

Stakeholder Comments Template

Subject: Regional Resource Adequacy Initiative – Working Group, July 21, 2016

| Submitted by | Company | Date Submitted |
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The State of California’s Office of Ratepayer Advocates (ORA) provides the following comments on the California Independent System Operator Corporation’s (ISO) Working Group Meeting on Maximum Import Capability (MIC), Import Resource Adequacy (RA) Resources, and Uniform Counting Rules conducted on July 20, 2016, and briefing materials presented at the working group meeting.

The ISO stakeholder comments template solicits responses to more than twenty-five questions. ORA generally supports the direction being taken by the ISO on the issues discussed in the working group meeting. However, key information including supplemental data requested by stakeholders has not yet been provided. Therefore, ORA is unable to respond fully to the questions. In these comments, ORA reiterates procedural and timing concerns raised in its June 15th comments and calls for further substantive and procedural information to allow for fully informed stakeholder input into the ISO’s development of a regional RA framework.¹

Feedback on the July 21 Regional RA Working Group Meeting:

In the Working Group Meeting, the ISO provided a PowerPoint presentation offering informal proposals and questions on the MIC, Import RA Resources, and Uniform Counting Rules. Although requested by a large number of parties,² the presentation did not include supporting documentation or proposed language for the upcoming draft final proposal. ORA’s understanding is that the ISO will provide a general RA policy proposal to its board for approval in October. If approved by the ISO board, the ISO will then submit the Regional RA policy to the Federal Energy Regulatory Commission (FERC) for approval with the understanding that the

¹ ORA Comments on California ISO Second Revised Straw Proposal, June 15, 2016, p.4.

² See comments from CLECA, PG&E, BPA, PPC, Six Cities, SVP, Utah OCS, and XES on Revised Straw Proposal submitted to CAISO at: <http://www.caiso.com/Pages/documentsbygroup.aspx?GroupID=E8981E13-7523-4A59-A23E-8EEEE8DF0795>

policy proposals will require additional development prior to implementation within California and the PacifiCorp states.³ According to the ISO, development of formal tariff language will be addressed at a later date following the ISO submittal of the regional RA policy proposal to FERC.

ORA notes that its procedural questions which were raised in its June 15th comments were not addressed by the working group meeting. The ISO should provide more clarity on the process for stakeholder input going forward particularly for proposals that are not fully formulated or provide minimal detailed information. ISO's intention to seek the FERC's approval of RA policy proposals such as MIC and uniform counting methodologies which will be subject to change, possibly to accommodate other states' recommendations, places California stakeholders in the difficult position of agreeing with or opposing moving targets. For example, the ISO states "a comprehensive MIC redesign could take over one year to complete" and "would not be feasible within the timeframe of this initiative."⁴ However, because the MIC design like other RA-related policies has cost implications for California ratepayers, ORA and other stakeholders should have an opportunity to review changes made beyond this current preliminary stage to ensure that the import allocations are fairly distributed.

Additionally, the ISO needs to clarify how its current California initiatives will apply to PacifiCorp and other states that join the regional ISO. For example, the ISO states that "any changes to its flexible capacity product and/or counting rules will be addressed in its separate Flexible Resource Adequacy Criteria and Must-Offer Obligation –Phase 2 (FRACMOO 2)" stakeholder initiative.⁵ It is not clear how FRACMOO 2, which is currently a California specific initiative, will be incorporated with the regionalization effort. ORA and other stakeholders must be able to evaluate such critical details as part of the overall evaluation of how regional RA will affect each state's ratepayers. This important procedural step must be addressed by the ISO and communicated to stakeholders.

Also, the ISO will need to develop tariff language for its uniform counting methodologies proposal. ORA supports using Effective Load Carrying Capability (ELCC) calculations for assessing capacity values for wind and solar, especially as the penetration of these resources increases. The ISO states that it will conduct a separate stakeholder process to determine the details of an ELCC study.⁶ Complete information on the proposed timing and details on this stakeholder process is critical for stakeholder involvement. ORA notes that the California Public Utilities Commission (CPUC) has been conducting a stakeholder process for ELCC for several years without achieving a fully developed model ready for incorporation into the CPUC RA program. In an expanded ISO, covering many states and with more stakeholders, ELCC modeling is likely to become even more complex and can be expected to require a lengthy development process.

In response to stakeholder calls for working groups and requests for ISO responses to stakeholder concerns, the ISO should initiate a more interactive process that includes consideration of how different RA rules will impact resource availability, procurements costs,

³ California ISO Bi-Weekly Regional Integration Update, July 19, 2016, Presentation Materials; p. 4.

⁴ California ISO Regional Resource Adequacy Initiative Working Group Meeting, July 20, 2016, Presentation Materials; p. 16.

⁵ *Id.*, p. 38.

⁶ California ISO Regional Resource Adequacy Initiative Working Group Meeting, July 20, 2016, Presentation Materials; p. 42.

and the impact on reliability of the grid. Full stakeholder participation depends on understanding these critical details.

As a starting point, the ISO should explain how its proposals will impact reliability of the regional grid. The current rules for RA in California have been developed over time focusing on necessary policies to guarantee grid reliability. The ISO's current proposal contemplates relaxing certain rules or methods that it has deemed critical for ensuring reliability. Prior to changing current California policies, ORA requests supportive data showing that reliability will not be negatively impacted or, that any increased reliability risk is reasonable.

ORA appreciates this opportunity to provide input on these preliminary proposals and looks forward to working with the CAISO and stakeholders on further development of the RA tariffs.