



## **Submit comment on September 15 and 17 Working Group**

Initiative: Resource adequacy enhancements

### **1. Provide a summary of your organization's comments on the September 15 and 17, 2020 working group discussion:**

CalCCA continues to support CAISO's RA Enhancements in general, but opposes certain elements:

- Hybrid resource UCAP should not be adjusted based on the availability of the VER component, including due to use of the dynamic limit tool to reflect availability due to fuel limitations.
- CAISO's proposal to continue the current planned outage process with a replacement requirement will lead to greater amounts of replacement capacity than would be required if CAISO were to implement a planned outage replacement margin and has significant problems for local capacity resources that have limited replacement resources available.
- CAISO should not implement a source-to-sink firm transmission requirement for Import RA resources and should address potential market power issues before implementing a last leg firm transmission requirement.
- CalCCA believes CAISO's approach for applying UCAP for local capacity resources after identifying the LCR need based on NQC could work, but questions whether doing so actually adds any value given that the current pool of available local resources is limited and is already constrained both by resources' effectiveness factors and their forced outage rates. CalCCA also notes that CAISO's maintenance outage replacement requirement will create problems for local capacity resources, and also urges CAISO to coordinate with the Central Procurement Entities to ensure that the UCAP requirement does not result in an increase in local capacity procurement requirements without balancing costs and benefits.

### **2. Provide your organization's feedback on the Unforced Capacity Evaluations topic as described in slides 6-68:**

#### **Co-Located UCAP**

CalCCA supports CAISO's proposal to apply the UCAP methodology to co-located resource storage components, while using the ELCC for the solar component. We note that as the CAISO transitions to assessing resource adequacy on a more granular level via the portfolio assessment, it may make sense in the future to revisit the use of ELCC for Variable Energy Resources (in coordination with the CPUC as the LRA), since the impacts of their variability and their contributions toward meeting resource adequacy may be better captured directly by the portfolio assessment. CAISO already appears to be moving in this direction by proposing to model VERs in the portfolio assessment using their expected output profile.

#### **Hybrid UCAP**

CalCCA supports CAISO's proposal in the Hybrid resource Initiative to use outage cards for hybrid resource mechanical outages, while using the dynamic limit tool to communicate ambient derates or absence of the variable component due to fuel limitations. CalCCA is concerned, however, that the

CAISO's proposal to determine the Hourly Unavailability Factor for hybrid resources results in a double- or potentially triple- penalty, despite CAISO's statement on Slide 54 that it will not double count outages. For both standalone variable renewable resources and the renewable component of co-located resources, ELCC values alone are used to set UCAP values. This is due to the fact that the ELCC methodology takes into account the probability of forced outages for wind and solar resources. Therefore, reductions to hybrid resource counting due to application of forced outages in the Hourly Unavailability Factor calculation will be on top of adjustments that already have been reflected in the hybrid resource's ELCC. In addition, on Slide 54, CAISO recognizes that there will need to be coordination with the LRA to avoid double counting between the Hourly Unavailability Factor and the QC methodology. But, under the current CPUC QC methodology for hybrid resources with ITC charging limitations, the reliability value of the variable renewable component is discounted by the energy required to charge the storage component before applying the ELCC to the remaining renewable capacity. Thus, the hybrid resource QC has been adjusted downward by the amount of charging energy needed from the VER component.

The dynamic limit tool proposed by CAISO in the hybrid resources initiative is intended to ensure feasible dispatch schedules despite deviations between forecasted and actual renewable availability. In the Hybrid Resources Draft Final Proposal, CAISO explains that "forecast values from variable energy resource components...will likely be drivers to how much energy the resource can deliver to the market."<sup>1</sup> CAISO's proposal to use the dynamic limit impacts to determine the Hourly Unavailability Factor for hybrid resources in the RA Enhancements initiative would therefore result in an additional penalty, as the renewable component of hybrid resources would be subject to both ELCC, which accounts for intermittency of VERs, as well as application of the dynamic limit tool to account for fuel availability. As discussed above, the CPUC's QC methodology would further reduce UCAP hybrid resources. The reliability value of variable renewable resources in a hybrid configuration would therefore be undercounted relative to co-located and standalone renewables despite no difference in the underlying factors driving their availability. CalCCA therefore recommends that adjustments to hybrid resources UCAP values reflect only forced outages to the storage component and not include dynamic limit adjustments related to the VER component.

