



## Stakeholder Comments Template

### RA Enhancements

This template has been created for submission of stakeholder comments on the straw proposal part two that was published on February 28. The 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](mailto:initiativecomments@caiso.com). Submissions are requested by close of business on March 20.

Submitted by	Organization	Date Submitted
<i>Carrie Bentley 916-306-0754</i>	<i>Gridwell Consulting for the Western Power Trading Forum</i>	<i>3/20/2019</i>

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

#### 1. Review of counting rules in other ISO/RTO's

Please provide your organization's feedback on this topic, described in Section 4.1. Please explain your rationale and include examples if applicable.

WPTF appreciates the review of other ISO/RTO counting rules. Although many other ISO/RTO's use a UCAP framework, it is important to acknowledge these ISO's have fundamentally different RA markets in terms of structure and resource mix. California has a monthly system RA requirement served through a bilateral market, unlike most other ISO's that have seasonal or annual system RA requirements served through a centralized market. California also has a significantly larger fleet of wind and solar resources, and use-limited resources that include storage, hydro, and gas with environmental restrictions. This unique resource mix (and the unusually high level of transmission constraints) means that California also has a more complex local requirements than other ISOs and has a flexible requirement that no other ISO has imposed. Therefore, even if other markets use a UCAP framework, imposing it at the CAISO would make California's already complicated RA framework that much more complex.

WPTF supports moving forward with the UCAP proposal, but also believes the CAISO and stakeholders should acknowledge from the onset that it will be more complex than the current RA paradigm and look for ways to simplify and streamline the design wherever possible.

## 2. Capacity counting and availability best practices

Please provide your organization's feedback on this topic, described in section 4.2. Please explain your rationale and include examples if applicable.

WPTF supports the removal of performance requirements from the RAAIM requirement and NQC methodology. WPTF supports additional work at the CPUC or CAISO in changing the system requirement to meet best practice reliability standards. It seems like either the CAISO can create its own ICAP methodology or work with the CPUC to change the system RA requirement based on a LOLE target. Either would lead to improved reliability.

## 3. RA counting rules and assessment enhancements

Please provide your organization's feedback on the following sub-section topics, described in section 4.3.

Please indicate any analysis and data review that your organization believes would be helpful to review on this topic. Please provide details and explain your rationale for the type of data and analysis that you suggest.

### a. Calculating NQC, UCAP, and EFC values topic, described in section 4.3.1.

WPTF supports maintaining the NQC framework and specifically maintaining RA showings based on NQC. WPTF supports the CAISO layering on top of this framework the UCAP proposal.

WPTF supports a UCAP and flexible UCAP methodology where the hours used in the UCAP assessment are explicitly tied to the hours of need for the product (i.e. system UCAP assesses a resource over peak hours, whereas flexible UCAP assesses a resource over a longer period across the day.)

Additionally, WPTF asks for additional details surrounding which forced outages would be exempt from impacting a resource's UCAP value, and how this would work for non-dispatchable resources that currently have their QC determined by historical output. For example, non-dispatchable hydro, CHP, QFs, etc.

### b. Determining System, Local, and Flexible RA requirements topic, described in section 4.3.2. Please explain your rationale and include examples if applicable.

WPTF supports the CAISO (or CPUC) reevaluating RA requirements in their entirety; including, but not limiting to, reassessing the Planning Reserve Margin in the context of high amounts of wholesale and BTM variable energy resources and whether the NERC standard 1 in 10 is still sufficient given the impacts and expected impacts of climate change.

### c. RA showings, supply plans, and assessments topic, described in section 4.3.3. Please explain your rationale and include examples if applicable.

### **System and Flexible Collective sufficiency assessments**

In section 4.3.3 the CAISO describes a System and Flexible Capacity sufficiency assessment that describes a portfolio assessment of “only the resources shown for RA to determine if the portfolio is adequate to serve load under various load and net load conditions.” The CAISO proposes to do a “production simulation” presumably using a production cost model.

