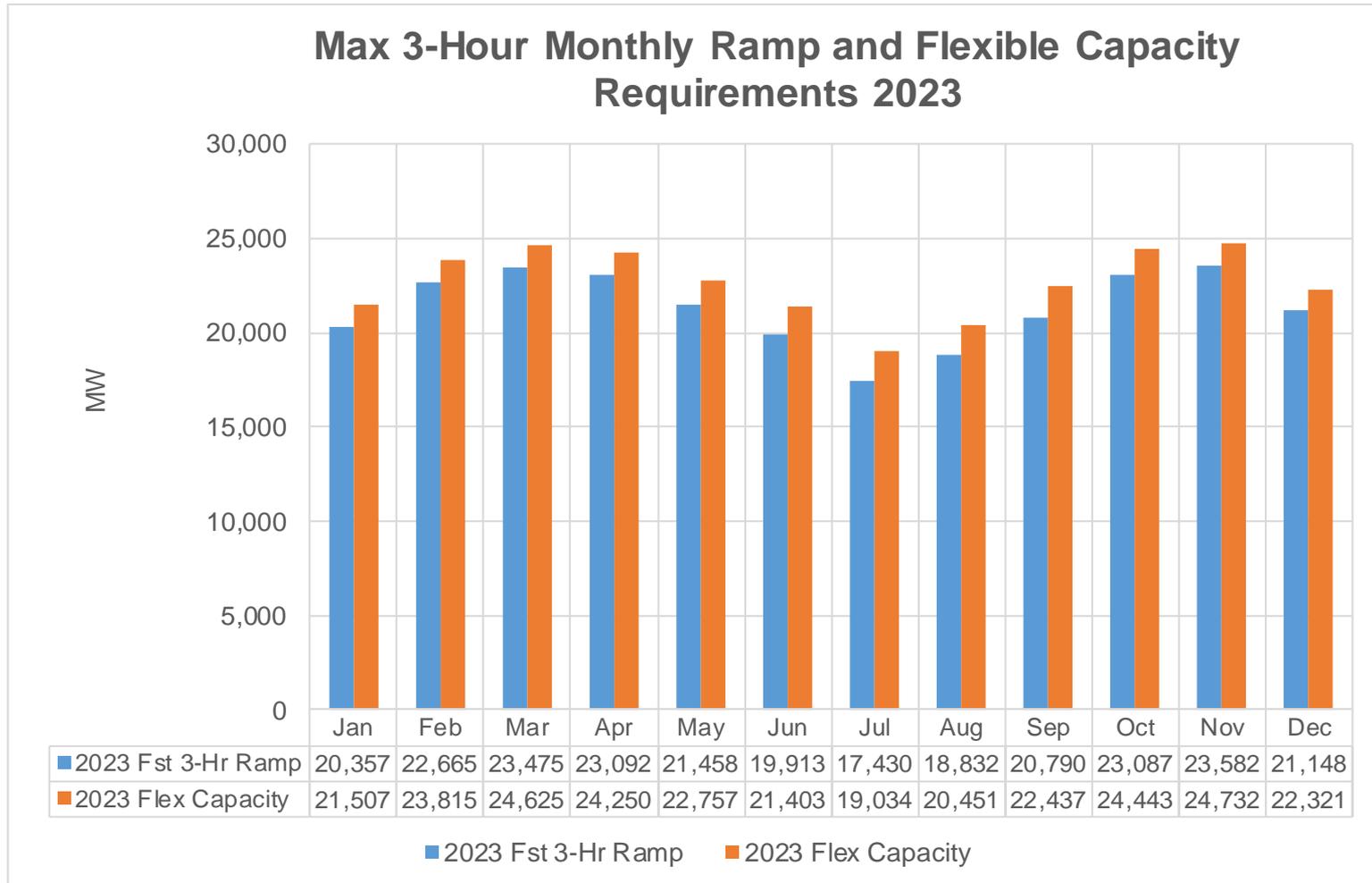
$E(\text{PL})$ = Expected peak load

MTH_y = Month y

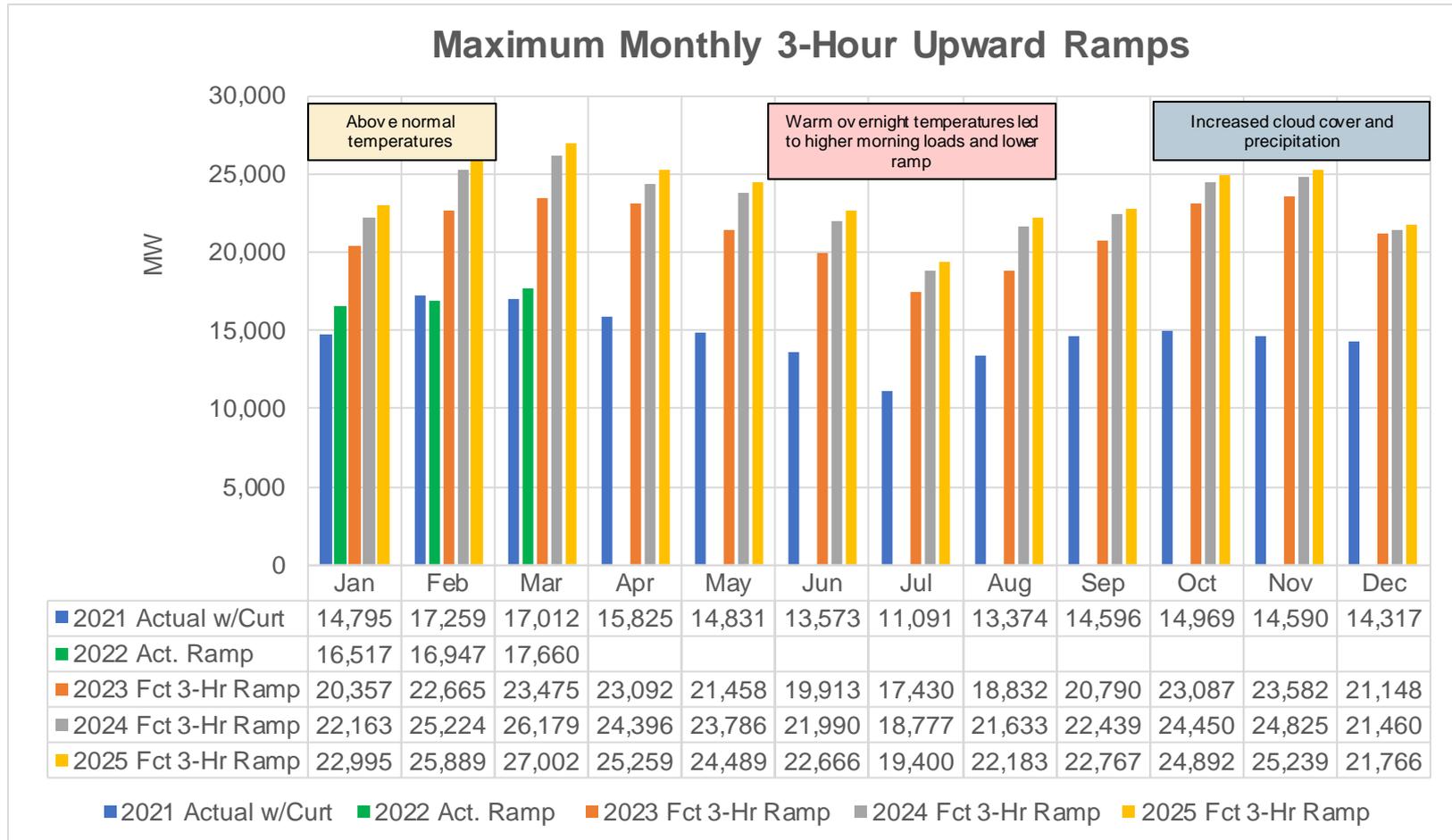
MSSC = Most Severe Single Contingency

ϵ = Annually adjustable error term to account for load forecast errors and variability. ϵ is currently set at zero

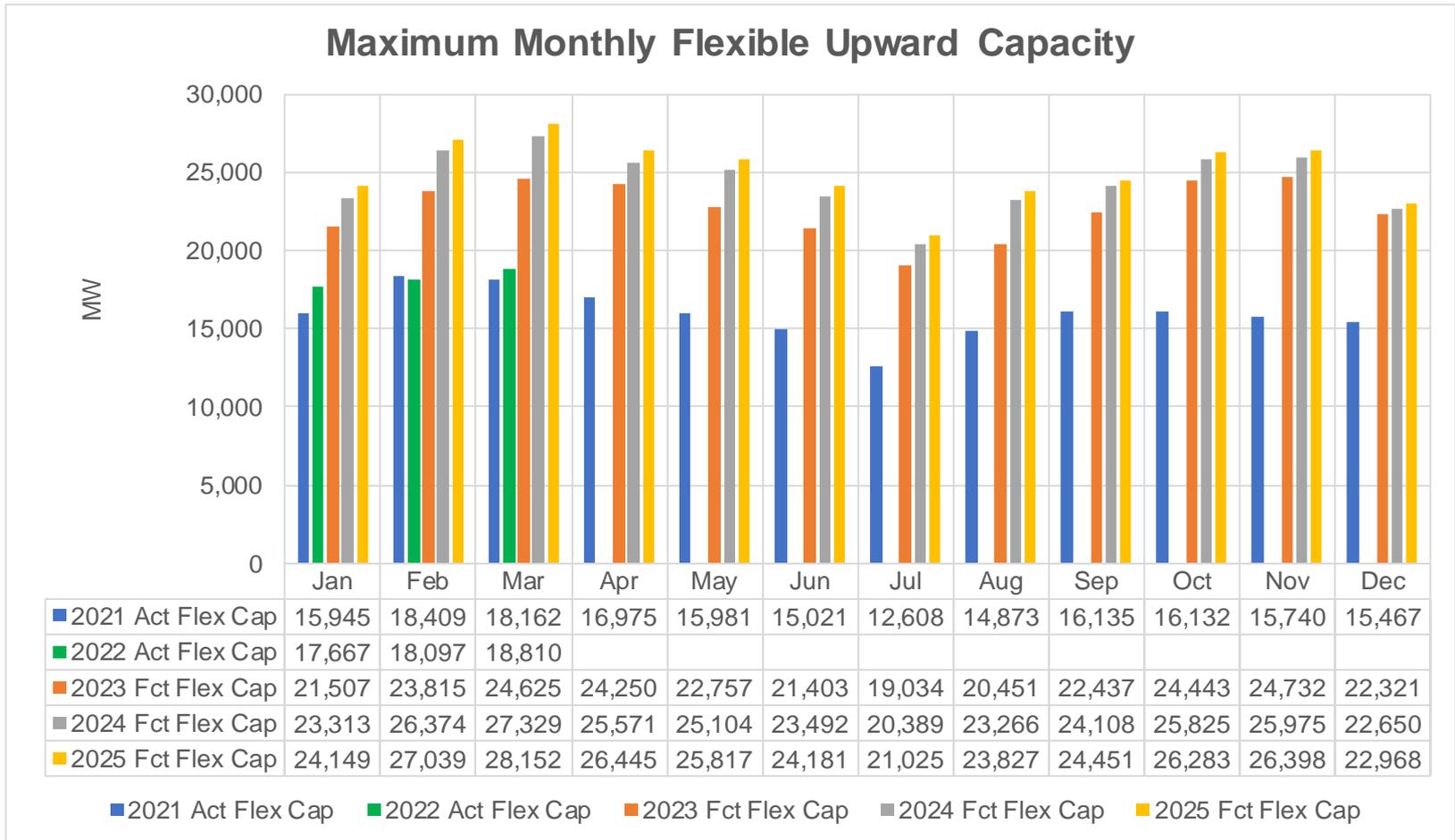
Monthly 3-Hour upward ramps and total flexible capacity requirements for 2023



