



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.

Submissions are requested by close of business on **July 30, 2020**.

Submitted by	Organization	Date Submitted
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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.

SCE continues to have concerns on several aspects of the CAISO Proposal, including the real-time must offer obligation (RT MOO) proposal, the proposed provisions around UCAP exemption, outage procedure (RC0630), hydro UCAP proposals, and minimum charging limitation proposal for energy storage resources, as commented in the specific sections below.

In summary, the proposal to exempt RA resources from RT MOO unless the resource receives a day-ahead awards is not justified. The proposed UCAP exemption provision need further consideration. The proposed alignment with RC outage definition and process will benefit from additional stakeholder discussion. SCE also offers its comments on whether charging limitation of an energy storage resource should affect its UCAP value. SCE raises significant concerns with the hydro UCAP proposal as written in the fifth revised straw proposal. In particular, to address the concerns with the hydro UCAP proposal, the proposal should be modified to: 1) allow increase in hydro UCAP value during the month-ahead (MA) process based on hydro resource availability known at the time, and 2) change the look-back period from 10 years to 3 years, consistent with the methodology for other resource types providing appropriate incentives for resource maintenance and upgrades.

SCE continues to support the proposed Option #1 as the CAISO transitions from NQC to UCAP, i.e., to create Deliverable QC (DQC) and maintain NQC as the compliance instrument to meet the UCAP requirement, which is required to address multiple issues around existing contracts. Should the CAISO decide to proceed with Option #2, at a minimum, the CAISO should make clear that UCAP is the successor mechanism to RA availability incentive

mechanism (RAAIM) and replaces NQC. For details on this topic, please also refer to SCE's previously submitted comments.¹

- 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.

The proposed 110% of forecast peak as the UCAP requirement can be significant. It also relates to how the planning reserve margin (PRM) should be determined in general. SCE believes that additional information is necessary to support the proposal. While the CAISO plans to conduct an assessment of actual June RA showings and the study may produce informative results on this topic, the results of the study alone will likely be insufficient to inform whether the proposal is reasonable. There is also a need to coordinate this effort with the CPUC per the RA decision on this topic². The CAISO proposal should be fully aligned with the results of the loss of load expectation study and the PRM review pursuant to the decision.

- 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.

As previously commented³, transmission-induced outages are outside of control of the resource and a derate to the resource's UCAP value would not incentivize better maintenance of the resource to avoid future forced outages. FERC Rules of Conduct also restrict transmission-related information that can be shared with market function employees/resource owners.

The CAISO Proposal states: "California has a known fire season in which it is reasonable to assume recurrence of generator outages due to nearby wildfires or PSPS events. These outages should not be subject to a UCAP exemption"⁴. The CAISO Proposal appears silent on transmission-induced outages. The CAISO should clarify its proposal on whether transmission-induced outages are exempted from the UCAP calculation. In particular, with the reasons described above, SCE recommends that the CAISO should exempt transmission-induced outages from the UCAP calculation.

Regarding the proposal to not exempt outages due to wildfires, the CAISO should clarify what are the potential incentives for generators the proposal is intended to create. If a generator is on outage due to circumstances out of their control, such as the nearby distribution/transmission system they are interconnected to being down due to a wildfire, then there is not much the generator can do to fix it. If the operation of a generator itself could cause or impose the danger to a wildfire, then it's a different situation in that the outage would not be "out of control" of the generator as it has choices in how to design, operate and maintain its equipment. Note – these examples

¹ SCE Comments on Resource Adequacy Enhancements working group dated June 24, 2020, at 2, available at <http://www.caiso.com/InitiativeDocuments/SCEComments-ResourceAdequacyEnhancementsWorkingGroup-Jun102020.pdf>.

² RA Track 2 Decision (D.20-06-031), Ordering Paragraph #9, "Energy Division is authorized to facilitate a working group to develop a set of assumptions for use in a loss of load expectation (LOLE) study to support review of the planning reserve margin. Energy Division shall perform the LOLE study, which will be submitted into this proceeding".

