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Comments on Central procurement entity implementation - issue paper and straw proposal

Central procurement entity implementation

Comment period

Nov 23, 08:00 am - Dec 08, 05:00 pm

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California Community Choice Association

SUBMITTED 12/06/2021, 03:04 PM

Contact

Shawn-Dai Linderman (shawndai@cal-cca.org)

1. Please provide a summary of your organization's comments on the issue paper and straw proposal.

California Community Choice Association (CalCCA) appreciates the California Independent System Operator's (CAISO) timely initiation of this stakeholder process to implement a central procurement entity (CPE) structure for local resource adequacy (RA). This stakeholder process is necessary to ensure CAISO systems and processes can accommodate CPE showings beginning in RA year 2023. The CAISO's proposal focuses on tariff, business process, and software changes needed to accommodate the existing CPE structure as outlined in the California Public Utilities Commission's (Commission) Decision (D.) 20-06-002, recognizing that Rulemaking (R.) 21-10-002 is contemplating additional modifications to the existing structure. CalCCA generally supports the CAISO's straw proposal for implementing a CPE structure in the CAISO's RA processes. CalCCA's comments focus on ongoing progress that has been made thus far in central procurement for 2023 and 2024 that has highlighted areas for improvement to the current structure. These improvements are likely best addressed in R.21-10-002, however, CalCCA raises them in this forum as the effectiveness of the hybrid CPE framework has impacts on reliability, LSE procurement of system and flexible RA, and the CAISO's role as the backstop authority.

D.20-06-002 adopted a hybrid central buyer framework for local RA in Pacific Gas and Electric Company (PG&E) and Southern California Edison Company (SCE) service areas beginning with the 2023 RA compliance year. Under this framework, load-serving entities (LSEs) in PG&E and SCE territories will no longer receive local RA allocations. Instead, the CPE will be required to meet the local RA obligations through its own procurement using all-source solicitations or through "shown" resources offered by LSEs who retain the system and flexible attributes of resources they have procured but use the local attribute to reduce the CPE's overall procurement requirement. The CPE can also defer procurement to the CAISO's backstop mechanisms if procurement costs are deemed unreasonably high.

As the CAISO notes, the Commission's initial scoping memo in R.21-10-002 indicated the Commission may consider modifications to the CPE hybrid procurement structure, process, and timeline.^[1] While the CAISO will not be discussing how to modify the hybrid resource framework in this initiative and directs parties to raise policy concerns related to this framework in the Commission's proceeding, the effectiveness of the CPE framework will impact both LSE's ability to procure to meet their system and flexible RA requirements and the CAISO's need to rely on the Capacity Procurement Mechanism (CPM).

PG&E filed a Supplemental CPE Annual Compliance Report filed on November 19, 2021.^[2] The supplemental advice letter shows aggregate CPE procurement for the 2023 and 2024 compliance years. Total CPE procurement for 2023 is short of the 100 percent local RA requirement by roughly 4,000 to over 6,000 megawatts (MW) in some months. Total CPE procurement for 2024 is over 600 MW short of the 50 percent local RA requirement. It is not clear in the advice letter if the CPE will attempt to do more procurement to meet the local obligation or defer procurement to the CAISO's CPM authority.

This raises significant uncertainty for LSEs who need to procure to meet their system and flexible obligations and are left unclear of the amount of system and flexible RA credits they will receive from procurement done by the CPE. This also raises questions around the magnitude of CAISO's role as the backstop authority. If a CPE defers to the CAISO CPM authority, without understanding why the CPE

deferred to CAISO's backstop authority, it is unclear whether resources will be available for the CAISO to CPM and if the CAISO backstop mechanisms will be able to procure and allocate to fill the need under a relatively short timeframe. For example, if the CPE deferred to the CAISO backstop because bids into the CPE's solicitation were unreasonably high, the CAISO may be able to CPM local resources to meet the requirement. However, if the CPE deferred to the CAISO backstop because not enough resources were offered into the solicitation, the CAISO may not be able to CPM local resources to meet the requirement because resources are being used to meet other obligations.