Expected maximum monthly 3-hour upward ramps vs. 2021 and 2022 actuals

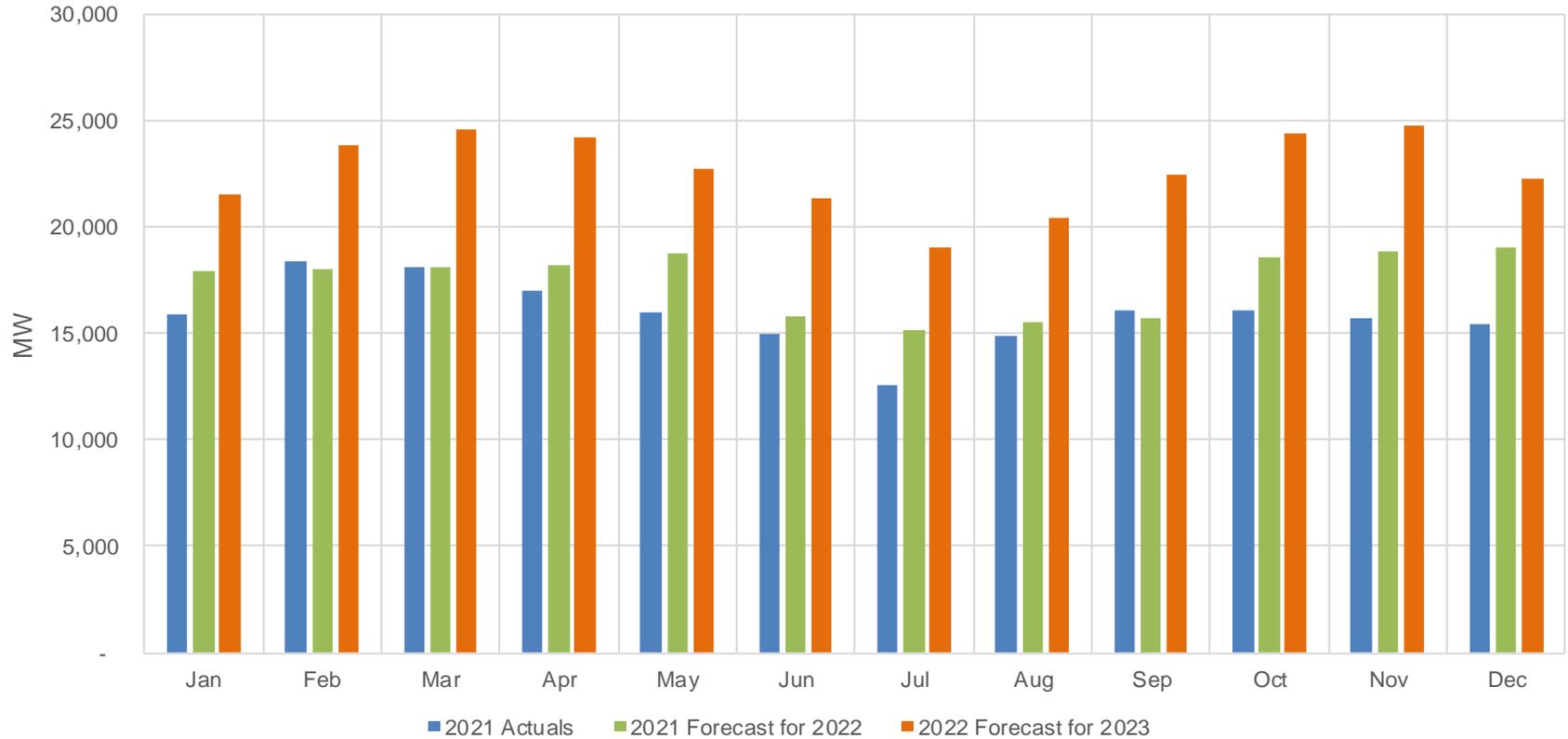


Actual maximum monthly flexible capacity for 2021 and 2022 vs. forecast flexible capacity for 2023 through 2025



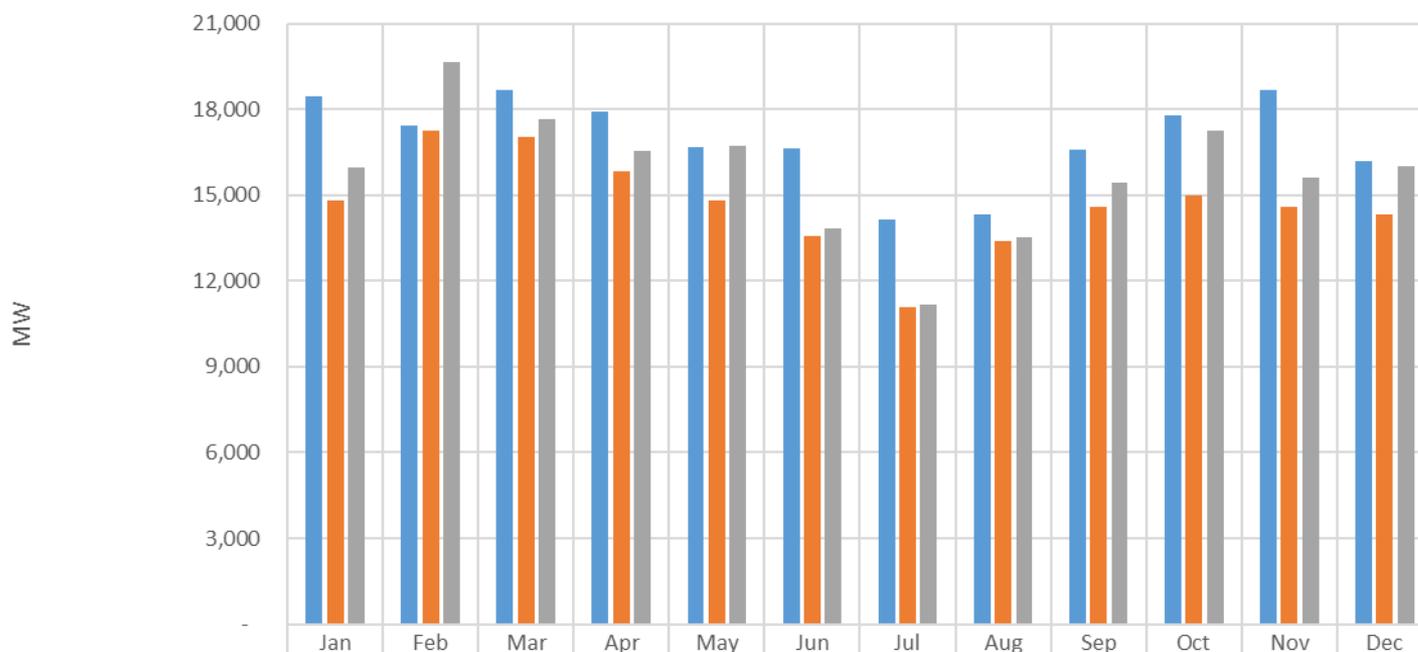
Change in flexible capacity

Change in flexible capacity over time



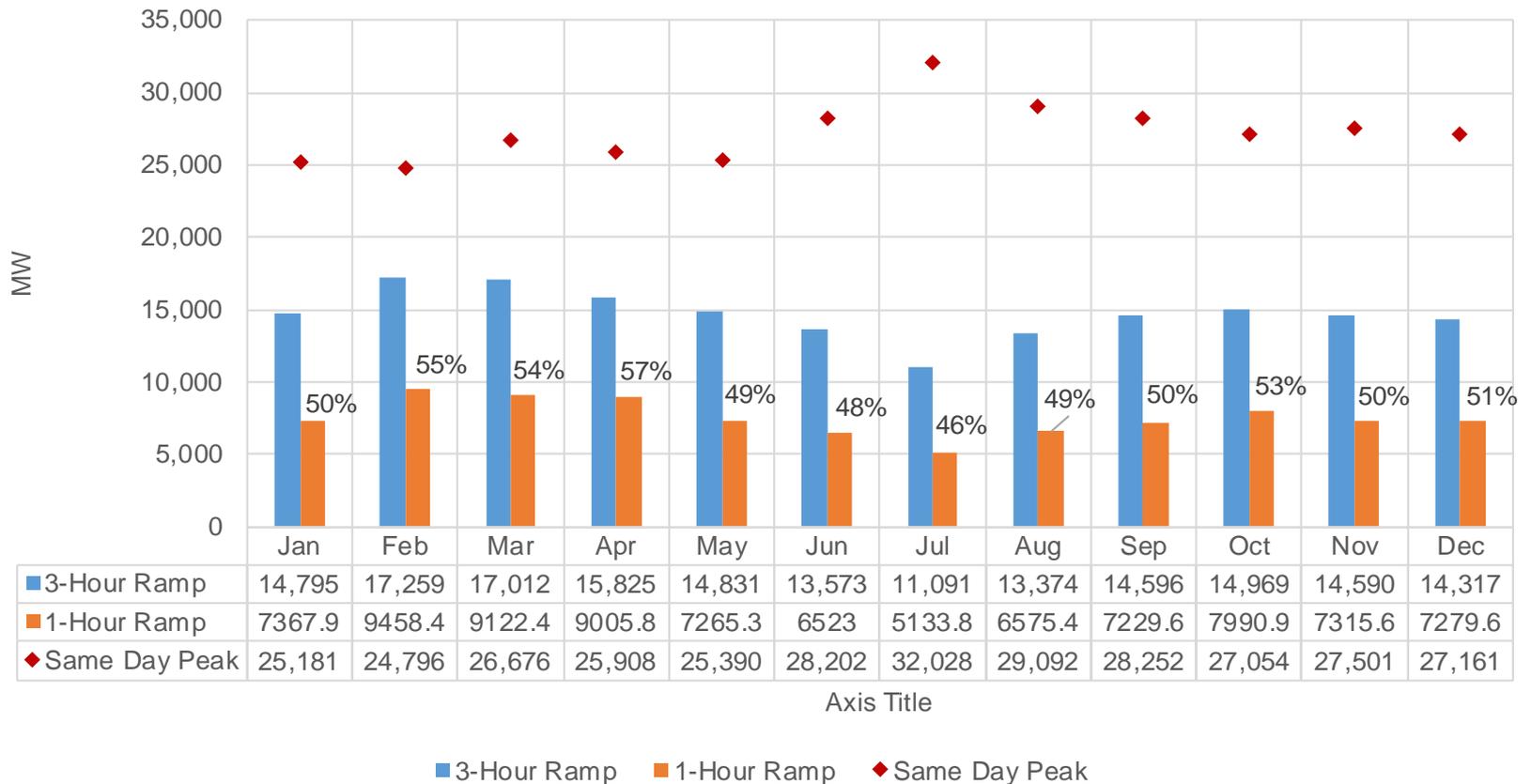
2020 forecast of 2021 3-hour ramps are higher than actual ramps with/without curtailments most months

