



Stakeholder Comments Template

RA Enhancements

This template has been created for submission of stakeholder comments on the RA Enhancements Issue Paper that was published on October 22, 2018. The Issue Paper, 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.

Submitted by	Organization	Date Submitted
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Submissions are requested by close of business on **November 14, 2018**.

Please provide your organization's comments on the Issue Paper scope items listed below and any additional comments using this template.

Scoping Items

The ISO's has identified the following items for the initial scope of this stakeholder process. Please provide comments on each of the scoping items.

1. RA Counting and Eligibility Rules

a. System RA

The ISO proposes to review the RA counting and eligibility provisions related to RA resource NQC adjustments in this initiative, including a review of the application of Effective Forced Outage Rate (EFOR) performance criteria and accompanying NQC reductions and a review and clarification of RA counting rules for RA resources. Please provide comments on this scope.

Comments:

WPTF supports a review of the counting rules and notes top priority should be on creating a holistic policy that reduces complexity and maintains consistent practices with the CPUC. For example, adjustments to NQC based on an EFORD methodology should be coordinated with changes to the planning reserve margin and planned outage replacement

rules. Ultimately, WPTF believes an annual RA program with EFORd resource counting rules that has no planned outage replacement requirement and a PRM that accounts for potential forced outages would significantly reduce complexity and increase reliability.

b. Flexible RA

The ISO proposes to continue exploring enhanced flexible RA counting rules started in the FRACMOO2 stakeholder process. More specifically, the ISO will continue assessing the operational capabilities required from the fleet to align with both the Day-Ahead Market Enhancements (DAME) and the Extended Day Ahead Market (EDAM) and what flexible RA counting rule changes may be needed. Please provide comments on this scope.

Comments:

WPTF supports the scope of FRAC MOO 2 being moved into this initiative and continued alignment between market operational needs and flexible RA requirements. WPTF also supports further review and consideration of the flexible counting rules proposed in the FRACMOO2 stakeholder process to ensure that storage resources receive full counting for their charge and discharge capabilities. Moreover, WPTF notes that because the flexible capacity is capped at the system capacity for most RA resources and bundled under CPUC rules, any changes to NQC will also impact the amount of flexible RA a resource may provide.

WPTF, as discussed below, would like more clarity on how current processes like the FRACMOO 2 and DAME initiatives will be folded into a broader RA Enhancements stakeholder process, and what that would mean for the outstanding CAISO proposals in those proceedings. For instance, would the ISO re-open discussion on its Second Revised Flexible Capacity Framework proposal that seemed near complete? And what is the status of spinoff stakeholder initiatives from the FRACMOO2 process such as one to examine a separate flexible deliverability study for flexible RA products?

2. Review of Resource Adequacy Import Capability Provisions

The ISO proposes to conduct a comprehensive review of the ISO's Import Capability provisions, including; calculation methodologies, allocation process, and reassignment/trading provisions. The ISO believes that is may also be necessary to consider multi-year assessments and allocations. Please provide comments on this scope.

Comments:

WPTF supports this scope item and believes it should be given top priority.

3. Rules for RA imports

The ISO proposes to include a review of RA import rules and provisions in the scope of this initiative, including a reassessment of the requirements and rules for the sources behind RA imports. Please provide comments on this scope.

Comments:

WPTF supports this scope item and believes it should be given top priority. While reviewing Import RA rules, we encourage the CAISO to maximize reliability while encouraging liquidity of RA capacity offers at the interties. A review of historical performance of intertie RA resources relative to internal RA resources would be welcome, with a focus on availability rather than economics. We also encourage the CAISO to study the potential effectiveness of specific unit or balancing authority resources versus system and market resources. Requirements on specific units or BAs may damage liquidity and harm reliability, given the broader availability of system and market resources over unit contingent resources.

4. Must Offer Obligations, Substitution Rules, and RAIM

The ISO proposes to include a review of the following set of issues as a part of this stakeholder initiative; need for substitution rules and RAIM, developing an emergency or event based RAIM trigger, and must offer obligations for RA imports. Please provide comments on this scope.

Comments:

WPTF supports this scope item and believes it should be given top priority.

5. System and Flexible Capacity Assessments and Adequacy Tests

As part of this stakeholder initiative, the ISO is considering a new tool to assess the adequacy of the system and flexible RA fleet. Please provide comments on this scope.

Comments:

WPTF seeks more information on this item and specifically how it would work with the CPUC RA process before supporting this topic as priority for the CAISO. Resource adequacy must be an achievable target from a contracting and timing perspective for both suppliers and load serving entities. Any tool that might change the target for load serving entities within the RA showing process will significantly decrease efficiency and increase complexity - without necessarily achieving any additional operational reliability.

6. Meeting Local RA Needs

a. Local capacity assessments with availability limited resources

As part of this stakeholder initiative the ISO proposes to enhance the ISO's local capacity technical analysis to assess the impact of availability limited resources on local capacity needs. Please provide comments on this proposed scope.