³ SCE Comments on Resource Adequacy Enhancements working group dated June 24, 2020, at 3.

⁴ CAISO Proposal, at 17.

are provided solely for discussion purposes without a specific generator or area in mind. The CAISO should provide additional clarity in the next iteration of the proposal.

Regarding the definition of UCAP Exempt Outage⁵, SCE does not believe it is appropriate to include three years as a criterion for a natural disaster, act of the public enemy, war, or insurrection to be considered UCAP Exempt. Since those events are out of control of the resource, it's not appropriate to condition the exemption on those events not having occurred in the previous three years.

SCE's comments in this section address the UCAP for new resources, hydro resources and energy storage resources. On the topic of UCAP for Demand Response and other resources, please refer to the SCE comments submitted previously⁶.

- 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.

Under the CAISO proposal, each resource will be assessed a seasonal availability factor on which its UCAP value is calculated. The calculation is performed regardless of how high or low the resource's availability is. It does not seem necessary to establish a dead band to distinguish resources given how the UCAP values are derived. As noted by the CAISO, the addition of a dead band would add significant complexity in terms of establishing the correct UCAP requirements and there will likely be an increase in the system RA procurement requirements that would then have to be allocated to LSEs.

In addition, essentially a UCAP value is based on a resource's unavailability during the 20% tightest system supply cushion hours. An approach to establish a dead band would then essentially undermine the intent of establishing the UCAP value. A group of resources (i.e., those resources that fall within the dead band) would be treated as if they were 100% available during those tightest hours (or as if forced outages during those hours were planned outages approved by the CAISO). Therefore, it would lead to different treatments among resources. Such outcome does not seem appropriate. It also raises the question whether the dead band should be assessed over the 20% tightest system supply cushion hours or all hours. If it is assessed over all hours, it does not seem to serve the purpose of having a dead band. If it is based on the 20% tightest hours, then as described above, the issue of different treatment among resources remains. Thus, SCE believes an approach to establish a dead band is not necessary.

- 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.

⁵ "An outage caused by a natural disaster, act of the public enemy, war, or insurrection. The cause must occur at the plant location and directly affect operability of a generating unit for 5 consecutive days or longer, has not occurred in the previous three years, and could not be avoided through the exercise of Good Utility Practice.", the CAISO Proposal, at 17.

⁶ SCE Comments on Resource Adequacy Enhancements working group dated June 24, 2020, at 4.

While both options look reasonable, Option 1 (i.e., based on class average availability) would be more consistent with how all other resources are treated and Option 2 (i.e., heavier weights on actual performance during early years) would recognize that new resources likely perform better than the class average. SCE recommends that if Option 2 is adopted, the CAISO should closely monitor the performance of new resources so the assumption that new resources perform better than the class average can be verified going forward on a continuous basis. Should the assumption not hold, then applying the class average to new resources would be a more appropriate approach.

SCE also proposes technology upgrades at existing resources trigger the UCAP method adopted for new resources. Technology upgrades such as inlet chillers on thermal power plants do not increase plant capacity (no NQC change) but do decrease forced outages due to high ambient temperatures. Since these upgrades are one-time activities that change plant forced outage characteristics, rather than regular ongoing maintenance, the results are akin to new resources and should be treated as such.

- iii. Please provide your organization's feedback on the ISO's approach to use the historical availability during the RAAIM 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.

SCE understands the CAISO proposal for hydro UCAP is intended to align with the optional approach that is adopted in the CPUC Track 2 Decision for establishing the NQC of a hydro resource to be exempted from the RA availability incentive mechanism (RAAIM) penalties. The 10-year lookback element of this optional approach is mainly to resolve the issue of uncertainty of a hydro resource's availability and, in particular, during the year-ahead (or three-year-ahead for local RA) process, it is challenging to accurately estimate the availability of the hydro resource.