### **3. Provide your organization's feedback on the RA Imports topic as described in slides 71-120:**

While CalCCA continues to support the proposed resource specific (including aggregations) import RA requirements, we continue to oppose a source-to-sink firm transmission requirement for import RA. As an initial matter, while CAISO states on Slide 84 that there is precedent for firm transmission requirements for RA imports in other ISOs and RTOs, CAISO ignores the direct existing precedent that no such requirement currently exists for CAISO's import RA. Creating such a requirement without first addressing the potential market power issues that would be created by the requirement would harm California consumers. The way that market power is addressed in the Open Access Transmission Tariff (OATT) is by requiring unused long-term transmission rights be released prior to real-time. If CAISO requires import RA to demonstrate firm transmission prior to real-time, CAISO will have voluntarily created a requirement that thwarts this critical market power mitigation tool. To blithely suggest that CAISO market participants should raise concerns about market power that does not yet exist under a transmission provider's OATT shirks CAISO's responsibility to take a reasoned approach in evaluating the potential impacts of changes to its Tariff; those impacts include the potential seams issues and rules misalignment, including the possibility that the neighboring OATT

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<sup>1</sup> Hybrid Resources Draft Final Proposal, pg 10.

transmission release rules would no longer protect CAISO market participants against the exercise of market power.

BPA's own data illustrates the paucity of long-term transmission that has been released by the parties holding expiring long-term firm transmission rights.<sup>2</sup> Table 1.1 and Table 1.2 extracted from BPA's Southern Intertie Data report provide a clear indication that parties that do not currently hold long-term rights on BPA's Southern Intertie are not likely to be able to obtain expiring long-term firm transmission rights. Between 2012 and 2018, in five of the seven years none of the megawatts up for renewal were released. In the two years that megawatts were released, only 20 MW and 148 MW, 4% and 31% were released. Put another way, Table 1.2 shows that typically 100% of Transmission Service Requests (TSRs) were renewed and in one case the TSR that was not renewed was replaced by a new original request from the same party that had the expiring TSR. While some long-term firm transmission rights are not subject to renewal priority, these amounts are small in comparison to the potential Import RA amounts needed. What the BPA data suggests is that parties that do not currently hold BPA Southern Intertie long-term transmission rights are extremely unlikely to be able to obtain those rights from BPA at BPA's cost-based tariff rates to support their RA imports. Instead, they will have to obtain the rights from the current holders, who have priority renewal rights and who are not required to release any unsold rights until just prior to real-time.

**Table 1.1: Number of MWs Renewed per Year**

<b>Fiscal Year</b>	<b>MWs up for Renewal</b>	<b>Renewed/Original Service</b>	<b>% MWs Released</b>
<b>2012</b>	357	357	0%
<b>2013</b>	1431	1431	0%
<b>2014</b>	624	624	0%
<b>2015</b>	506	348	31%
<b>2016</b>	683	683	0%
<b>2017</b>	487	467	4%
<b>2018</b>	2683	2683	0%

Table 1.1 above shows the Transmission Service Requests (TSRs) MWs up for renewal, the MWs renewed, and the percent of MWs not renewed.

<sup>2</sup> [Southern Intertie Data as of FY 2018, Bonneville Power Administration, January 28, 2019.](#)

**Table 1.2: Count of TSRs Renewed per Year**

<b>Fiscal Year</b>	<b>Count of TSRs w/ Renewal Decision</b>	<b>Count of TSRs Fully Renewed</b>	<b>% TSRs Fully Renewed</b>
<b>2012</b>	1	1	100%
<b>2013</b>	9	9	100%
<b>2014</b>	7	7	100%
<b>2015</b>	12	7	58%
<b>2016</b>	13	13	100%
<b>2017</b>	3	2	67%
<b>2018</b>	17	16	94%