Analysis of forecast 2021 3-hour ramps using 2020 1-minute data vs the 2021 actuals with and without curtailments

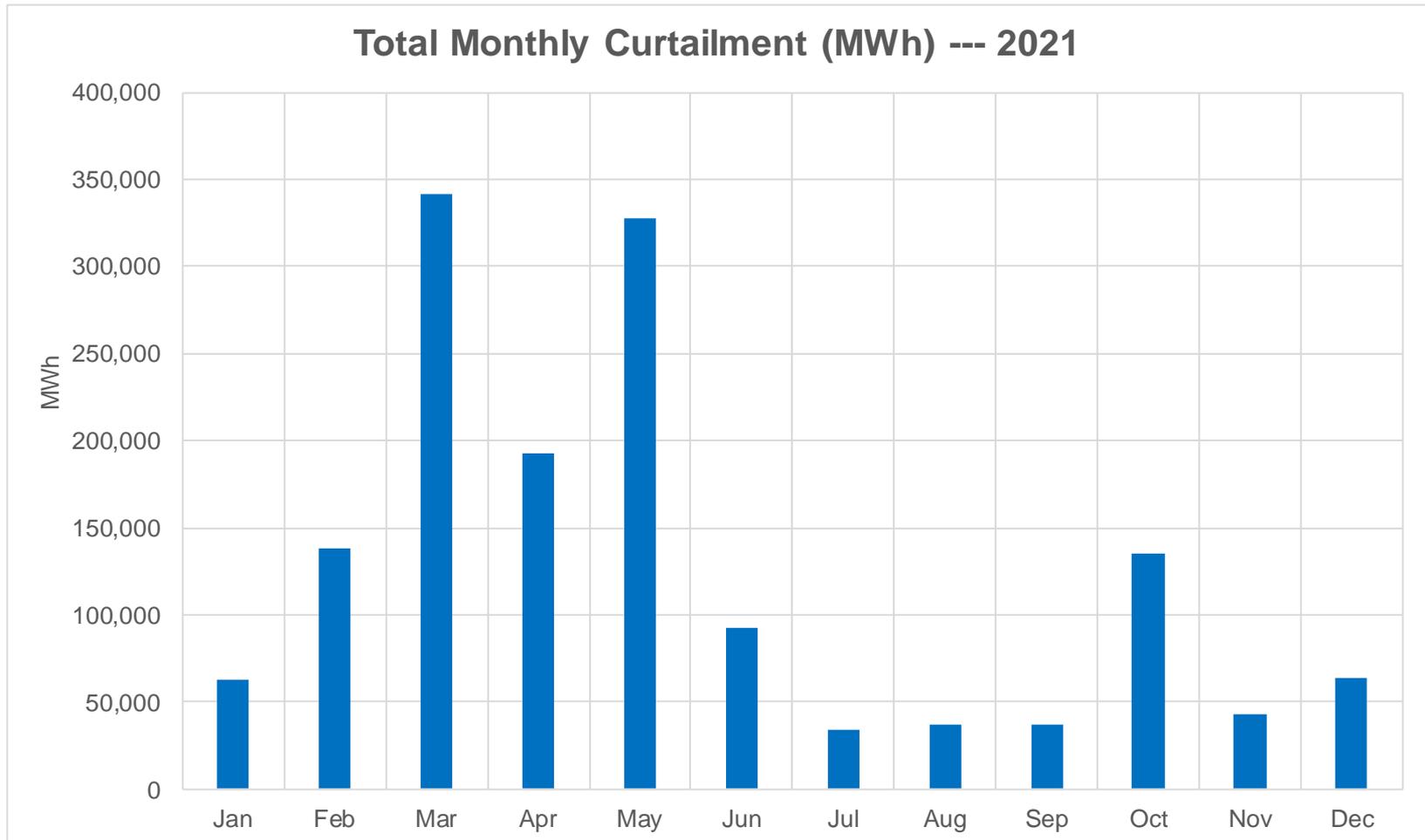


3-hour upward ramps can be more than 50% of the daily peak demand, indicating the need for faster ramping resources

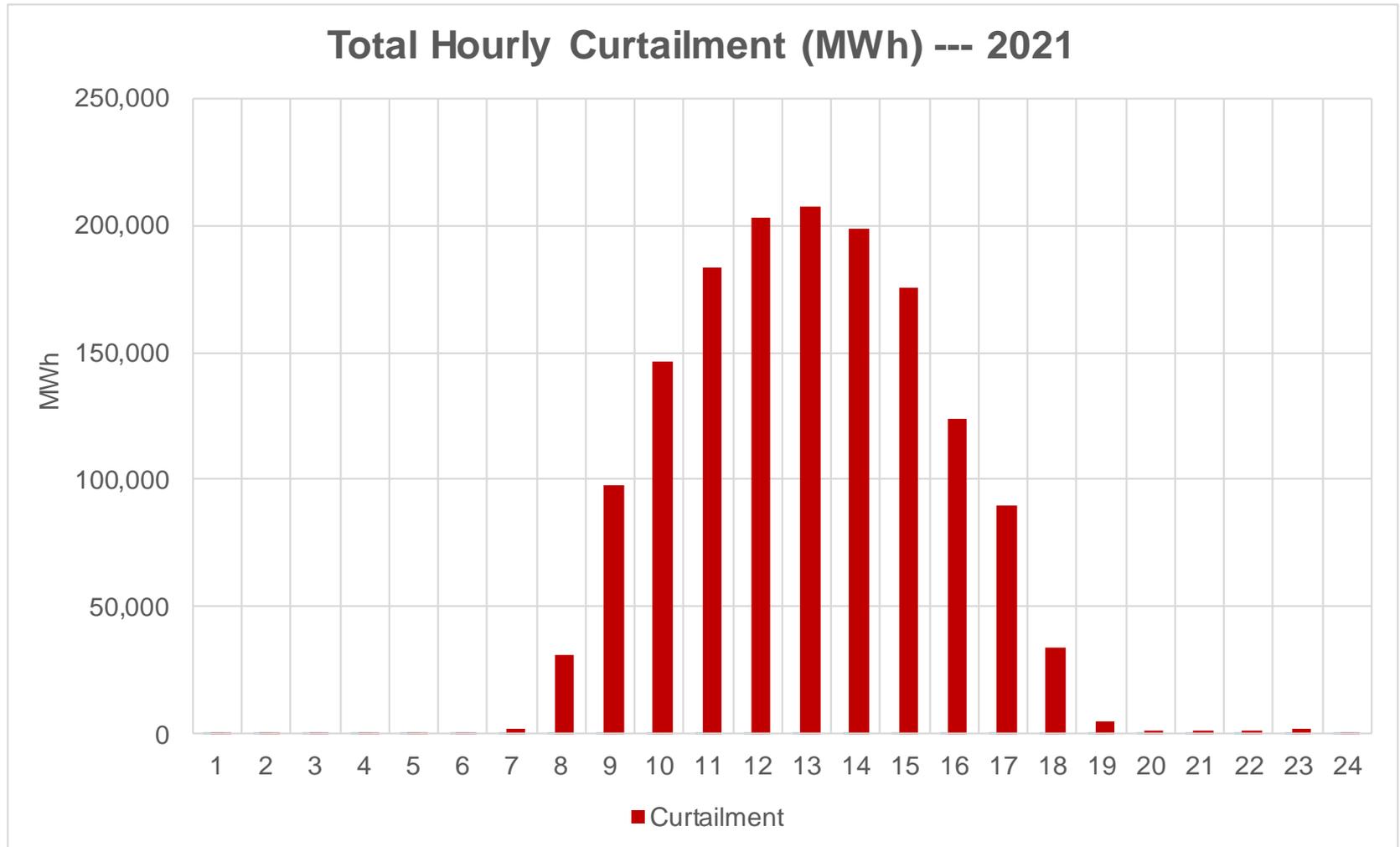
Comparison of Actual Monthly 3-Hour, 1-Hour Ramps to Same Day Peak Demand --- 2021



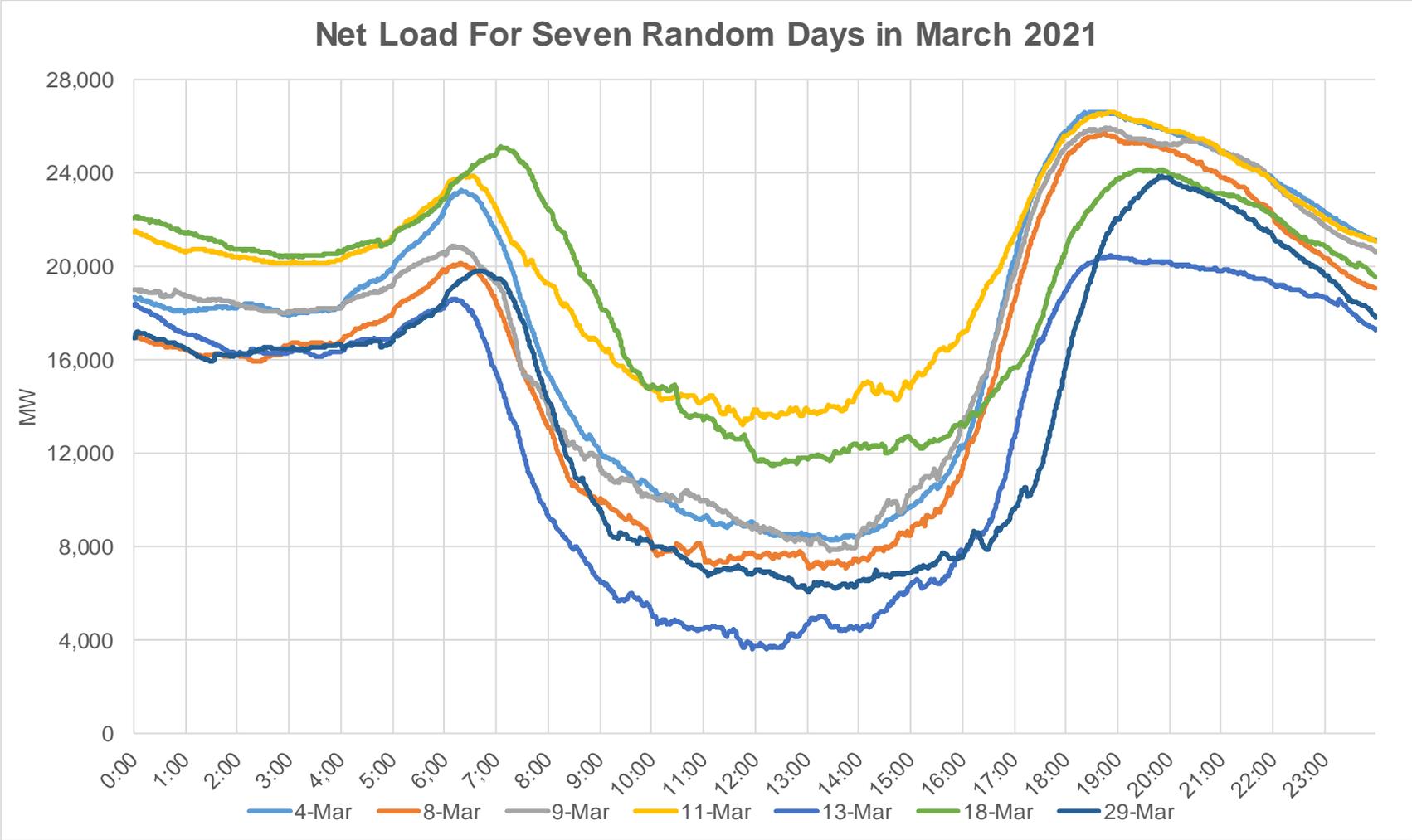
Total monthly wind/solar curtailment for 2021 (MWh)