However, to apply the 10-year lookback window to determining the UCAP value of the hydro resource is inappropriate. One main benefit of the UCAP mechanism is to send appropriate incentives for resources to invest in their maintenance so it can reduce its likelihood of forced outages. The proposed 10-year lookback window for the hydro UCAP calculation will not achieve this benefit since the resource would have to wait for 10 years to fully realize the benefit of an investment for maintenance, which will undoubtedly diminish the incentives for the resource to invest in maintenance even if the maintenance might be well needed to make the plant more dependable to the CAISO. The CAISO should address this incentive issue by modifying the 10-year lookback period to 3 years, consistent with how other resource types are treated under the proposal.

Additionally, the CAISO proposal can lead to a significant derate on the capacity of a hydro resource in years when the actual availability of the hydro can be much higher than the value calculated based on the exceedance approach (even with a 3-year lookback period). To resolve this issue, the proposal should allow the resource to update the capacity based on more accurate information available when the time is closer to the operation month of

the hydro resource. Accordingly, the proposal should allow the resource to increase and update the hydro UCAP capacity in the month-ahead process during the RA compliance year.

In summary, to address the concerns described above, SCE believes that the proposal should be modified to: 1) allow increase on hydro UCAP value during the month-ahead (MA) process based on hydro resource availability known at the time, and 2) change the look-back period from the 10 years to 3 years.

- 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.

During the July 14-16, 2020 stakeholder calls, a question was raised regarding how charging limitation of an energy storage resource should be treated in deriving its UCAP value. In light of this question and other issues, SCE provides its preliminary comments on this section of the CAISO proposal. SCE may provide additional comments or refine its comments as the stakeholder process evolves.

1) charging limitation vs. UCAP determination

From the system or local RA perspective, a charging limitation is less relevant in its UCAP calculation, as long as the UCAP value appropriately captures its availability during discharging, i.e., the availability to serve load. From the flex RA perspective, however, a charging limitation should be considered because the flex RA value measures the maximum operational range that the resource can move (during a specified duration). If an energy storage resource provides flex RA, then its charging limitation would need to be considered in deriving the UCAP value for the flex RA. If it provides only system or local RA, then the charging limitation is not important because any failure to discharge should be the sufficient measure whether caused by an equipment failure or a charging limitation.

2) availability for discharging

While the proposal factors in the availability during discharging, the CAISO must ensure that the proposal should not derate the UCAP value of an energy storage for not being capable of discharging during the hour because the resource already discharged its energy in a previous hour and met its MOO and RA requirements. In other words, the availability during the discharging should not be based on the amount of the energy that is stored in the resource available for discharging at the hour if the energy storage resource already discharged its energy in previous hours and the resource operates consistent with applicable RA requirements.

3) maximum state of charge constraint

There is an example in this section⁷ on how a maximum state of charge constraint may impact a resource's UCAP value. The CAISO should clarify whether the maximum state of charge constraint is a hard constraint, or a soft constraint. Modeling the maximum state of charge constraint as a soft

⁷ The CAISO Proposal, at 31.

constraint may provide desired flexibility; at the same time, modeling as a soft constraint may provide benefits of not impacting the resource's UCAP value. The CAISO should provide more context on maximum state of charge constraint and additional clarity on how the constraint could impact its UCAP value.

SCE recommends that the CAISO further evaluate these issues and provide additional illustrative examples in its next iteration of the proposal. The CAISO should also clarify whether its proposal would apply to hybrid and co-located resources that have an energy storage component; to the extent that the proposal applies to those resources, how the proposal aligns with the method to derive the RA capacity of those resources⁸.

- 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.

As commented previously⁹, SCE continues to believe that the core elements of the proposal, such as the proposal on the system RA sufficiency test (e.g., the portfolio deficiency test), should be fully aligned and consistent with potential solutions to the structural changes to the RA program, to be developed in Track 3.B of the CPUC RA proceeding. The changes proposed in this initiative would need to be evaluated along with Track 3.B proposals to ensure that LSEs are subject to a single set of RA requirements and program design rules. For additional comments, please refer to the previous comments submitted by SCE.

