



## Resource Adequacy Enhancements – Straw Proposal Part 1

Submitted by	Organization	Date Submitted
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**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.

Wellhead is generally supportive of the direction in which the CAISO is headed with its proposal with regards to the need for import specificity.

Wellhead does not support moving forward with mandatory 15-minute bidding for system RA imports or a real-time MOO. These aspects are all related to flexibility and if the CAISO needs additional flexibility that should be done through a flexible RA product or incented through energy market prices or products.

Wellhead is neutral on a 24/7 MOO that would require imports to be “as available.” Similar to internal resources this requirement is not backed by any availability assessment. The requirement, which sounds like may have significant contractual issues and concerns from importers may end up unnecessarily complicating things without increasing reliability.

### 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.

i. **Planned Outages.** The primary enhancement that should be made to the planned outage process should be to ensure that planned outages are granted or denied sufficiently far in advance to allow for proper planning.

Wellhead is generally supportive of the CAISO's proposed option 1. A flaw in the current system for planned outages is a lack of certainty regarding when a planned outage may be taken. More specifically, generators, including Wellhead, are finding that there can be a significant delay in approval of planned outages. Major maintenance of generators requires substantial planning and can be logistically complex. Therefore, the more time a generator is given to plan the work to be done during an outage the better. Uncertainty related to whether the CAISO will grant a planned outage can lead to significant delays in the contracting and procuring for long lead items that are necessary for the optimal operation and maintenance of the generating units. The optimal operation and maintenance of generating resources is fundamental to ensuring that the resources are available when needed in order to ensure reliability, safety, and environmental compliance. Thus, it is imperative that the CAISO enhance the process for granting planned outages to ensure that planned outages can be granted sufficiently far in advance so as to allow for proper planning.

Wellhead strongly disagrees with option 2 as a viable solution to any issues related to planned outages. Option 2 is punitive in nature by essentially punishing resource owners for being diligent and responsibly maintaining their generators. As stated above proper maintenance is essential to operating generators in a manner that will ensure reliability and safety. The CAISO shouldn't adopt policies which provide negative incentives to properly maintain resources. Option 2 is such a policy and shouldn't be considered.

ii. **Forced Outages.** Wellhead believes that while RAAIM can be always be improved, it is an efficient and manageable structure that provides sufficient incentives for generators to be available as required. Any "Enhancement" to RAAIM which would result in the reduction of a resources NQC should not be considered a viable option and should be rejected.

Shifting to a structure that would impact the NQC of resources could create significant contractual risks that could threaten the viability of newly procured resources. It is imperative that the CAISO understand that the standard Resource Adequacy Purchase Agreement (“RAPA”) contracting templates in use for virtually all new generating and non-generating resources procured in recent years are based on the RAAIM structure. The standard RAPA contracts provide Capacity payments directly linked to NQC and as such a reduction in NQC is unequally prejudicial to certain resources; thus, unequally penalizing resources for the same failures. Furthermore, there may be unintended consequences with such a system. In some cases, an administrative NQC change as proposed, due to an event that is clearly curable, may trigger contractual and/or project finance processes that may put the long-term viability of the project at risk.

Reducing a resources NQC because of forced outages will also lead to over procurement. Past performance is not an indication of future performance; especially if the metric is unexpected events which are presumably cured once the resource comes back online. Further, due to the CAISO’s monthly RA construct, Wellhead believes it will be almost impossible to connect a historical forced outage in a particular month to that exact month going forward. Either the CAISO will have to reduce the NQC in all months or guess which month the forced outage may occur again. Either way the reduced NQC will be a fictional value that doesn’t accurately represent the capacity value of the resource. Thus, LSEs will have to procure additional capacity to compensate for the “lost” NQC. This will result in over procurement of capacity since the resource’s capabilities will not actually be reduced, but extra capacity will nonetheless be procured. As such, capacity will be procured which is not needed, while the NQC reduced resource will not be compensated for the entirety of its available capacity.

The proposal fails to recognize that there are economic market implications to a resource that fails to respond to CAISO dispatch instructions. Thus, the negative consequences discussed above will be needlessly suffered.

- b.** Please provide your organization’s feedback on the RAAIM Enhancements topic. Please explain your rationale and include examples if applicable.

Wellhead does not believe this should be a priority within the RA program and prefers the CAISO focus on improving the planned outage process and flexible RA product.

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

Please see above.

**Additional comments**

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