Total hourly curtailment for 2021 (MWh)

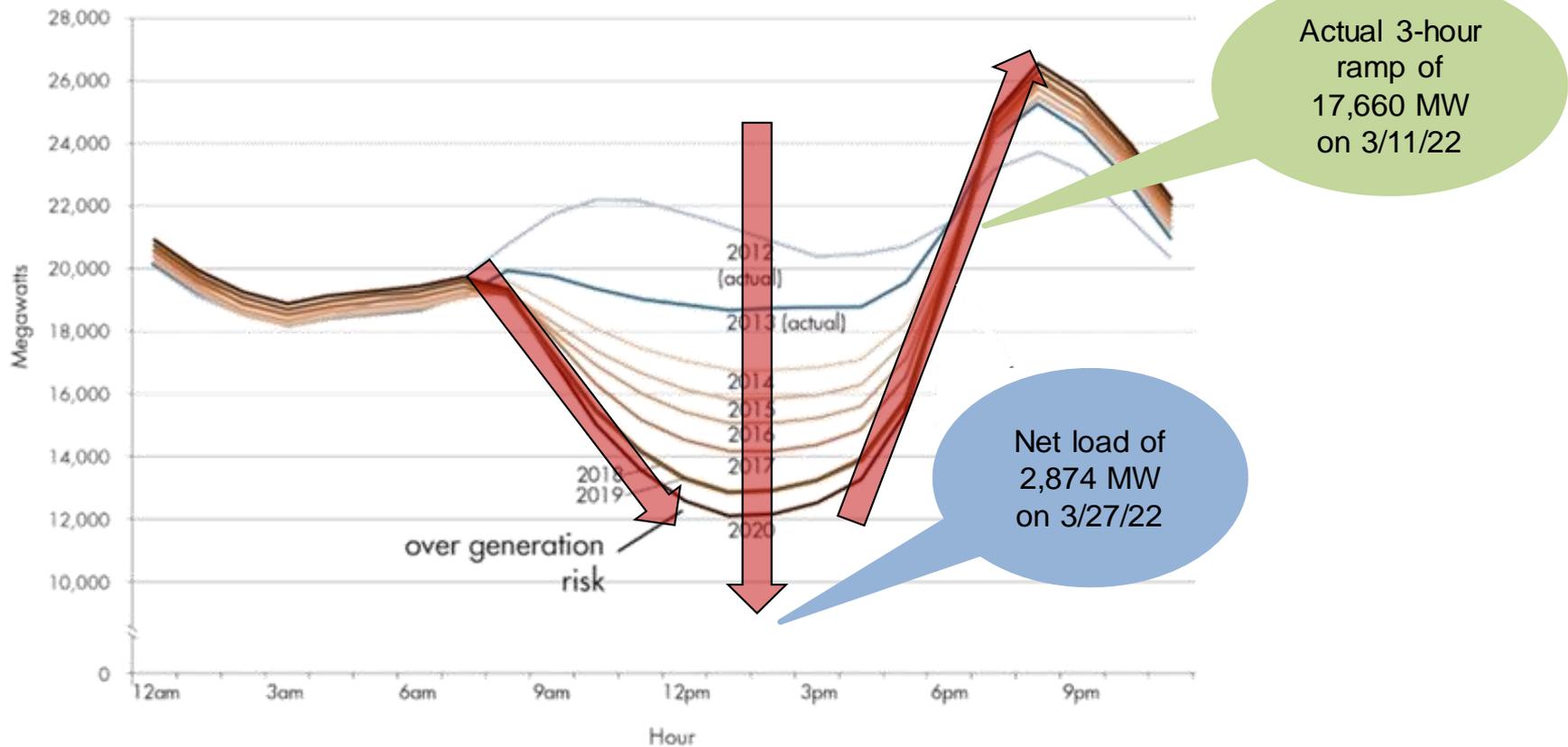


Example of net-load variability for one week in March 2021



The actual net load and 3-hour ramps are years ahead of the ISO's original estimate primarily due to under forecasting rooftop solar PV installation

Typical Spring Day





California ISO

Preliminary Results

Hong Zhou

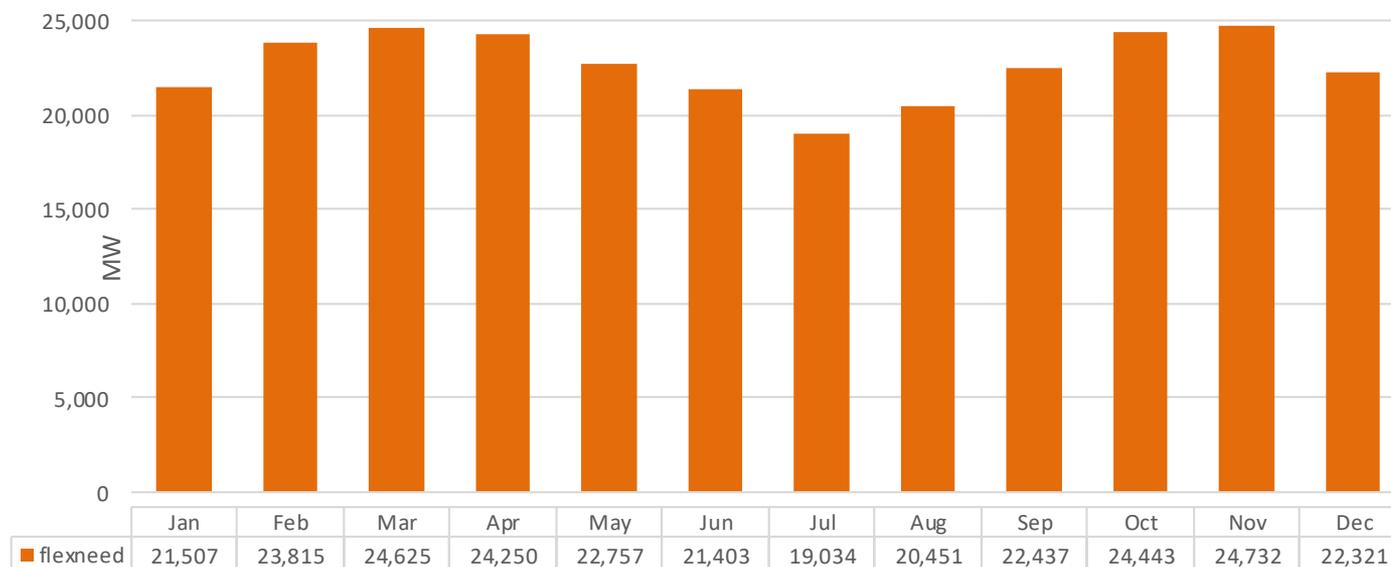
Lead Market Development Analyst, Short-Term Forecasting

Jessica Taheri

Energy Meteorologist, Short-Term Forecasting

Forecasted monthly 2023 ISO system-wide flexible capacity needs*

Forecasted monthly 2023 ISO system-wide flexible capacity needs*



$$*Flexibility Requirement_{MTHy} = \text{Max}[(3RR_{HRx})_{MTHy}] + \text{Max}(MSSC, 3.5\% * E(PL_{MTHy})) + \epsilon$$

Components of the flexible capacity needs

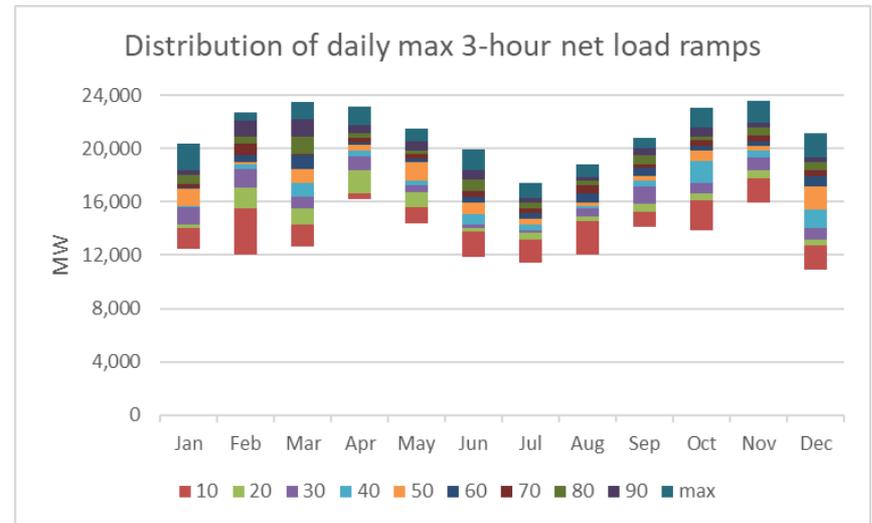
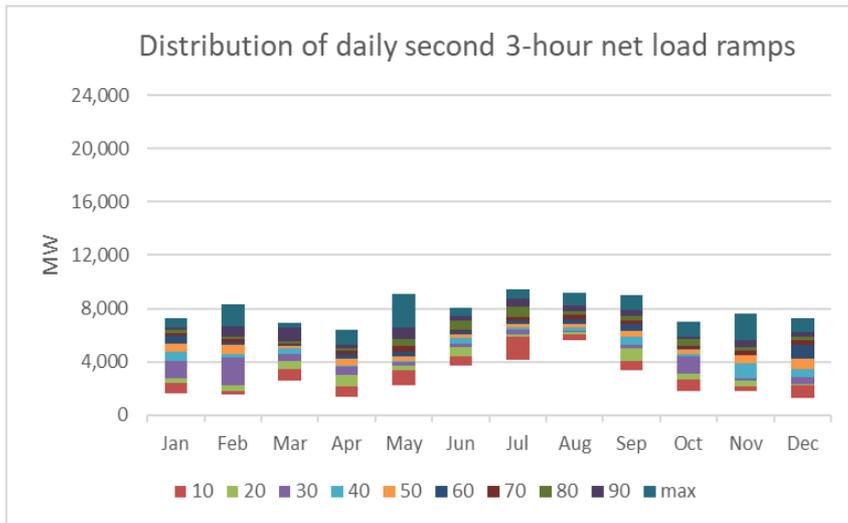
Month	Load contribution 2023	Wind contribution 2023	Solar contribution 2023	Total percent 2023
January	45.31%	-1.79%	-52.90%	100%
February	35.55%	-1.16%	-63.29%	100%
March	36.41%	-1.40%	-62.19%	100%
April	37.00%	-2.13%	-60.87%	100%
May	32.42%	-4.25%	-63.33%	100%
June	29.58%	-1.41%	-69.01%	100%
July	25.16%	3.01%	-77.85%	100%
August	29.41%	2.70%	-73.28%	100%
September	30.98%	-0.85%	-68.17%	100%
October	32.54%	-0.64%	-66.82%	100%
November	38.46%	-1.87%	-59.67%	100%
December	42.57%	-0.12%	-57.31%	100%

$$\Delta \text{Load} - \Delta \text{Wind} - \Delta \text{Solar} = 100$$

Flexible capacity categories allow a wide variety of resources to provide flexible capacity