- 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.

SCE is concerned with the proposal that RA resources are not subject to the real-time MOO unless the resource receives a day-ahead market award. The proposal raises significant issues. California LSEs procure RA capacity to ensure there is sufficient supply to meet load. RA resources are paid to be available in the CAISO markets all the way through the real-time market if they are capable. The proposal will lead to a net reduction of the pool of RA resources that must be offered into the CAISO real-time market. This can cause increased costs for the ratepayers, for example, in the form of likely increased real-time market clearing prices with the reduction of resource offers from RA resources or a potential increase in market uplift costs¹⁰. The reduction of the pool of available RA resources in the real-time market could also cause issues for the grid reliability, such as in the instances where load forecast uncertainty can be great or where forced outages for resources that receive day-ahead awards fail to make those resources available in real time.

⁸ RA Track 2 Decision (20-06-031) adopts a method to calculate the NQC value of in-front-of-meter hybrid and co-located resources.

⁹ SCE Comments on Resource Adequacy Enhancements working group dated June 24, 2020, at 1-2.

¹⁰ It was also raised by stakeholders during the July 14-16, 2020 stakeholder calls that the reduction of offers from RA resources in the real-time market can lead to increased uplift costs for LSEs. For example, when the real-time market conditions are different than the day-ahead market (such as transmission congestion at the nodal level), the real-time congestion offset costs can increase, which likely cannot be addressed by the proposed Reliability Capacity Products or Flexible Ramping Products that are at the system or zonal level.

There were also discussions during the July 14-16, 2020 stakeholder calls on potential interaction among this initiative, Day-Ahead Market Enhancements (DAME) and Extended Day-Ahead Market (EDAM). SCE does not see the current development in either DAME or EDAM would justify the removal of RT MOO for RA resources. To the contrary, as commented below, which were also submitted to the DAME Initiative, SCE believes the RT MOO for RA resources should remain.

SCE is concerned that there has not been commensurate progress in EDAM to match the progress of DAME. It is more likely that DAME will continue progressing through completion as a CA-specific design that can be amended in the EDAM process if and when necessary. SCE finds it more beneficial to avoid holding back DAME and addressing MOO within DAME given the RA structure within California and its impacts on contracting efforts both executed and planned and its relationship to how the resources will participate in the CAISO markets. If there is any need to address further RA elements, those can be addressed within EDAM when it makes sufficient progress. DAME's scope should remain relevant to DAME design. California's Resource Adequacy (RA) program is essential for reliability of the state's grid and any proposal should appropriately incorporate RA. The RA program has provided for two elements that SCE believes is critical to the consideration of the DAME design. First, the RA program bilaterally procures capacity that can be then turned into energy through a must-offer obligation to the CAISO. The bilateral contract then pays for the capacity costs associated with the resource and enables an LSE to meet their obligations to the CAISO and the local regulatory authority. The development and design of the current RUC construct has accounted for this by recognizing that RA resources have already received payment for their capacity value and are obligated to the CAISO market. As such, RA resources are required to bid zero dollars into the RUC market and are not paid by the CAISO if accepted. While the proposed construct is different in how the quantity of capacity is determined and the characteristics of the resources needed, fundamentally, the new construct does not change the fact that RA resources have already received a capacity payment in their bilateral agreement and should continue to be available to the CAISO for energy purposes. While the DAME design contemplated the expansion of the Day-Ahead market to EIM entities, and such expansion would risk providing RA resources to other entities free of charge if RA resources were required to bid zero, the implementation of the EDAM appears to still be at a significant distance in time from the implementation of DAME. As such, SCE believes that the concerns of use of RA resources under EDAM can and should be addressed in that stakeholder process such that the issues are addressed in an appropriate time frame. In the meantime, the DAME proposal should recognize the RA construct and the potential for double payment and avoid such an issue where a simple implementation consistent with the current RUC construct has already proved effective. Therefore, SCE urges the CAISO to require all RA resources to bid zero for all DAME capacity products and if accepted, such resources would not be paid the market clearing price. Second, the RA program has long been established to provide energy from the procured capacity through Real-Time, if capable. SCE believes that the market should receive the full benefit of the products that the LSEs have procured in order to meet RA obligations that provide for grid reliability. Further, SCE is concerned that the strict reliance on the new DAME capacity products will result in excessive procurement of those products. SCE believes that requiring RA resources to be available all the way through Real-Time, if capable, is a more appropriate mechanism to ensure grid reliability. Should the RA program provide for more capacity than the DAME capacity mechanisms, the capacity has been procured and compensated and should be available to provide customers with the value they have paid for. Should the