Comments:

WPTF supports this scope item, although is unsure whether it needs to belong within this initiative or a separate initiative that is closely coordinated with this one.

b. Meeting local capacity needs with slow demand response

Through this initiative, the ISO proposes to explore how to best operationalize slow DR through pre-contingency dispatch, so these resources can mitigate local reliability concerns and qualify for local RA. Please provide comments on this scope.

Comments:

WPTF does not support this as a top priority for this initiative as there are more significant concerns with the broader program that need to be addressed.

7. CPM/RMR Review

Through this initiative, the ISO is planning to identify any needed changes to the capacity procurement mechanism (CPM) or reliability must run (RMR) mechanisms, particularly focusing on the existing cost allocation tools. Additionally, the ISO will specify the process for backstop procurement of essential reliability resources (ERRs) if they are not procured through the RA process. Please provide comments on this scope.

Comments:

WPTF seeks additional information on how this scope fits in with the scope of the current RMR and CPM Enhancements initiative and the Transmission Planning Process which already identifies needed capacity in each local sub-area. It seems reasonable that CPM/RMR shouldn't be re-opened until the rest of the new initiative issues are solved and then the CAISO can turn to how the backstop needs to work given the updated RA program.

8. Scope of Policy Examination

The ISO's has identified the initial scope for this stakeholder process as the items listed above. Please provide comments on the proposed scope. If there are specific items not already identified by the ISO that you believe should be considered, please provide specific rationale for why the ISO should consider it as part of this initiative.

Comments:

WPTF supports the additional items be in scope for any holistic RA reform:

1. **Planning Reserve Margin.** The CAISO should evaluate whether the current Planning Reserve Margin (PRM) is appropriate, especially if there are any changes made to the outage process. The PRM accounts for a portion of forced outages each month and whether additional or less capacity is needed will depend on how the CAISO counts resources and incents substitution for forced outages. Additionally, as each LRA may provide their own PRM to the CAISO, the CAISO should consider whether the existing policy where the RAAIM is tied to an assumed "acceptable" level of outages is sufficient to ensure reliability. WPTF notes that as the RA price far exceeds the RAAIM price, there could be increased instances of resources choosing to take the penalty over replacing capacity, potentially risking additional intermonth backstopping and reliability.
2. **Monthly Requirement instead of an annual or seasonal requirement.** A monthly requirement adds complexity and has not been shown to lower costs compared to a

Seasonal or Annual construct. Ultimately a resource must make a certain amount of fixed costs to remain in the market – whether this is monthly or seasonally, the amount of money does not change. It would be worthwhile to explore whether a seasonal or annual requirement could improve reliability and decrease complexity without increasing costs.

3. Planned outage process simplification. Many suppliers are facing a tight market where they cannot find planned outage substitution capacity or cannot find it at a reasonable cost given their existing contract. WPTF believes this is causing planned outages to be rescheduled to the detriment of costs and reliability. WPTF ask that the CAISO provide empirical evidence on the planned outage program and consider whether the process can be improved.
4. Hybrid Resource counting clarification. WPTF asks for increased related to solar-storage and wind-storage hybrid resources. In particular, clarification is needed on their qualifying capacity (QC) and net qualifying capacity (NQC) rules.

9. Other

Please provide any comments not addressed above, including any comments on process or scope of the RA Enhancements initiative, here.

Comments:

The CAISO has provided a reasonable list of potential changes to the RA program and WPTF believes that this is a great first step. As the next step, WPTF asks that the CAISO post a *Revised Issue Paper* or *Straw Proposal* that provides additional detail on the CAISO issues with, and goals for, the RA market.

WPTF requests that the CAISO provide additional detail about each issue listed. For example, slides eight – nine list “aspects of the current RA tariff authority that must be updated” but there is little explanation of the issues or what is causing the issues in each bullet point.

For example, item one states, “The current RA counting rules do not adequately reflect resource availability” and then the CAISO jumps straight into a description of the current rules and a proposed solution on slides 13 – 14. There is no description or analysis showing why current RA counting rules don’t reflect resource availability. Is it because of outages? Or difference between renewable counting and other counting rules? Which resources is the CAISO most concerned about? Is the CAISO concerned about over- or under- counting? And so on. Without a description of the CAISO’s concerns it will be hard to comment on whether the CAISO’s high-level proposal is a reasonable starting place.

WPTF also requests that the next paper have a section on the characteristics of a functional RA market jointly operated by the CPUC and CAISO that ensures the future reliability and operability of the grid. Without stated goals, WPTF is concerned that this initiative will address one-off issues rather than implement the holistic reform that (we believe) the CAISO intends. Ultimately, there are many ways the CPUC and CAISO’s RA program can meet grid needs and WPTF asks that the CAISO share their holistic vision for doing so before proposing changes individual components of the RA program. Finally, WPTF encourages the CAISO to work closely with the CPUC rather than in parallel. Working concurrently rather than collectively may lead to misalignments and unintended consequences that are detrimental to the long-term success of the RA program.