Resource Adequacy Modeling & Program Design Working Group

October 5, 2023

Housekeeping Reminders

- This call is being recorded for informational and convenience purposes only. Any related transcriptions should not be reprinted without ISO's permission.

- These collaborative working groups are intended to stimulate open dialogue and engage different perspectives.

- Please keep comments professional and respectful.

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Instructions for raising your hand to ask a question

- If you are connected to audio through your computer or used the "call me" option, select the raise hand icon located on the bottom of your screen. Note: #2 only works if you dialed into the meeting.

- Please remember to state your name and affiliation before making your comment.

- You may also send your question via chat to all panelists.

Working Group Process is a Pre-Initiative Process

PRE-DEVELOPMENT

Discussion paper and working groups*

PROPOSAL DEVELOPMENT

Issue paper

Straw proposal

Draft final proposal

Draft business requirement specification

Draft tariff and business practice manual revisions

Final proposal

DECISION

ISO Board

WEIM Governing Body

Tariff filing

FERC

IMPLEMENTATION

Business practice manual

Training

Market simulation

Go Live

Stakeholder input

This represents the typical process, and often stages run in parallel.

Stakeholder meetings, working groups and workshops may occur throughout the stakeholder process.

We are here

Welcome:
Resource Adequacy Modeling & Program Design (RAMPD)

Remarks from Anna McKenna

CAISO Vice President, Market Design & Analysis

Remarks from Partha Malvadkar

CAISO Principal, Resource Adequacy

RAMPD: Working group goals

Stakeholders have the opportunity to provide input on key components leading up to proposal development, ahead of the policy development phase:

1. **Develop principles/goals**
   - Define and illustrate principles for resource adequacy
2. **Form initial problem statements**
   - Form problem statements reflecting stakeholder concerns
3. **Align on priorities and establish meeting cadence**
   - Balance staff & stakeholder bandwidth
4. **Refine problem statements**
   - Explore current ISO operations, functionality, processes meant to address problem statements
   - Develop methodology for analysis, define data needs
5. **Determine action items**
   - Provide a bridge between working groups and proposal development

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Working Group Structure: Roles

- **Facilitator**: the group will be managed by an external facilitator
  - Jeff McDonald (VP, Concentric Energy Advisors)
  - Responsible for guiding discussion on principles, problem statements, and prioritization
- **California ISO**: CAISO staff will provide information and analysis, as needed
- **Working Group Participants**: provide ideas, proposals, input and vetting
  - Working groups are open to all stakeholders

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Priorities and defining success

- Priorities
  - Which issues are more time-sensitive?
  - Discussed in working group via stakeholder input

- Working group success
  - Alignment on problem statements
  - Alignment on principles & goals

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Principles & Goals

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CAISO proposed principles & goals

Principles:

- Reliable
- Efficient / Cost-Effective
- Implementable
- Durable
- Adaptable
- Transparent

RA Goals:

1. The CAISO's established modeling, and visibility enable a reliable overall system.
2. Procurement and trading is efficient, cost-effective, fungible, and affordable.
3. The RA program is implementable, adaptable, and compatible with different programs.

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Discuss: principles & goals

- What might need to be clarified or modified?
- What principles or goals would you suggest?

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Problem Statements

CAISO Public

CAISO proposed problem statement topics

1. Overall System Reliability Information
2. Requirements for RA Capacity & Program Tools
3. Local Regulatory Authority (LRA) Resource Adequacy Responsibility & Cost Allocation

1.) Overall System Reliability Information

There is a need for additional consistent, transparent, and timely information on the sufficiency of the RA fleet in the CAISO Balancing Authority Area (BAA). Without this, there are challenges in:

- Accessing and communicating the system wide sufficiency of the CAISO BAA in light of the contracted RA fleet; and

- Addressing such concerns in a timely and efficient manner.