DAME capacity mechanisms predict a need above the available RA fleet, then the mechanism will procure for such a reliability need over and above the RA showings.¹¹

In addition to these comments, SCE agrees with the stakeholders that raised the issue that the proposal would allow a third-party RA resource to bid high (for energy or the proposed new capacity products) to not clear the day-ahead market and therefore bypass the RT MOO¹². SCE also finds the proposal contradicts the CAISO's argument for an increased PRM to address perceived large forced outage rates observed in the CAISO markets – the CAISO's argument seems to point out an increased need for RA capacity, but the proposal would make less RA capacity available in real time. If the CAISO believes the amount of RA capacity should increase (or the RA capacity should be more reliable and dependable), then it seems logical that the CAISO should require RT MOO for all RA resources that are capable of such provision. Further, by not requiring a RT MOO for all RA resources, if capable, is unlikely to reduce the RA procurement costs borne by the LSEs but could increase market costs as described above.

- 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.
- 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.

As discussed by stakeholders during the July 14-16, 2020 stakeholder calls, the proposed element of aligning with Reliability Coordinator (RC) outage definition and process is new and requires thorough discussion among the stakeholders within the CAISO BA in the context of the RA policy. While certain outage definitions and processes may work for the RC to function, there is a need to further discuss those definitions and processes to ensure they also work for California's RA program and address any potential issues thereof. SCE supports the recommendation of having a workshop dedicated for this specific topic.

- 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.

SCE provides the following comments on the CAISO RA Import proposal. SCE believes that the CAISO must fully coordinate with the LRAs, including the CPUC, to ensure a single set of RA Import Requirements. This means that RA Import Provisions at the CAISO and LRAs should be fully aligned in the areas of resource eligibility criteria, RA counting method, transmission requirements, and must offer obligation rules. Should the CAISO move forward with its proposal, there needs to be a process on how the RA Import requirements that are recently adopted by the CPUC will be

¹¹ SCE Comments on Day-Ahead Market Enhancements (DAME) Initiative, July 13, 2020, at 3-4, available at <http://www.caiso.com/InitiativeDocuments/SCEComments-Day-AheadMarketEnhancementsRevisedStrawProposal.pdf>.

¹² SCE notes that currently a system market power mitigation mechanism does not exist in the day-ahead market.

replaced by the CAISO proposal, and how potential impacts to contracts due to the proposed changes can be identified and subsequently addressed.

In addition, it is unclear whether the CAISO would impose the same requirement that “RA import cannot be recalled or curtailed to meet a source or intervening BAA’s own needs”¹³ for CAISO exports. The CAISO should clarify this in the next iteration.

- 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.

SCE does not support point-to-point firm transmission requirements at the time of RA showings as proposed by the CAISO. The newly proposed alternative (i.e., day-ahead e-Tagging requirement of the firm transmission service on last line of interest) provides flexibility with potentially less disruption to the market of RA Imports. However, the CAISO should provide additional data, as requested by the stakeholders during the July 14-16 stakeholder call. SCE’s position on the proposed alternative and related aspects (such as non-compliance penalties) will depend on further information to be provided by the CAISO and other considerations.

SCE notes that the alternative proposed by the CAISO on firm transmission requirement represents a more stringent requirement than what currently exists. A stricter requirement could significantly impact the liquidity of the market for import RA, in particular in light of the concern raised by some parties regarding the concentration in the market for firm transmission rights¹⁴. These concerns should be addressed before the CAISO moves forward with its proposal.