- Category 1 (Base Flexibility): Operational needs determined by the magnitude of the largest 3-hour secondary net load ramp
- Category 2 (Peak Flexibility): Operational need determined by the difference between 95 percent of the maximum 3-hour net load ramp and the largest 3-hour secondary net load ramp
- Category 3 (Super-Peak Flexibility): Operational need determined by five percent of the maximum 3-hour net load ramp of the month

The 2023 forecasted distribution range of daily maximum and secondary 3-hour net load ramps



Seasonal breakout of flexible capacity needs

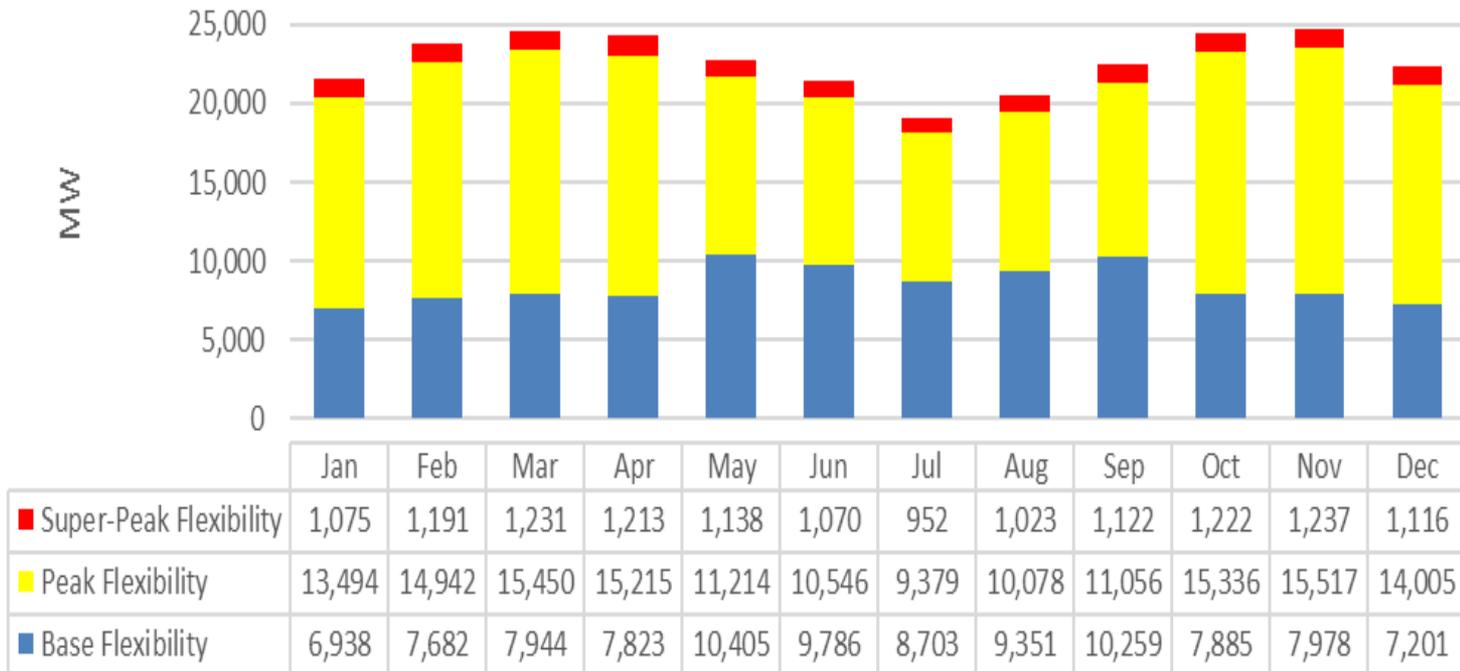
	Actual Contributions			Seasonal Contribution		
	Unadjusted			Adjusted		
Month	Base Flexibility	Peak Flexibility	Super-Peak Flexibility	Base Flexibility	Peak Flexibility	Super-Peak Flexibility
January	36%	59%	5%	32%	63%	5%
February	37%	58%	5%	32%	63%	5%
March	29%	66%	5%	32%	63%	5%
April	28%	67%	5%	32%	63%	5%
May	42%	53%	5%	46%	49%	5%
June	40%	55%	5%	46%	49%	5%
July	54%	41%	5%	46%	49%	5%
August	49%	46%	5%	46%	49%	5%
September	43%	52%	5%	46%	49%	5%
October	30%	65%	5%	32%	63%	5%
November	32%	63%	5%	32%	63%	5%
December	34%	61%	5%	32%	63%	5%

Increased weighting observed in Peak Category

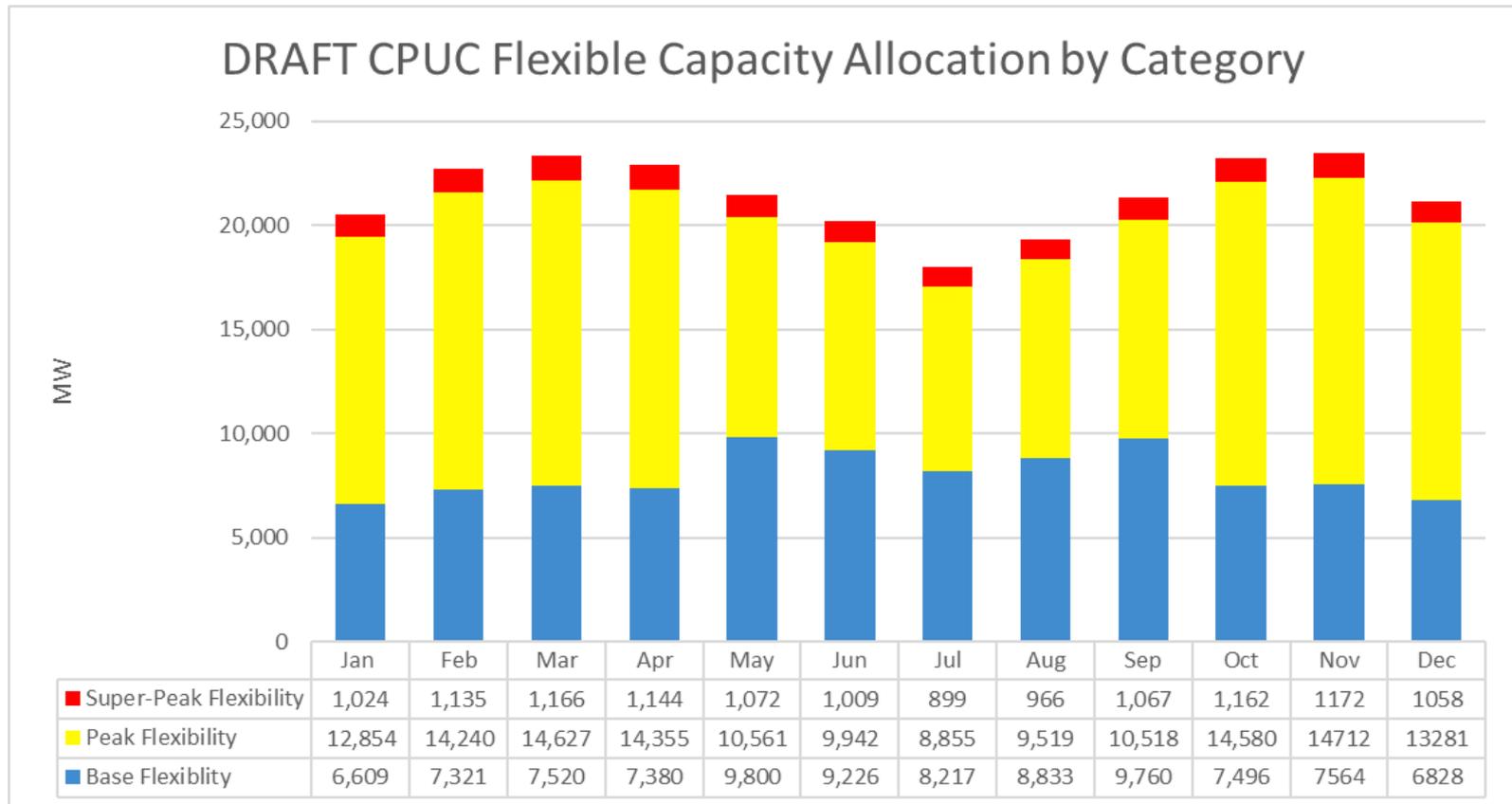
Month	2021	2022	2023
January	57.30%	55.06%	62.74%
February	57.30%	55.06%	62.74%
March	57.30%	55.06%	62.74%
April	57.30%	55.06%	62.74%
May	45.62%	45.39%	49.28%
June	45.62%	45.39%	49.28%
July	45.62%	45.39%	49.28%
August	45.62%	45.39%	49.28%
September	45.62%	45.39%	49.28%
October	57.30%	55.06%	62.74%
November	57.30%	55.06%	62.74%
December	57.30%	55.06%	62.74%

Total flexible capacity needed in each category – seasonally adjusted

Total Flexible Capacity Needed in Each Category – Adjusted



CPUC jurisdictional flexible capacity allocation - by flexible capacity category



Start time of 3-Hour net load ramp to evaluate seasonal must offer obligations

Month	Three Hour Net Load Ramp Start Hour (Hour Ending)					
	13:00	14:00	15:00	16:00	17:00	18:00
January			31			
February			17	11		
March			6	5	20	
April				1	29	
May					26	5
June			1	1	28	
July				3	28	
August	1			14	16	
September				28	2	
October			7	24		
November		4	22	4		
December		2	29			

Seasonal must-offer obligations for peak and super-peak flexible capacity

- Recommended Must-offer obligation hours in Hour Ending

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
HE15-HE19	v	v									v	v
HE16-HE20									v	v		
HE17-HE21			v	v	v	v	v	v				

Review of preliminary assessment results

- Flexible Capacity need is largest in the off-peak months
 - Flexible capacity makes up a greater percentage of resource adequacy needs during the off-peak months
 - Increase almost exclusively caused by 3-hour ramp, not increase in peak load
- Peak category has heavier weight this year
- Growth of behind-the-meter solar PV and utility scale PV contributes to the larger flexible capacity requirements
- Using the ISO flexible capacity contribution calculation majority of 3-hour net load ramps are attributable to CPUC jurisdictional LSEs
- The Peak and Super-Peak MOO hours have not changed from the 2022 study (information below is in Hour Ending)
 - November through February: HE 15- HE 19 (2:00 p.m. to 7:00 p.m.)
 - March through August: HE 17 – HE 21 (4:00 p.m. to 9:00 p.m.)
 - September through October: HE 16- HE 20 (3:00 p.m. to 8:00 p.m.)

