



## Stakeholder Comments Template

### Resource Adequacy Enhancements – Straw Proposal Part 1

This template has been created for submission of stakeholder comments on Resource Adequacy Enhancements Straw Proposal Part 1 that was published on December 20, 2018. The Straw Proposal Part 1, Stakeholder meeting presentation, and other information related to this initiative may be found on the initiative webpage at: <http://www.caiso.com/informed/Pages/StakeholderProcesses/ResourceAdequacyEnhancements.aspx>

Upon completion of this template, please submit it to [initiativecomments@caiso.com](mailto:initiativecomments@caiso.com).

Submitted by	Organization	Date Submitted
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Submissions are requested by close of business on February 6, 2019.

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

#### 1. Rules for Import RA

Please provide your organization's feedback on the Rules for Import RA topic. Please explain your rationale and include examples if applicable.

Six Cities' Comments: In the Six Cities' view, the underlying objectives for the rules applicable to use of Import resources for RA purposes should be to maximize the pool of resources eligible to provide RA capacity, including Import resources, while simultaneously ensuring that resources counting for RA purposes are available to the CAISO BAA when they are needed to maintain reliability. With those objectives in mind, the Six Cities - -

- support requirements that LSEs designating an Import resource for RA capacity specify both (a) the source BAA for the resource and (b) the MIC allowance that will be used for delivery of the resource to the CAISO BAA;
- support application of a Must Offer Obligation ("MOO") for Import RA resources for both the Day-Ahead market and the Real-Time markets;

The Six Cities, however, do not support other modifications raised for consideration in the Straw Proposal, because they appear to be unnecessarily restrictive and likely to constrict the pool of resources eligible to provide RA capacity. The Cities have experienced increased challenges in identifying and procuring RA capacity, because it appears that the supply of uncommitted capacity eligible to provide RA capacity has been contracting. In light of the apparently tightening supply conditions for RA capacity, it would be counter-productive and detrimental to maintaining reliability to impose unnecessarily stringent availability requirements that would have the practical effect of disqualifying reliable capacity resources from providing RA capacity. For these reasons, the Six Cities - -

- do not support imposition of a 24/7 MOO for all Import RA resources, because it unnecessarily would disqualify capacity resources that are reliable and available during hours when the CAISO reasonably could be expected to need them. For example, all of the Cities have entitlements to output from the Hoover Power Plant, which is a highly reliable resource but, due to operating limitations, could not comply with a 24/7 MOO. Hoover currently is eligible to provide RA capacity and is subject to a MOO generally corresponding to the evening ramp hours. Consistent with the MOO currently applied to Hoover, it would be reasonable to consider one or more focused MOOs tied to (a) the type of RA capacity for which the resource is designated, (b) the range or ranges of hours when the CAISO is most likely to require availability of RA capacity of that type, and (c) the operational capabilities of the resource.
- do not support a requirement that all Import RA resources be capable of 15-minute bidding granularity. Requiring 15-minute bidding capability for capacity designated as Flexible RA would be reasonable, but applying that requirement to System RA capacity would be unduly restrictive.

## 2. RAIM Enhancements & Outage Rules

- a. Please provide your organization's feedback on the Addressing Planned and Forced Outage Issue topic. Please explain your rationale and include examples if applicable.

Six Cities' Comments: There is a pressing need for comprehensive review, revision, and reorganization of the CAISO's outage management rules, availability requirements, substitution rules, and availability incentives. At this point, the outage management rules and availability expectations, which clearly are interrelated, are scattered across multiple tariff sections, different Business Practice Manuals, and different Operating Procedures. Many provisions relating to these topics are ambiguous or inconsistent with other provisions or both. Isolated "clarifications," "refinements," or "enhancements" to these provisions will not be likely to resolve the current complexity, ambiguity, and internal inconsistency that make the outage and availability rules unduly burdensome for market participants and counter-productive in relation to the CAISO's stated objectives. As part of this initiative, the CAISO should gather all of the provisions relating to outage management and availability requirements from across the many tariff sections, BPMs, and Operating Procedures where they currently reside, develop a coherent

set of objectives for outage management and availability, and use those objectives as the basis for revising the rules relating to outage management and availability requirements to be expressed clearly, to be consistent with the framework of objectives, and to be consistent with each other.