LSEs and the CAISO would benefit from additional transparency in advance about the CPE's intent to defer procurement to the CAISO as the backstop authority and the reason for deferment, especially if the CPE forgoes procurement of a significant portion of the local obligation. Greater transparency around CPE procurement efforts would provide LSEs, the CAISO, and other stakeholders the ability to assess and understand how the current CPE structure is functioning and if the current structure will result in sufficient procurement of local resources to maintain system reliability and whether it will place significant pressure on CAISO backstop mechanisms with relatively little time for such procurement and allocation to occur.

[1] Supplemental: Pacific Gas and Electric Company ("PG&E") Central Procurement Entity ("CPE") Annual Compliance Report, Nov 19, 2021:

https://www.pge.com/tariffs/assets/pdf/advicelatter/ELEC_6386-E-A.pdf

[2] Order Instituting Rulemaking, R.21-10-002, October 11, 2021, at 5:

<https://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M414/K681/414681705.PDF>

2. Please provide comments on the system and local obligation for CPE and LSEs with load in multiple TAC Areas.

CalCCA has no additional comments at this time.

3. Please provide comments on the allocation of system and flexible attributes of Local RA Resources.

CalCCA has no additional comments at this time.

4. Please provide comments on the clarification of CPM Process and Cost Allocations.

CalCCA has no additional comments at this time.

5. Please provide comments on the RAIM settlement process enhancements.

CalCCA has no additional comments at this time.

6. Please provide comments on the EIM Governing Body classification.

CalCCA supports the EIM Governing Body classification of this initiative.

7. Please provide any additional input not included above related to the issue paper and straw proposal.

CalCCA has no additional comments at this time.

California Department of Water Resources

SUBMITTED 12/06/2021, 09:10 AM

Contact

Mohan Niroula (mohan.niroula@water.ca.gov)

1. Please provide a summary of your organization's comments on the issue paper and straw proposal.

CDWR supports the following aspects in the CAISO proposal:

- a. Confirmation that non-CPUC jurisdictional entities are not required to procure local RA resources through the central procurement entity (CPE) procurement process applicable to CPUC jurisdictional entities.
- b. Continue allocating local RA obligation to non-CPUC jurisdictional entities with a voluntary option to shift all or a part of local RA obligation to a CPE formed by non-CPUC jurisdictional LSEs.
- c. An LSE's (or a CPE's) local RA obligation in a TAC area will be limited to the LSE's (or the CPE's) applicable planning reserve margin and the demand in that TAC area.

- d. Maintain the current one year ahead annual RA showing process with respect to the CPUC's multi-year RA procurement and showings.
- e. Modify the tariff to allow a CPE to be assigned a local RA obligation, CPM cost, and RA credits.

2. Please provide comments on the system and local obligation for CPE and LSEs with load in multiple TAC Areas.

CDWR supports CAISO's proposal to cap the local RA obligations for an LSE with load in multiple TAC areas to their demand and planning reserve margin in each specific TAC area and not on the LSE's overall system RA obligations. This will eliminate an unfair burden on LSEs with load in multiple TAC areas potentially having a higher local CPM cost allocation compared to an LSE with load in a single TAC area.

However, it should be made clear that this proposal applies to both the annual and the monthly RA showings.

CAISO proposes that any CPE will be required to submit annual and monthly plans. Will the LSEs under a CPE be exempt from submitting annual and monthly plans (because the CPE for the LSE will submit monthly and annual plans)? Will both the LSE and the CPE be required to submit annual and monthly plans in case of partial shifting of LSE local RA obligation to a CPE?

3. Please provide comments on the allocation of system and flexible attributes of Local RA Resources.

CDWR agrees with the bundling of capacity and the need to make necessary arrangements for RA credit assignment due to the bundling of the system and flexible attributes.