- 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.

[See the comment above.](#)

- 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.

[See the comment above.](#)

- 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.

[See the comment above.](#)

¹³ The CAISO Proposal, at 63.

¹⁴ E.g., MSCG Proposal Track 1 proposal on RA Imports, February 28, 2020, at 9-16 (R.19-11-009).

- 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.

See the comment above.

- 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.

SCE agrees with the CAISO on the issue regarding "sustainable energy output from shown resource adequacy storage devices in the real-time market to ensure reliable operations"¹⁵. SCE strongly agrees with the CAISO's intent to address the concerns caused by the issue. However, at this time, SCE believes that the CAISO's proposed solution is very limited in nature and appears incapable of adequately addressing the issue especially when the amount of energy storage devices is increasing rapidly in the near future.

One particular implication of the CAISO's proposed solution, i.e., the use of minimum charging limitations, is that the solution can significantly restrict and underuse energy storage resources in meeting the ramping needs. This can be a significant issue when the fleet of energy storage resources becomes large and with fewer and fewer conventional resources on the grid. If energy storage resources cannot contribute to solving the flexibility and ramping needs, it will be an inappropriate outcome and the CAISO markets will likely not be able to fully take advantage of the investment by ratepayers in those flexible resources which can lead to increased costs for ratepayers.

Further, imposing minimum charging limitations on storage resources requires these resources to forego economic transactions whose opportunity costs are greater than the rewards that may accrue from their day-ahead awards in some hours which may result in the extraction of a price premium from the market for their restricted availability. This outcome will also increase costs for ratepayers.

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.

SCE will provide its comments on the Flexible RA topic once more details from the CAISO Proposal is available.

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.

Based on the CAISO proposal, the conversion from NQC to UCAP for local RA requirements will be performed at the TAC level. Currently, the LCR study report lists local requirements in NQC for all local areas (e.g., Big Creek/Ventura and LA Basin in SCE TAC); those requirements are also submitted to the CPUC for adoption for its jurisdictional LSEs. Going

¹⁵ The CAISO Proposal, at 73.

forward and assuming that the LCR study report will continue to include the local RA requirements for all local areas, the CAISO should clarify, under the CAISO proposal, whether the UCAP requirement for each local area will also be shown in the report and if so, how the UCAP requirements at a local area will be derived. Providing such information will increase transparency, for instance, if there is a deficiency in UCAP in a local area that may require backstop procurement, such information can inform the stakeholders of the UCAP need in that particular local area.

- 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.

See the comments above.

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.

SCE does not have comments at this time. SCE may provide comments at a later time.

- 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.
 - 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.
 - 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.
 - i. Please provide your organization's feedback on an appropriate availability incentive design to apply to RMR resources after the removal of the RAIM tool, as described in section 4.4.4. Please explain your rationale and include examples if applicable.
 - d. Please provide your organization's feedback on the UCAP Deficiency Tool topic as described in section 4.4.5. Please explain your rationale and include examples if applicable.
5. Please provide your organization's feedback on the implementation plan, including the proposed phases, the order these policies must roll out, and the feasibility of the proposed implementation schedule, as described in section 5. Please explain your rationale and include examples if applicable.

As commented above, for many aspects of the CAISO proposal, strong coordination with LRAs is required to ensure a single set of RA requirements and program design rules. The implementation plan should consider the timeline and efforts for this coordination to happen. Of note, Track 3.B of the CPUC RA proceeding is scoped to evaluate structural changes to the RA program and the implementation plan should consider the impact of potential outcome of Track 3.B and the timeline thereof.

6. Please provide your organization's feedback on the proposed decisional classification for this initiative as described in section 6. Please explain your rationale and include examples if applicable.

SCE does not have comments at this time. SCE may provide comments at a later time.

Additional comments

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

SCE does not have comments at this time. SCE may provide comments at a later time.