AVAILABILITY ASSESSMENT HOURS

Availability assessment hours: Background and purpose

- Concept originally developed as part of the ISO standard capacity product (SCP)
 - Maintained as part of Reliability Service Initiative – Phase 1 (i.e. RA Availability Incentive Mechanism, or RAAIM)
- Determine the hours of greatest need to maximize the effectiveness of the availability incentive structure
 - Resources are rewarded for availability during hours of greatest need
 - Hours determined annually by ISO and published in the BPM
 - See section 40.9 of the ISO Tariff

Methodology overview of system/local availability assessment hours

- Used CEC IEPR data described in previous slides to obtain:
 - Hourly Average Load
 - By Hour
 - By Month
 - Years 2021-2025
- Calculated:
 - Top 5% of Load Hours within each month using an hourly load distribution
 - Years 2023 - 2025

Proposed Change to AAH Seasons

Previous years

<u>Month</u>	<u>Season</u>
Jan	winter
Feb	winter
Mar	winter
Apr	summer
May	summer
Jun	summer
Jul	summer
Aug	summer
Sep	summer
Oct	summer
Nov	winter
Dec	winter

2023-2025

<u>Month</u>	<u>Season</u>
Jan	winter
Feb	winter
Mar	spring
Apr	spring
May	summer
Jun	summer
Jul	summer
Aug	summer
Sep	summer
Oct	summer
Nov	winter
Dec	winter

Forecast and actual data supports change in top 5% of load hours for March and April

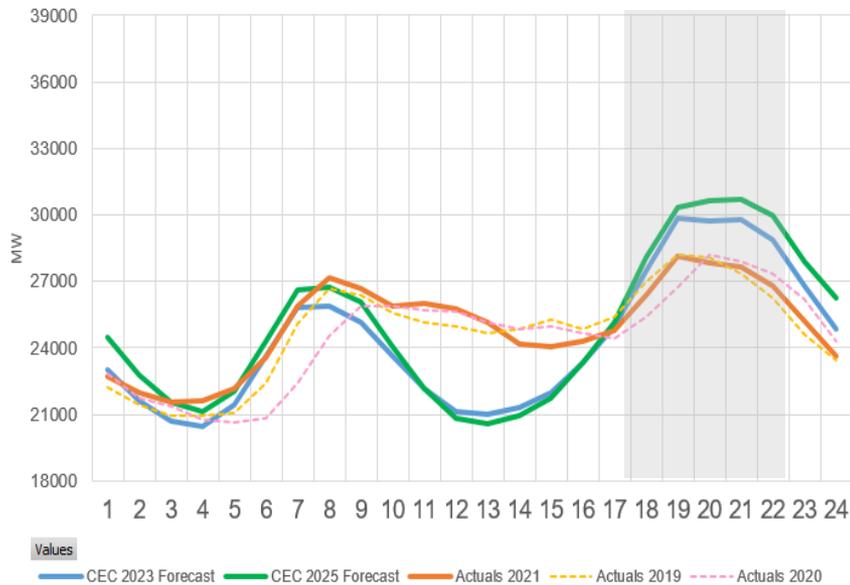
- CEC Forecast for 2023-2025 and load actuals from 2019-2021 show for March and April the top load hours have shifted to HE 18-22
 - Historically these months had HE 17-21 as their AAH
- CAISO proposes addition of Spring season to better align with actual and forecast data, which are consistent in their trends

Number of times each hour was in the top 5% of load hours for each month – 2021 Actual

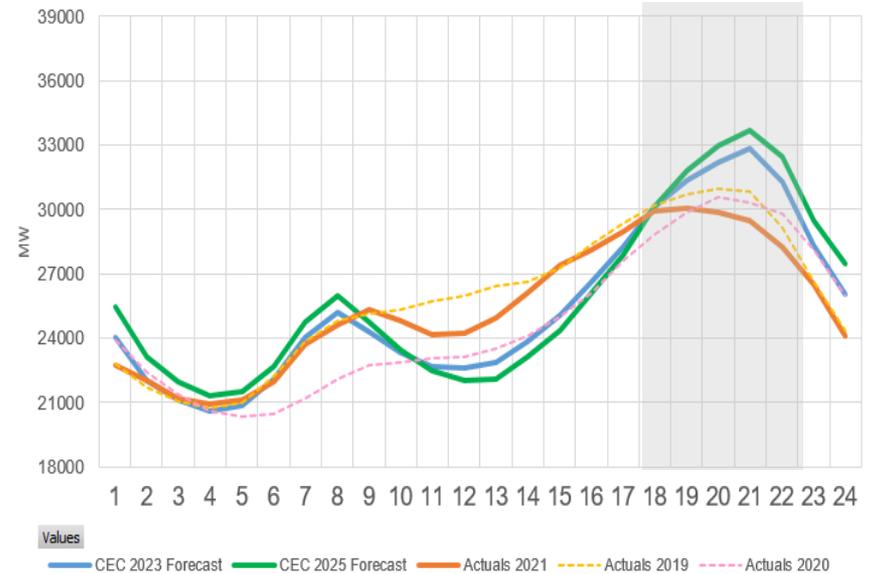
Row Labels		8	9	14	15	16	17	18	19	20	21	22	23
MONTH	Jan	1						10	17	7	2		
	Feb							2	19	12			
	Mar	2	2						11	14	7	1	
	Apr				1	1	2	3	4	8	13	3	1
	May						2	5	9	9	11	1	
	Jun				2	3	6	7	8	5	4	1	
	Jul				1	3	8	10	9	6			
	Aug				1	4	7	11	9	5			
	Sep				2	6	7	8	8	3	2		
	Oct			1	1	5	5	6	7	7	5		
	Nov				1	1	3	13	15	3			
	Dec						1	14	13	6	3		
Grand Total		3	2	1	9	23	41	89	129	85	47	6	1

CEC forecast and previous 3 years of actuals indicate a shift in top load hours for March and April

March 2019-2021 Actuals and 2023, 2025 Forecast



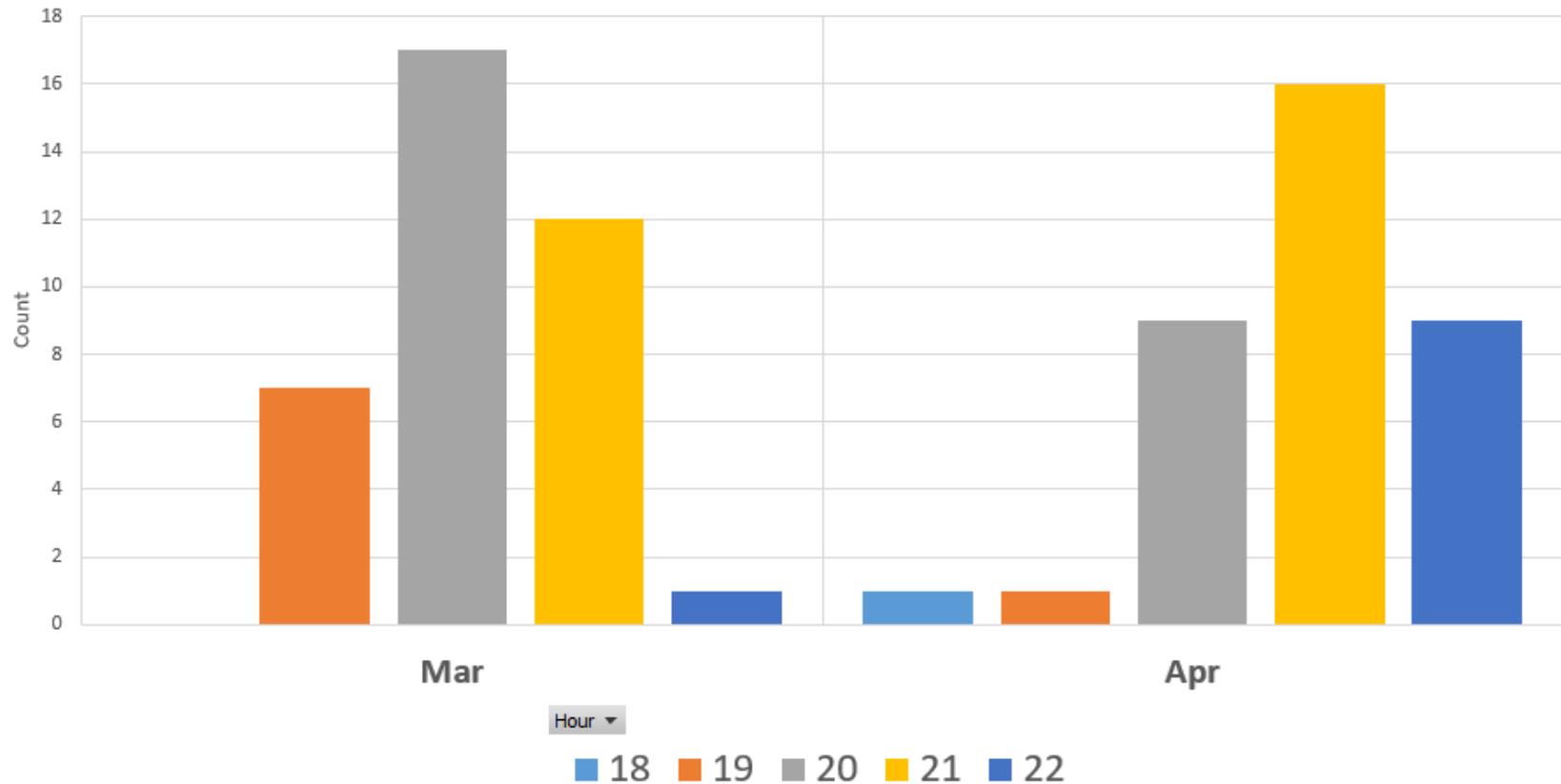
April 2019-2021 Actuals and 2023, 2025 Forecast



Spring Season

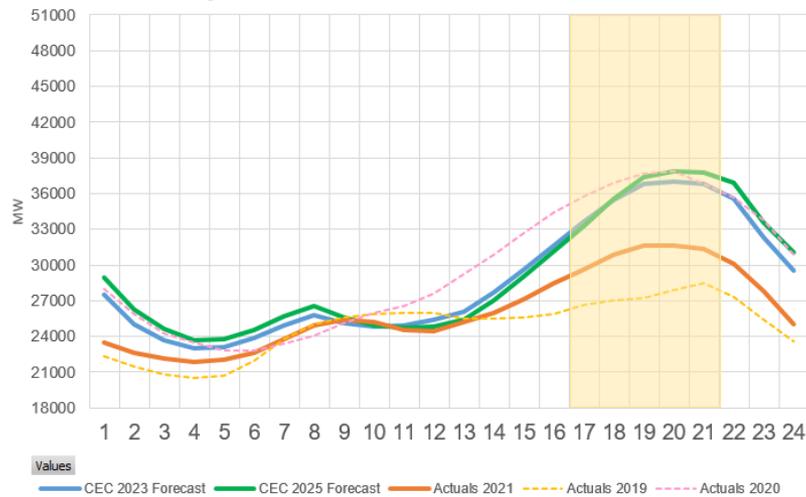
2023 top 5% of load hours (HE)

Spring Season: Frequency of top 5% of Load Hours by Month (Hour Ending)