4. Please provide comments on the clarification of CPM Process and Cost Allocations.

CDWR agrees that: a) a CPE should be allocated CPM costs for applicable individual and/or collective deficiency. b) a CPE should also be able to receive RA credits after the cost allocation.

5. Please provide comments on the RAIM settlement process enhancements.

CDWR does not object to the CAISO proposal to modify the current rule that unavailability charge assessed more than the monthly cap will rollover to fund allocations in future months. CAISO proposes that allocation be based on the trading month activities using the current formula for year-end allocations.

6. Please provide comments on the EIM Governing Body classification.

No comments.

7. Please provide any additional input not included above related to the issue paper and straw proposal.

No further comments.

Attachments

- [StakeholderCommentTemplate-CPE implementation-CDWR-12062021Final-approved.docx](#)

Metropolitan Water District

SUBMITTED 12/06/2021, 04:22 PM

Contact

John Michael Jontry (jjontry@mwdh2o.com)

1. Please provide a summary of your organization's comments on the issue paper and straw proposal.

Comments on the RAIM settlements enhancement proposal

2. Please provide comments on the system and local obligation for CPE and LSEs with load in multiple TAC Areas.

3. Please provide comments on the allocation of system and flexible attributes of Local RA Resources.

4. Please provide comments on the clarification of CPM Process and Cost Allocations.

5. Please provide comments on the RAIM settlement process enhancements.

The Metropolitan Water District of Southern California (MWD) has reviewed the straw proposal and notes with concern the following language on page 16 –

“Furthermore, the CAISO proposes to exclude market participants that have Transmission Ownership Rights (TOR) and Existing Transmission Contracts from the metered demand calculation. Existing Transmission Contracts entitle the SC to serve their Demand (Load + Export) from their supply resource (Generation + Import) using their transmission rights, and thus are not exposed to congestion charges. These schedules need to be self-scheduled in the market and do not require the market to dispatch RA generation to meet their load. This portion of load should not receive an allocation of excess funds because they are not dependent on their procured RA capacity to bid into the market to cover their load.”

MWD notes that as a market participant with TORs, we have the following concerns:

1. MWD's generation that participates in the CAISO market will still be subject to RAIM penalties, but MWD will no longer be eligible for excess RAIM penalties, and
2. The straw proposal does not reduce the RA showing requirements of entities that use TOR's to meet their RA needs.

This reduction of benefits with no concomitant reduction in penalties or obligations, on the face of it, does not appear fair. We would request that the CAISO clarify their reasoning for this change or consider a different approach.

6. Please provide comments on the EIM Governing Body classification.

7. Please provide any additional input not included above related to the issue paper and straw proposal.

Middle River Power, LLC

SUBMITTED 12/06/2021, 04:09 PM

Contact

Brian Theaker (btheaker@mrpgenco.com)

1. Please provide a summary of your organization's comments on the issue paper and straw proposal.

Middle River Power (MRP) understands the CAISO's goal to investigate changes required to facilitate the addition of the central procurement entity (CPE). MRP generally agrees that the CPE should have its own scheduling coordinator (SC) ID so that suppliers can submit supply plans to the CAISO for validation purposes. MRP also believes that allowing the CPE to be an SC would allow the CPE to schedule into the CAISO's energy markets if and when the CPE procures resources with energy dispatch rights. However, the proposal to allocate backstop procurement costs to the CPE seems to have little benefit because it would only apply only to two out of six CAISO backstop procurement tariff authorities but would not apply to reliability must run cost allocation.

MRP believes the inclusion of changes to RAIM is inappropriate for this initiative as it does not impact the CPE in any form. MRP understands the CAISO's desire to modify RAIM but that should be scoped either within the Resource Adequacy Enhancements initiative or another independent initiative.