Sub-issues:

- RA Portfolio Evaluation does not exist today

- Lack of Non-RA Visibility

- Outdated Default Planning Reserve Margin

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2.) Requirements for RA Capacity and Program Tools

The CAISO's current requirements and tools (*e.g.,* outage, must-offer, bid-insertion, and resource performance and availability rules) have not been updated recently in light of evolving market and regulatory structures, and could result in:

- RA supply not available when and where needed;
- Inefficient procurement and investment (e.g. maintenance and capital upgrade) decisions; and
- Implementation challenges for the CAISO and market participants

Sub-Issues:

- Current requirements for RA capacity
- RAAIM
- Lack of a tool to incentivize performance
- Rules for substitution and planned outages
- The need for a comprehensive review of the CPUC's Slice-of-Day reform and the translatability and trasactability of WRAP

3.) LRA RA Responsibility & Cost Allocation

Market participants are concerned about inequitable costs and cost allocation. Stakeholders have expressed a need for a transparent and common framework for evaluating reserve margins and counting rules, and understanding of an LRA RA program's contribution to overall system reliability.

Sub-issues:

- **Definitions and Requirements:** The CAISO lacks a common definition, method of measurement, or standard to ensure that various LRAs bring a portfolio of resources that are accessible in the right place, available at right time, and provide the right attributes needed to evaluate if LRA programs are reliable.

- **EDAM RSE Cost Causation:** Aligning cost and benefit allocation with causation associated with the EDAM RSE, as a result of a deficiency or procurement of cure capacity.
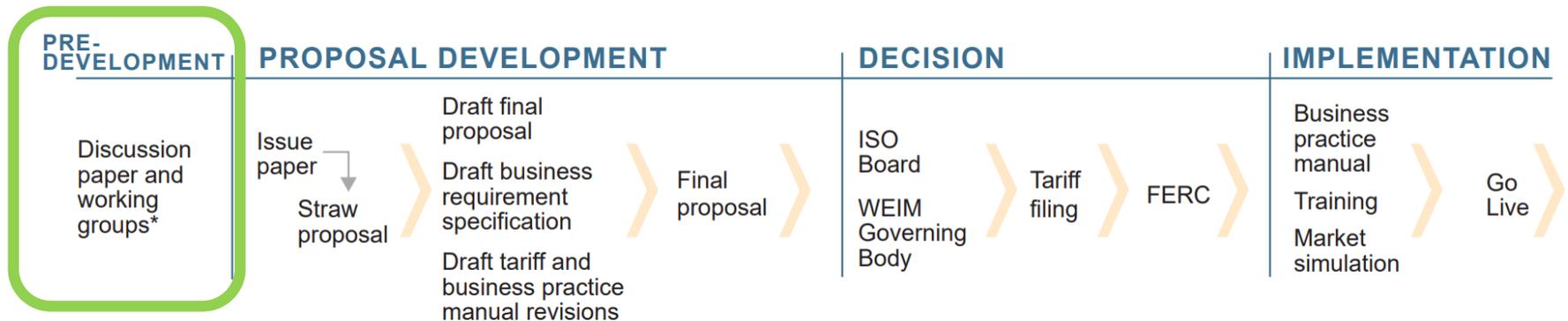
Discuss: problem statements

- What might need to be clarified or modified?
- What problem statements would you suggest?

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Recap & Stakeholder Input

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Priorities and defining success

- **Priorities**
  - Determined in working group via stakeholder input
- **Working group success**
  - Alignment on problem statements
  - Alignment on principles & goals

PRE-DEVELOPMENT	PROPOSAL DEVELOPMENT		DECISION		IMPLEMENTATION
Discussion paper and working groups*	Issue paper → Straw proposal	Draft final proposal / Draft business requirement specification / Draft tariff and business practice manual revisions	Final proposal	ISO Board / WEIM Governing Body	Tariff filing	FERC	Business practice manual / Training / Market simulation	Go Live

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Slido poll

- Single branch or two branches of the working group meetings?
  - Program
  - Modeling

- Cadence of the working group meetings for each branch?
  - Two weeks
  - Three weeks
  - Four weeks

Next steps

- Next working group meeting: TBD

- Please submit written comments on the discussion paper by end of day Oct. 20, 2023, through the ISO's commenting tool using the link on the working group webpage: https//stakeholdercenter.caiso.com/Comments/MyOrgComments

- Please contact Jeff McDonald (jmcdonald@ceadvisors.com) to indicate if you would like to present, the topic you would like to present on and, how this topic relates to your proposed problem statement.