WPTF does not support the CAISO moving forward with this aspect of the proposal. Planning requirements should be determined in advance and be based on fixed, transparent criteria.

Additionally, WPTF believes the premise of the assessment may be fundamentally flawed. At the March 6 meeting the CAISO described their intent to model only the shown RA capacity and test whether it met load and net load requirements. In response to the CPUC, the CAISO stated they would not have to make assumptions about imports because they would only be looking at shown RA capacity. This means either the CAISO is testing the resources against an exogenous net load variable, which does not require any sort of modeling – it is just a fixed requirement – or the CAISO is testing the resources against an endogenous net load requirement derived from modeling *only* shown RA capacity, which will have limited connection to actual operational needs.

In all ISO’s, but particularly the CAISO, resources used to serve load in the energy market may be entirely different than the resources the CAISO counts on for reliability for planning purposes. For example, according to the Department of Market Monitoring 2017 RA report, imports made up 24% of average annual energy in 2017, while they made up less than 10% of system RA capacity. Likewise, non-hydro renewables made up 23% of average annual energy, and less than 8% of system RA capacity.

Net load is load minus wind and solar (or load minus all non-dispatchable resources) and cannot be determined without making assumptions about the energy mix in the upcoming month. The CAISO simulates this when doing its flexible RA requirement studies using energy market data. There will be no value in testing whether shown RA capacity meets an endogenous RA only net load requirement.

If the CAISO misspoke and the plan is to in fact employ a production simulation that tests RA resources against expected energy market net load conditions, then as Michele Kito noted, the CAISO will need to make assumptions about the upcoming month’s energy market (including about imports) and this will be a complicated and contentious model to develop and vet each month with stakeholders.

WPTF looks forward to reviewing additional information about this proposal.

### **Market participation obligations**

WPTF supports the CAISO’s must offer obligation proposal. The UCAP requirement does not include an additional buffer for forced outages and therefore RA capacity must bid in their NQC value rather than their UCAP value.

### **Planned Outages**

It appears that the planned outage topic is primarily in Part 1, so WPTF will just reiterate support and need for process improvements as noted in our Part 1 comments and the

need for planned outage replacement requirements that do not change after the initial assessment.

- d. Backstop capacity procurement topic, described in section 4.3.4. Please explain your rationale and include examples if applicable.

WPTF supports backstop provisions for both UCAP and a 3-year forward requirement and asks the CAISO to provide more information on why they would not modify the tariff to align with the new 3-year RA requirement. WPTF thought the CAISO supported the CPUC rule to extend the requirement 3-years into the future and is confused why the CAISO is not choosing to backstop this requirement.

#### 4. Review of RA import capability provisions

Please provide your organization's feedback on the following sub-section topics, described in section 4.4.

Please indicate any analysis and data review that your organization believes would be helpful to review on the this topic. Please provide details and explain your rationale for the type of data and analysis that you suggest.

- a. Maximum Import Capability Calculation review, described in section 4.4.1. Please explain your rationale and include examples if applicable.

WPTF thanks the CAISO for the detailed analysis provided in the straw proposal and asks whether the CAISO could present that same analysis on the MIC process at each intertie point. Although there clearly is sufficient aggregate MIC, it is not clear to WPTF whether the current methodology is ensuring particular interties have sufficient MIC and is not limiting imports.

Also, it was noted in passing during the March 6 meeting that the total MIC is being used in the RMR assessment to determine whether the CAISO will allow a resource to mothball. If so, this is very concerning as the MIC level is not at all representative to likely system RA imports. WPTF requests clarification on whether this was an accurate description of the RMR assessment process.

- b. Available Import Capability Allocation Process review, described in section 4.4.2. Please explain your rationale and include examples if applicable.

The CAISO's potential enhancements on page 35 and 36 appear reasonable to explore further.

#### Additional comments

Please offer any other feedback your organization would like to provide on the RA Enhancements straw proposal – part two.