2. Please provide comments on the system and local obligation for CPE and LSEs with load in multiple TAC Areas.

3. Please provide comments on the allocation of system and flexible attributes of Local RA Resources.

4. Please provide comments on the clarification of CPM Process and Cost Allocations.

5. Please provide comments on the RAIM settlement process enhancements.

The CAISO has proposed to eliminate the monthly roll-over of RAIM unavailability charges to future months so that it can avoid a situation in which the CAISO has insufficient carry-forward funds to refund to a resource due to an error that caused for a resettlement. Currently, those rollovers allow unavailability

charges to be used to fund availability incentive payments to RA resources that are available in a month more than two points above the CAISO's availability target of 96.5% (i.e., have availability greater than 98.5%).

MRP opposes this proposal for many reasons.

First, this matter is outside of the scope of purported topic of this initiative – CPE implementation. If the CAISO believes that RAAIM modifications are warranted, it should devote a separate, dedicated initiative to considering those changes. Given the fact that the CAISO proposed to eliminate RAAIM in the RA Enhancements initiative that began in late 2018, it is unclear why the CAISO is now proposing to modify RAAIM in the CPE implementation initiative.

Second, the CAISO's proposed solution does not solve the problem because it is still possible that unallocated RAAIM charges are insufficient to pay a refund on a monthly basis. While the CAISO attempted to explain its reasonings to FERC for its waiver, it's unclear why the CAISO does not propose to resettle the RAAIM incentive payments for all resources that received such payments. To MRP's knowledge, this resettlement has occurred only once. MRP requests the CAISO provide additional information to help stakeholders understand whether such a change is truly necessary.

Third, the CAISO's RAAIM penalty and incentive structure is already asymmetrically biased by the rule that funds RAAIM availability incentive payments only to the extent that the CAISO has collected RAAIM unavailability charges. Eliminating the carryover rule would further bias the RAAIM penalty and incentive structure. The CAISO's RAAIM penalty and incentive structure is already further biased against RA capacity suppliers by the CAISO's selection of a 96.5% availability target. By the CAISO's own admission, this availability target no longer represents a reasonable forced outage rate. CAISO witness Jeff Billinton's January 11, 2021 testimony In CPUC Rulemaking R.20-11-003 includes this statement: "The GADS [NERC's Generator Availability Data System] forced outage rate is a reasonable industry accepted measure of expected forced outages and I recommend that a 7.5% forced outage rate be used to allow for a more appropriate amount of expected forced outages."^[1] The CAISO's current RAAIM availability target of 96.5% is four percentage points higher than what the CAISO told the California Public Utilities Commission it believes is a reasonable availability target. And while the CAISO also applies a 2% "dead band" to this availability target – meaning that it neither penalizes availability above 94.5% nor rewards availability below 98.5% - the 94.5% RAAIM availability target is clearly above what the CAISO believes to be a reasonable forced outage rate. If the CAISO is going to make any changes to RAAIM, it must also revise this availability target.

Fourth, the CAISO offers several other reasons as to why the carryover rule should be eliminated that are unavailing. The CAISO observes that "This carry-forward mechanism allows the resource that was penalized in one month to receive an allocation of funds in the future month."^[2] This was found to be just and reasonable by FERC because the CAISO explained that "RAAIM is a mechanism to incent resource adequacy resources to comply with their must-offer obligations."^[3] Given the monthly structure of availability assessments, this argument carries no weight. There is no logical reason as to why a resource that was charged for unavailability in one month should not be eligible for availability incentive payments in a different, separately-assessed month. If the CAISO believes that a resource that is penalized for non-availability in one month should not be eligible for RAAIM incentive payments in a later month, then the CAISO should have structured RAAIM to apply over a period longer than a month. Would the CAISO assert that a resource that incurs a RAAIM non-availability charge in a non-peak load month like February in which there is likely a great surplus of available non-RA capacity, but later earns a RAAIM availability incentive payment in a peak load month like August in which there is no surplus of non-RA capacity is not, across the course of an entire operating year, providing an overall net benefit to the CAISO and to California load? If the CAISO truly believes that it is somehow unseemly for a resource that incurred a non-availability charge in one month to earn an availability incentive in a later month, it should not just eliminate the monthly carryover rule, but should restructure the RAAIM structure to apply over a longer period.