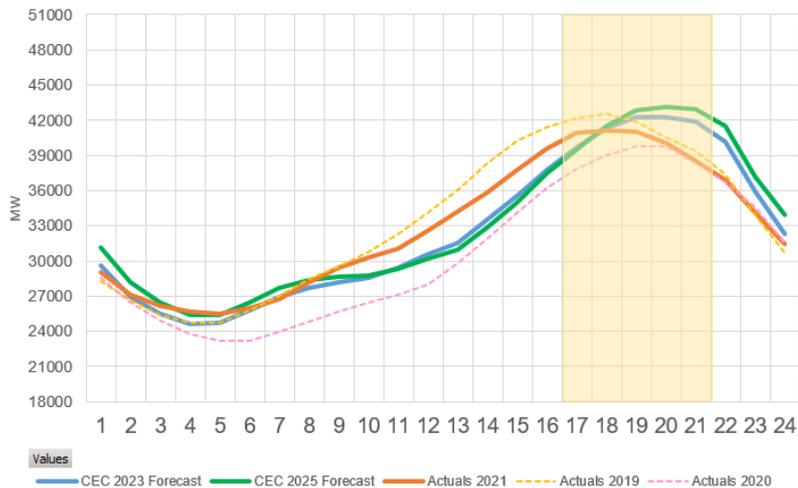


Expected load shape evolution: Summer season

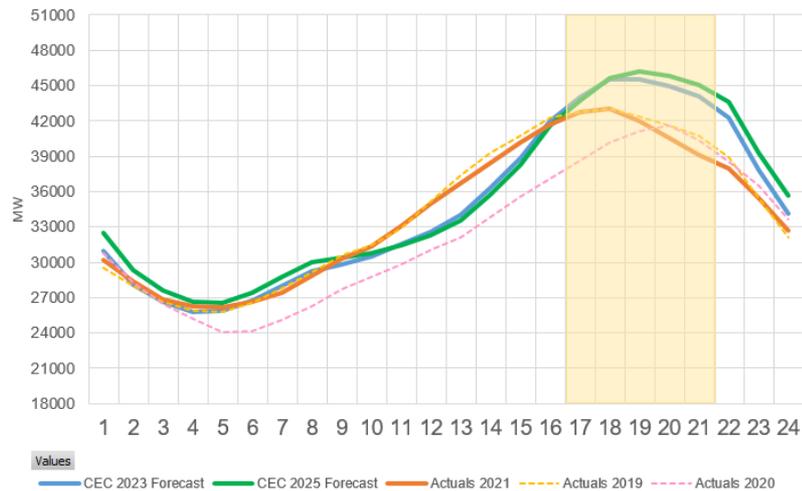
May 2019-2021 Actuals and 2023, 2025 Forecast



Jun 2019-2021 Actuals and 2023, 2025 Forecast

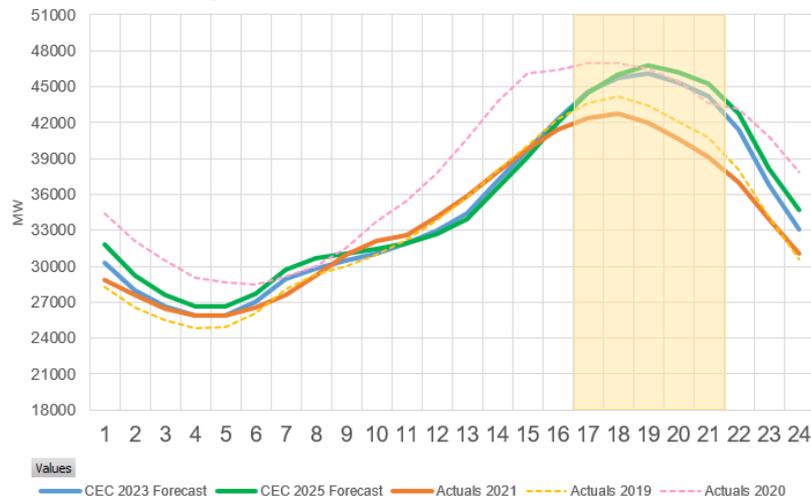


Jul 2019-2021 Actuals and 2023, 2025 Forecast

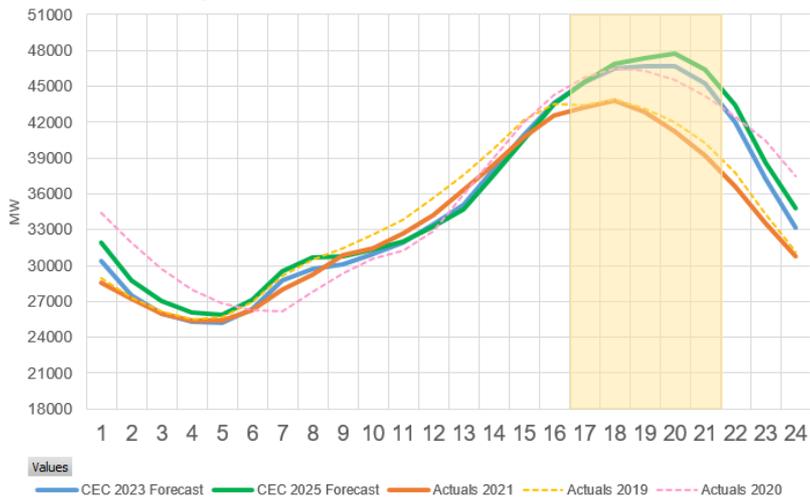


Expected load shape evolution: Summer season

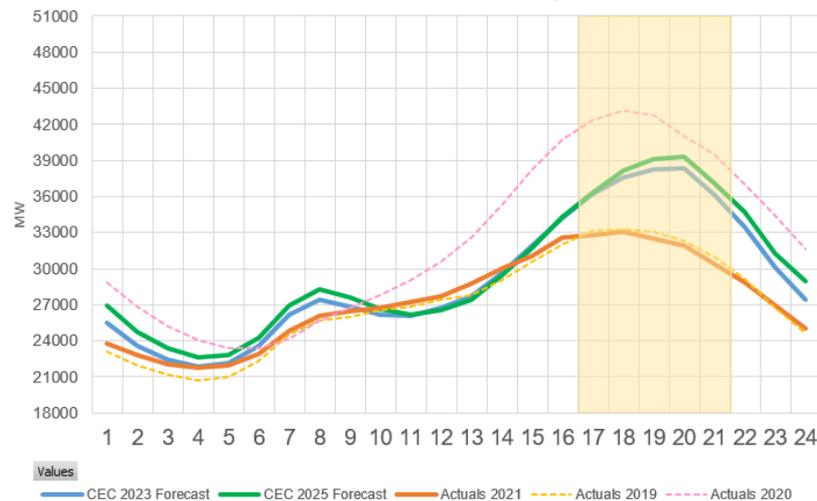
Aug 2019-2021 Actuals and 2023, 2025 Forecast



Sep 2019-2021 Actuals and 2023, 2025 Forecast



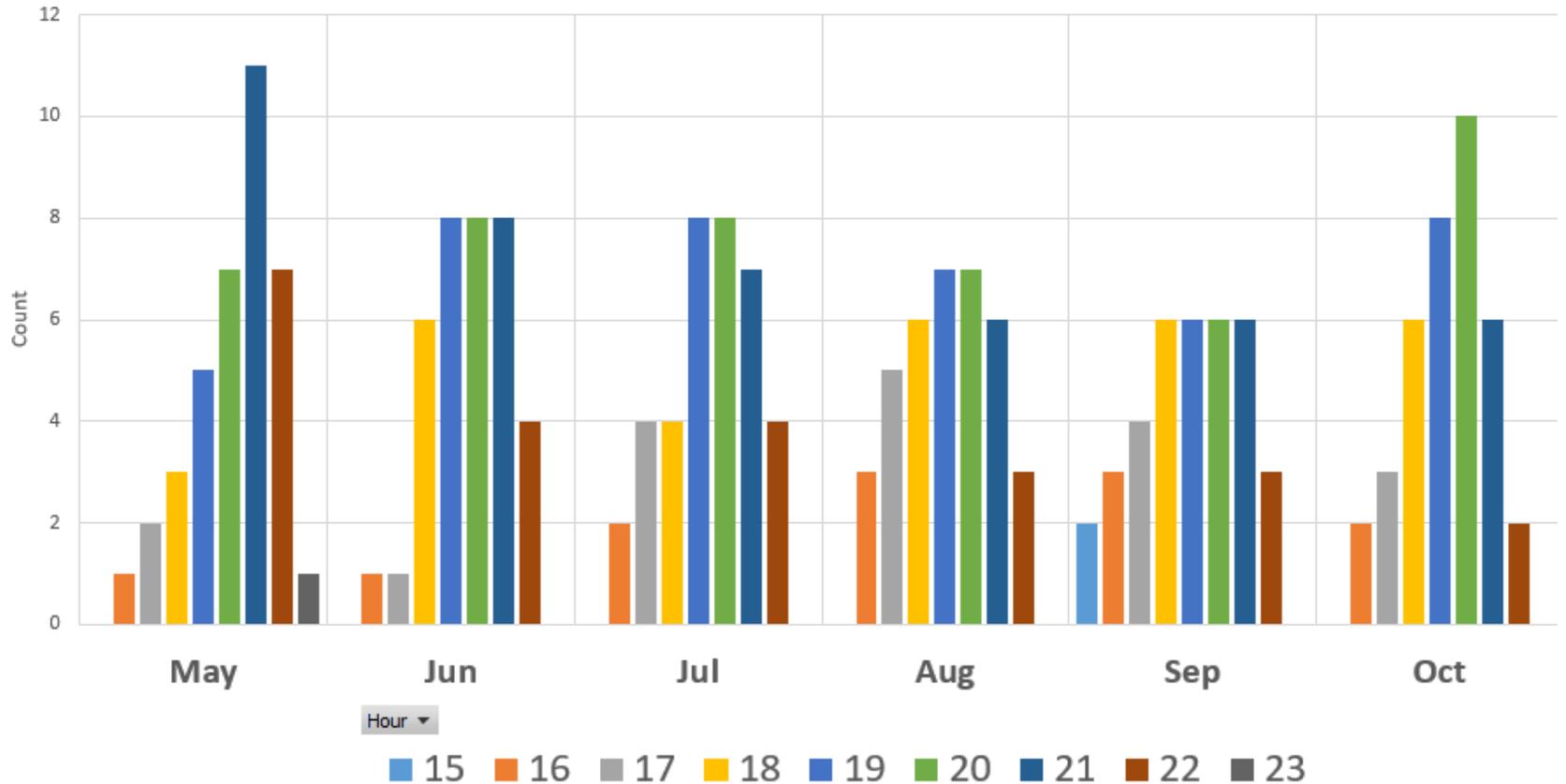
Oct 2019-2021 Actuals and 2023, 2025 Forecast



Summer Season

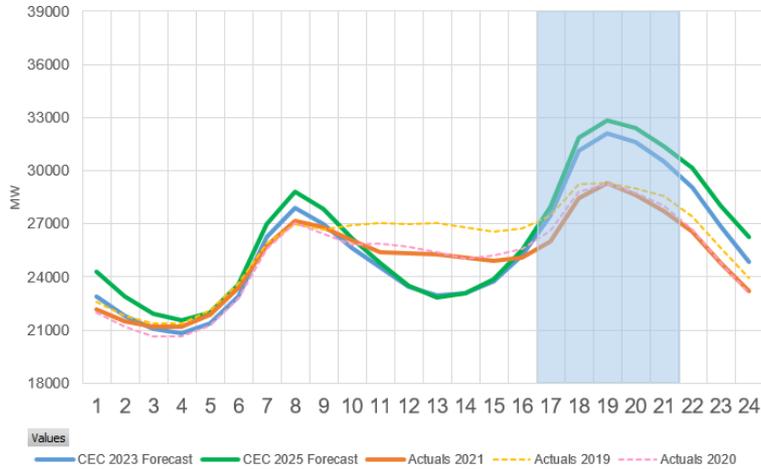
2023 top 5% of load hours (in HE)