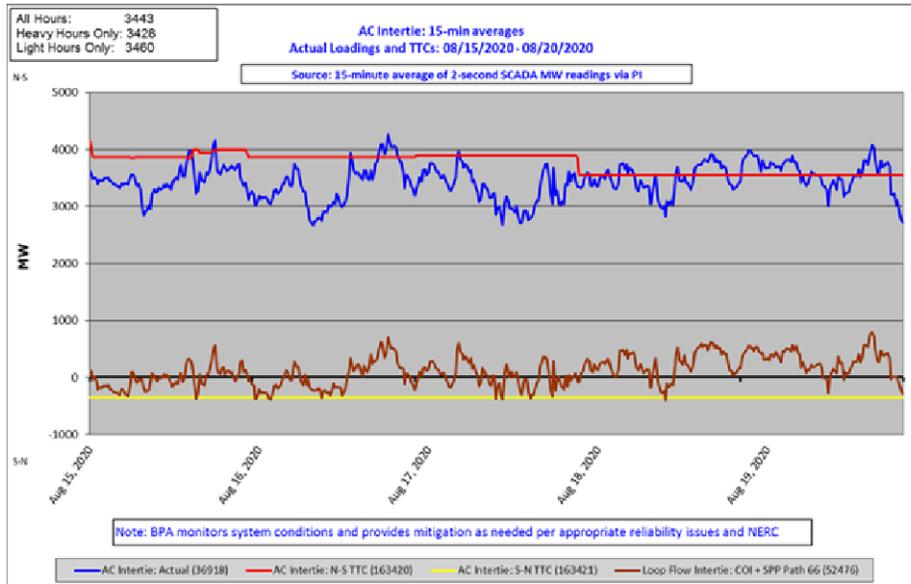
Table 1.2 above shows the number of Transmission Service Requests (TSRs) with a renewal decision by fiscal year, the number that were fully renewed, and the percent that were fully renewed.

In fiscal year 2018, no customer with the option to renew service reduced the amount of their long term Southern Intertie transmission reservations. One customer did not renew a TSR but had a new original request beginning in the month the non-renewed TSR ended.

The good news is that the data CAISO included in Slides 116 and 117 demonstrate that even during extremely stressed system conditions from August 15, 2020 through August 20, 2020, the amount of power flow on the California-Oregon Interface and the Nevada-Oregon Border intertie were near (or even slightly above) the respective Total Transfer Capability of those interties. This was the case even without the more stringent firm transmission requirements that CAISO is considering implementing. In contrast, the flowgate data CAISO included on Slides 98 – 100 show that those flowgates were not binding during stressed conditions. If CAISO is concerned about the deliverability of import RA resources, CAISO could put limits on the amount of RA import resources shown that are located on the constrained side of the most critical flowgates.

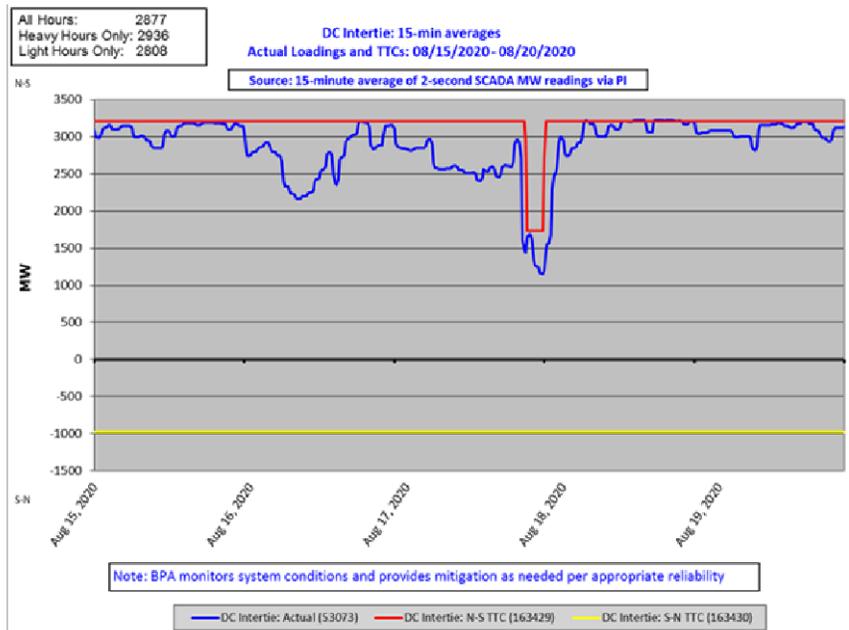
Further, it is important for CAISO to recognize that the COB and NOB interties are managed paths; the total transfer capability on the California side of the interties aligns with the TTC on the BPA Southern Intertie. Whatever transmission is available within California is matched by transmission on the BPA system. This is true whether or not California parties have contracted with BPA for long-term transmission rights.