With respect to objectives, The Six Cities recommend that the following principles guide the formulation of outage management rules and availability requirements:

- The rules should encourage resource owners and Scheduling Coordinators to coordinate with the CAISO in advance with respect to planned outages, including outages for routine maintenance and non-emergency repairs or replacements.
  - The rules should encourage resource owners and Scheduling Coordinators to avoid outages during periods when the system is stressed but not be so punitive as to discourage resources from providing RA capacity.
  - The eligibility criteria and availability requirements should be designed to produce an RA fleet that is likely to be capable of satisfying RA requirements, but they should not be so restrictive as to disqualify capacity capable of contributing to reliability or discourage resources from providing RA capacity.
  - Any penalties for non-availability should distinguish between isolated outages not reasonably avoidable by the resource owner and repeated outages. The CAISO should consider implementing graduated non-availability penalties, scaled with respect to both frequency of outages and system conditions at the time of an outage (*i.e.*, higher penalties for repeated outages and/or outages during stressed system conditions).
- b. Please provide your organization’s feedback on the RAIM Enhancements topic. Please explain your rationale and include examples if applicable.

Six Cities’ Comments: As discussed above, piecemeal “enhancements” to currently effective availability provisions will not be adequate to address the existing concerns with the complexities, ambiguities, and inconsistencies in the current framework for availability assessment and interrelated outage management provisions. A comprehensive overhaul is necessary.

- i. Please provide your organization’s feedback on the Availability & Performance Assessment Triggers options presented in the proposal.

Six Cities’ Comments: The Six Cities do not support discounting NQC for RA purposes based on forced outages, because past outage performance is not necessarily an indication of future outage performance. For example, plant replacements or upgrades may resolve the problems that led to past forced outages but would not be considered under an NQC adjustment approach. Moreover, the 15% reserve margin included in RA requirements incorporates

expectations for forced outages, and NQC adjustments could inflate RA costs unnecessarily.

The Six Cities also do not support the concept of disqualifying any capacity that is planning any outage during a month from being included in the RA showing for the month. Imposing such a disqualification for an outage of any duration would be overly restrictive and would discourage resources from collaboratively planning outages with the CAISO. Further, any consideration of disqualifying resources that are planning extended outages during a month from being included in the monthly RA showing should take place as part of a comprehensive overhaul of outage managements and availability rules as recommended above.

Likewise, any consideration of an event-based trigger for performance assessment should take place as part of a comprehensive reevaluation and revision of outage management and availability rules. The Six Cities are concerned, however, that an availability assessment based solely on an event-triggered test may be unduly influenced by episodic occurrences. See the suggestion in the fourth bullet point above with respect to a potential framework for graduated non-performance penalties based on considering both frequency of outages and system conditions at the time of an outage.

The Six Cities oppose elimination or narrowing of currently effective exemptions from RAAIM charges or payments for resources subject to long-term capacity contracts in effect prior to implementation of the RA framework. Such exemptions remain appropriate for resources covered by long-term commitments entered into prior to the development of RA rules. Under currently effective rules, such exemptions terminate when the original contract ends, and the Straw Proposal provides no evidence that maintaining the exemption for the duration of the grandfathered contracts is no longer reasonable.

### **3. Local Capacity Assessments with Availability-Limited Resources**

Please provide your organization's feedback on the Local Capacity Assessments with Availability-Limited Resources topic. Please explain your rationale and include examples if applicable.

Six Cities' Comments: Consistent with the objectives described above for expanding, rather than contracting, the pool of resources eligible to provide RA capacity, the Six Cities believe that availability-limited resources should remain eligible to meet at least some portion of Local RA requirements. However, for the reasons described in the Straw Proposal, it seems prudent for the CAISO to study the impacts of availability limitations on the ability of resources designated for Local RA to respond to dispatch directives and to maintain output levels as needed to sustain local reliability. If such studies establish a need to do so, it may be appropriate to consider some form of limitation on the extent to which availability-limited resources may be used to satisfy Local RA requirements. The outcome of the studies should inform the nature of any such limitations that may be considered.

**4. Meeting Local Capacity Needs with Slow Demand Response**

Please provide your organization's feedback on the Meeting Local Capacity Needs with Slow Demand Response topic. Please explain your rationale and include examples if applicable.

Six Cities' Response: The Six Cities have no comments at this time on this aspect of the Straw Proposal.

**Additional comments**

Please offer any other feedback your organization would like to provide on the RA Enhancements Straw Proposal Part 1.

Six Cities' Response: The Six Cities have no additional comments at this time.