Summer Season: Frequency of top 5% of Load Hours by Month (Hour Ending)

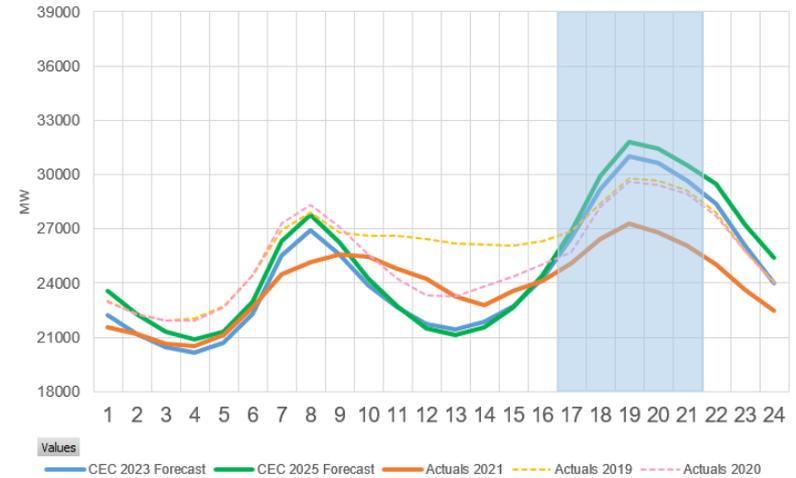


Expected load shape evolution: Winter season

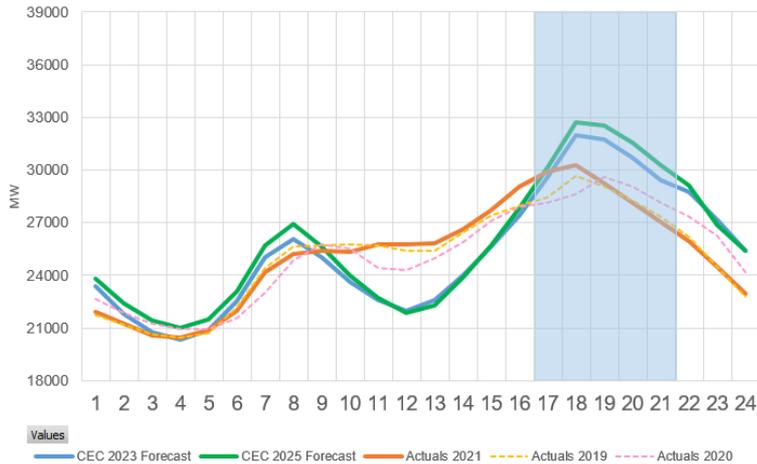
Jan 2019-2021 Actuals and 2023, 2025 Forecast



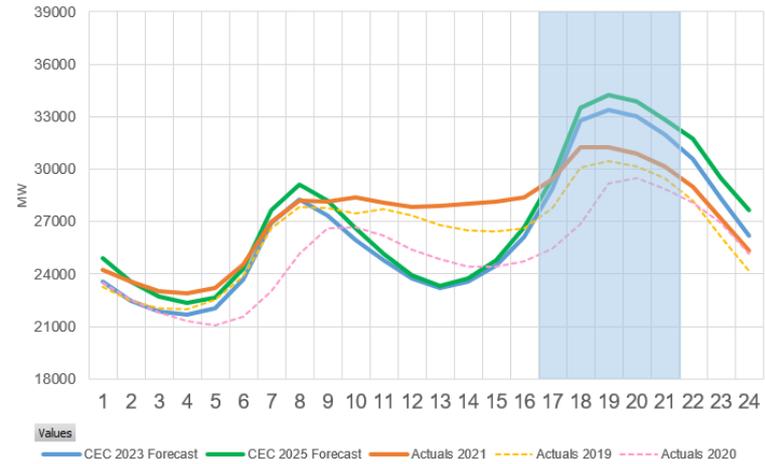
Feb 2019-2021 Actuals and 2023, 2025 Forecast



Nov 2019-2021 Actuals and 2023, 2025 Forecast



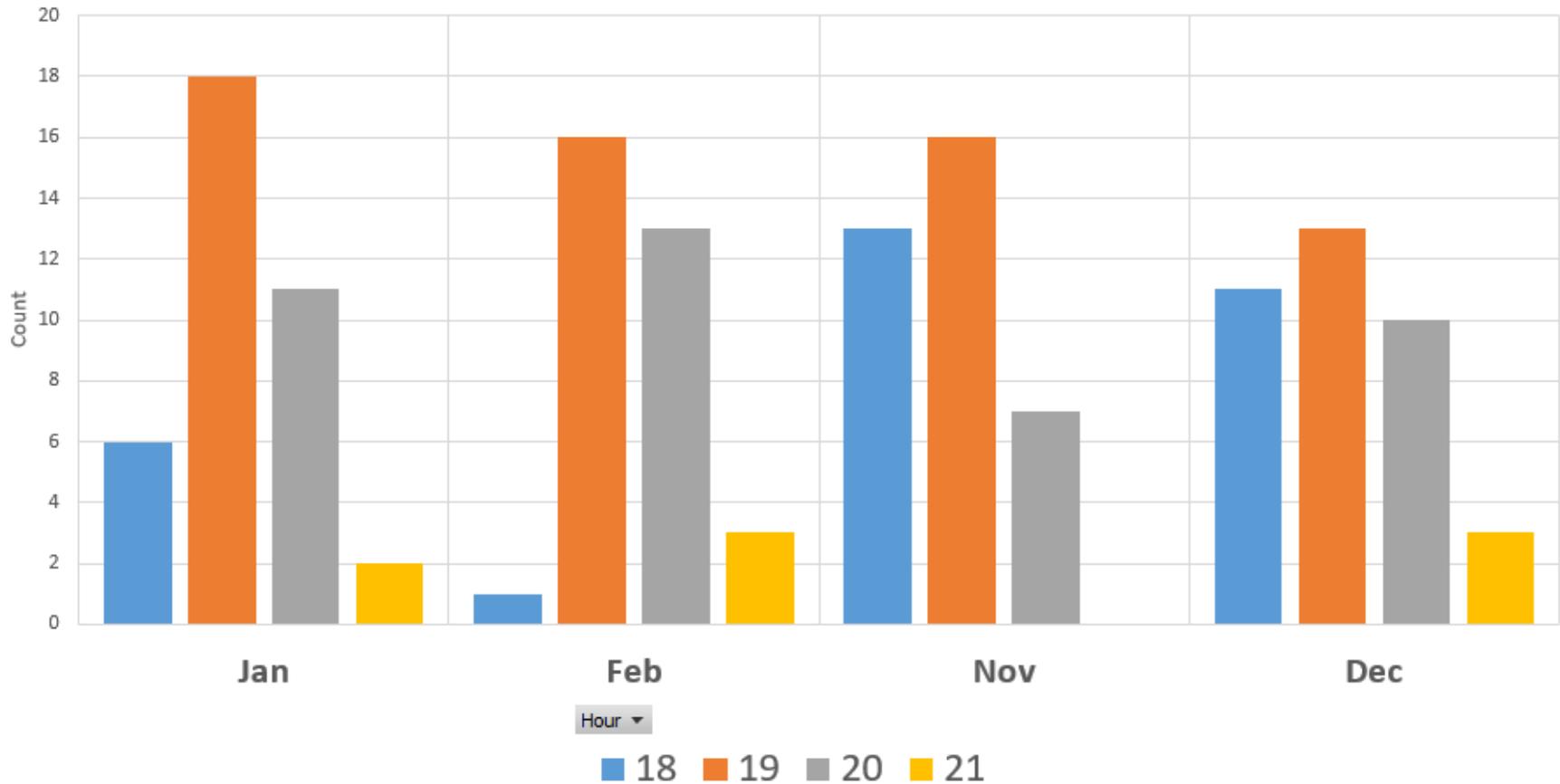
Dec 2019-2021 Actuals and 2023, 2025 Forecast



Winter Season

2023 top 5% of load hours (HE)

Winter Season: Frequency of top 5% of Load Hours by Month (Hour Ending)



Availability assessment hours draft recommendation

Winter and Summer Season Draft Recommendation

Jan-Feb, Nov-Dec; May-Oct

Year	Start	End
2022 (Final)	HE 17	HE 21
2023 (Draft)	HE 17	HE 21
2024 (Estimate)*	HE 17	HE 21
2025 (Estimate)*	HE 17	HE 21

Spring Season Draft Recommendation

Mar-Apr

Year	Start	End
2022 (Final)	HE 17	HE 21
2023 (Draft)	HE 18	HE 22
2024 (Estimate)	HE 18	HE 22
2025 (Estimate)	HE 18	HE 22

* Monitoring May for potential shift to Spring season for 2024-2025

Reliability Requirements; Section 7 – BPM Updates Needed

2023 System and Local Resource Adequacy Availability Assessment Hours

Analysis employed: Top 5% of load hours using average hourly load

Spring: March 1 – April 30

Availability Assessment Hours: 5pm – 10pm (HE18 – HE22)

Summer: May 1 - October 31

Availability Assessment Hours: 4pm – 9pm (HE17 – HE21)

Winter: November 1 - February 28

Availability Assessment Hours: 4pm – 9pm (HE17 – HE21)

2023 Flexible Resource Adequacy Availability Assessment Hours and must offer obligation hours

Flexible RA Capacity Type	Category Designation	Required Bidding Hours	Required Bidding Days
January – February			
November – December			
Base Ramping	Category 1	5:00am to 10:00pm (HE6-HE22)	All days
Peak Ramping	Category 2	2:00pm to 7:00pm (HE15-HE19)	All days
Super-Peak Ramping	Category 3	2:00pm to 7:00pm (HE15-HE19)	Non-Holiday Weekdays*
March – August			
Base Ramping	Category 1	5:00am to 10:00pm (HE6-HE22)	All days
Peak Ramping	Category 2	4:00pm to 9:00pm (HE17-HE21)	All days
Super-Peak Ramping	Category 3	4:00pm to 9:00pm (HE17-HE21)	Non-Holiday Weekdays*
September – October			
Base Ramping	Category 1	5:00am to 10:00pm (HE6-HE22)	All days
Peak Ramping	Category 2	3:00pm to 8:00pm (HE16-HE20)	All days
Super-Peak Ramping	Category 3	3:00pm to 8:00pm (HE16-HE20)	Non-Holiday Weekdays*

Next steps

- Published Draft Flexible Capacity Needs Assessment for 2023 on April 12, 2022

Comments due April 28, 2022

Please submit comments to

initiativecomments@caiso.com

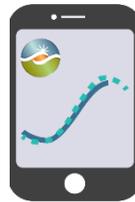
- Publish Final Flexible Capacity Needs Assessment for 2023
May 17th, 2022

Questions

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