# California-Oregon Interface ( AC intertie)



Underlying 15-min interval data averaged into hourly values from BPA website, found here: <https://transmission.bpa.gov/Business/Operations/Paths/>

# Nevada – Oregon Border (NOB or DC Intertie)



Underlying 15-min interval data averaged into hourly values from BPA website, found here: <https://transmission.bpa.gov/Business/Operations/Paths/>

**4. Provide your organization's feedback on the Planned Outage Process Enhancements topic as described in slides 121-125:**

CalCCA is disappointed that CAISO has decided not to implement the planned outage reserve margin and to instead maintain the existing planned outage replacement requirements with minor enhancements. First, we believe the statement on Slide 122 that the planned outage reserve margin was generally opposed by the stakeholder community mischaracterizes the comments submitted on CAISO's 5<sup>th</sup> Revised Straw Proposal. The majority of commenters did not comment on this aspect of the 5<sup>th</sup> Revised Straw Proposal (18 out of a total on 30 parties). Of those that did, seven entities either supported or conditionally supported the planned outage reserve margin (CalCCA, Calpine, Middle River Power, NRG support; NCPA, National Hydropower Association and Yuba County Water Agency would support if planned outages were not prohibited in October), while five opposed it (DMM, Public Advocates Office, PG&E, SDG&E, Six Cities). CalCCA represents 22 operational LSEs that serve more CAISO load than the bundled load of PG&E and SDG&E combined. Allowance for hydroelectric resource maintenance outages in Summer months will need to be addressed with either the planned outage reserve margin approach or if the current process is maintained. That is, either approach will need to recognize the limited window available for hydroelectric resource operators to perform their required maintenance due to water availability and weather conditions. CalCCA acknowledges that the planned outage reserve margin approach provides slightly less incentive for parties to minimize the duration of their planned outages, but we believe that the potential lost revenues and the costs associated with performing maintenance outages already provide sufficient incentive for resources owners to minimize the duration of their maintenance outages.

By continuing the current maintenance outage process, CAISO will miss an opportunity to reduce the aggregate amount of replacement capacity that will be required to cover the maintenance outages. Under CAISO's latest proposal to prohibit RA resource maintenance outages absent a replacement resource being provided, resource operators likely will need to acquire replacement capacity for an entire month, even if their maintenance outage is expected to last a single week. Worse, if the maintenance outage were to span two calendar months (even if it lasts only a single week), replacement capacity would need to be procured for two months. The planned outage reserve margin approach would allow for less replacement capacity in aggregate, and would reduce the amount of potential RA capacity that resource owners may hold in reserve to self-supply the increased amount of replacement capacity. Further, it will be extremely difficult, if not impossible, for owners of local capacity resources to obtain replacement capacity so that their maintenance outages will be approved. In many local capacity areas, all of the local resources are needed to satisfy local area or sub-area requirements. Absent a well-defined waiver process, the proposed prohibition on maintenance outages without replacement capacity will make it impossible for these resources to receive authorization for required maintenance. Reliance on opportunity outages will make it difficult for resources to plan for outages and is likely to increase costs. Treating the outages as forced outages will lower the UCAP for the local area without changing the required NQC or the pool of resources that can meet the requirement. For other local capacity areas, with limited resources that can provide replacement capacity for that specific local area or subarea, it seems likely that a resource owner seeking replacement capacity for maintenance outages would be exposed to the exercise of market power without any means for the market power to be mitigated. These issues will need to be addressed for the CAISO's proposed approach to become workable. For the above reasons, CalCCA urges the CAISO to reconsider its decision to reject the planned outage reserve margin approach.

**5. Provide your organization's feedback on the UCAP for local topic as described in slides 126-139:**

CalCCA believes CAISO's approach for applying UCAP for local capacity resources after identifying the LCR need based on NQC could work, but questions whether doing so actually adds any value given that the current pool of available local resources is limited and is already constrained both by resources' effectiveness factors and their forced outage rates. As new resources are added, incorporating forced outage rates into the local RA evaluation will incentivize increased reliability, but we are concerned that overlaying the UCAP requirement on local capacity resources may unnecessarily complicate the local capacity procurement process. Further, as noted in our comments above about the challenges presented by CAISO's proposal to require replacement capacity for all maintenance outages, CAISO will need to address this issue explicitly for local capacity resources if it doesn't adopt a planned outage reserve margin approach. Finally, CAISO should coordinate with the Central Procurement Entities to ensure that the UCAP requirement does not result in an increase in local capacity procurement requirements without balancing costs and benefits.

**6. Additional comments on the September 15 and 17, 2020 working groups:**