The CAISO also asserts that "This carry-forward mechanism also allows an SC to hedge against its RA obligation. A scheduling coordinator with more than one RA resource in its portfolio can hedge against the penalty by ensuring that at least one or more of the other RA resources meet their obligations."^[4] This statement is unfounded and unsupported by any fact in the proposal. This objection is irrelevant given that the CAISO assesses RAAIM charges on a *resource-specific* basis. There is nothing unseemly about individual resources earning RAAIM incentive payments that may, within a given scheduling coordinator's portfolio, offset RAAIM non-availability charges incurred by a separate resource within that scheduling coordinator's portfolio. This objection is not an objection about the carryover rule, but about the resource-specific application of RAAIM.

Again, if RAAIM is not accomplishing what the CAISO believes it should accomplish, the CAISO should conduct a stakeholder process to develop a new RAAIM design. Eliminating the monthly carryover by itself merely exacerbates the asymmetric nature of this penalty and incentive structure.

If the CAISO insists on eliminating the monthly carryover, the CAISO must also take two additional steps to rebalance the RAAIM structure:

1. The CAISO must reset the monthly RAAIM availability target to 92.5%, consistent with its testimony in the Emergency Reliability rulemaking. The CAISO may continue to apply a 2% dead band, but

the dead band should be centered at 92.5%.

2. The CAISO must drop the rule that allows the CAISO to provide RAAIM incentive payments only to the extent that it has collected non-availability charges. Recent events, like the rolling blackouts in August 2020, have brought to light the increased importance of resource adequacy. Increased availability of RA resources provides a tangible, direct benefit to California load. RAAIM incentive payments that are not offset by RAAIM non-availability charges should therefore be allocated to metered demand.

For all these reasons, MRP opposes the proposal to eliminate the RAAIM monthly carry-over.

[1] *Testimony of Jeff Billinton on Behalf of the California Independent System Operator Corporation*, submitted January 11, 2021 in California Public Utilities Commission Rulemaking R.20-11-003, at page 4, lines 14-16.

[2] Issue Paper and Straw Proposal at page 15.

[3] Transmittal Letter to ER15-1825 at page 5

[4] Id. The CAISO reiterated this purported benefit on page 16 of the Issue Paper and Straw Proposal: "Third, eliminating the monthly roll-over rule should increase the effectiveness of RAAIM by ensuring that a resource's performance in a given month is either paid or charged for that month and not cross-subsidized by another month's performance."

6. Please provide comments on the EIM Governing Body classification.

7. Please provide any additional input not included above related to the issue paper and straw proposal.

Pacific Gas & Electric

SUBMITTED 12/06/2021, 04:57 PM

Contact

Matt Connolly (mhco@pge.com)

1. Please provide a summary of your organization's comments on the issue paper and straw proposal.

Pacific Gas & Electric Company (PG&E) appreciates the CAISO's efforts in this initiative to update the tariff language and CAISO software to accommodate a Central Procurement Entity (CPE) construct. PG&E supports many of the CAISO's proposals outlined in the Straw Proposal; however, PG&E requests CAISO's consideration of the following alternatives and clarifications, specifically:

A. Capacity Procurement Mechanism (CPM) cost allocation for individual local RA deficiencies should be determined by a methodology established by the Local Regulatory Authority (LRA).

PG&E supports CAISO's proposal to not modify the collective local RA deficiencies CPM tariff language and, instead, proposes that the tariff language in Section 43A be modified to allow CPM cost allocation for individual local RA deficiencies to initially be determined by a methodology established by the LRA and only default to the CAISO's methodology if a methodology has not been established by the LRA.

B. The CAISO should provide clarification on the engagement and timeline as part of the California Public Utilities Commission (CPUC) process, as laid out in the Scoping Memo and Ruling in Rulemaking 21-10-002. Given the very tight timeframe between the start of this CAISO initiative and the expectation to request tariff approval at FERC, PG&E urges additional attention to the coordination with the CPUC process. The current comment period for this specific straw proposal is well ahead of the comment and proposal process as part of the CPUC Scoping Memo, and workshop. To that end, PG&E would like to see CAISO layout the CAISO timeline and expected engagements across the CAISO and CPUC processes.

2. Please provide comments on the system and local obligation for CPE and LSEs with load in multiple TAC Areas.

In the Issue Paper and Straw Proposal – Central Procurement Entity Implementation, CAISO proposes to exempt a CPE from Section 40.3.2(a) that effectively caps the local RA obligation at the CPE's system RA obligation and believes that this is needed because the CPE may not be an LSE with corresponding load to serve (e.g., a zero MW system RA obligation). PG&E supports this exemption for the CPE and believes that exempting the CPE from this tariff provision is consistent with the CPUC's adoption of the hybrid procurement framework adopted in Decision (D.) 20-06-002.

Related to this exemption for the CPE, CAISO also proposes to modify Section 40.3.2(a) and develop software enhancements to allow for LSEs with load in multiple TAC areas to cap an LSE's local RA obligation at their applicable demand and reserve margin requirements in each TAC area for the applicable month. PG&E has concerns with this aspect of the proposal when considering the CAISO's suggested solution that includes modifying D.20-06-002 to allow the CPUC to re-allocate the local RA obligation to those LSEs that agree to voluntarily show their self-procured resources. For example, if an LSE has load in multiple TAC areas, there could be a scenario where CAISO does not appropriately account for the local RA obligation. As an example, PG&E outlines a potential scenario in Table 1 below.

Table 1 – LSE A with Load in TAC A and TAC B

	Load	Self-Shown Resources	Re-Allocation of Local Obligation	Difference
TAC A	100 MW	20 MW	20 MW	-
TAC B	20 MW	30 MW	20 MW	(10) MW
Total	120 MW	50 MW	40 MW	(10) MW

CAISO's suggested solution to allow the CPUC to re-allocate the local RA obligation coupled with the proposal to modify Section 40.3.2(a) for LSEs with load in multiple TAC areas could present gaming opportunities. In the potential scenario above, LSE A could be incented to self-procure more resources in one TAC area to artificially cap its re-allocated local RA obligation amount and effectively remove the entire local RA obligation to show those resources to the CAISO. Additionally, because Section 40.3.2(a) requires the CAISO to allocate the difference of the local RA obligation to all CPUC-jurisdictional LSEs on a proportional share basis, those LSEs would then be assigned a local RA obligation and will be required to make up the difference through additional procurement.

Additionally, PG&E requests further clarification on the number and size of the LRAs that oversee multiple LSEs, and the need to generalize the tariff language to account for the possibility of another LRA other than the CPUC establishing a new CPE.

3. Please provide comments on the allocation of system and flexible attributes of Local RA Resources.

PG&E supports CAISO's proposal to implement separate fields in the LRA Credit templates in CIRA to accept and validate system and flexible RA CPE credits (similar to existing system CAM credits) and believes this is consistent with the CPUC's adoption of the hybrid procurement framework adopted in D.20-06-002.

4. Please provide comments on the clarification of CPM Process and Cost Allocations.

PG&E supports CAISO's proposal to not modify the tariff language as it relates to collective local RA deficiencies CPM, but has concerns, for the reasons outlined in these comments, with the CAISO's suggestion to follow the principle where the CPM cost allocation for an individual local RA deficiency will only follow the entity assigned the local RA obligation. PG&E believes that sole reliance on this principle could result in unintended consequences. Moreover, the self-shown concept of the hybrid procurement framework is scoped within the RA proceeding and any changes adopted in the CAISO's tariff language must be flexible enough to accommodate any modifications to the CPE structure that are ultimately adopted at the CPUC.

As an alternative to CAISO's proposal, PG&E strongly recommends that the tariff language in Section 43A be modified to allow CPM cost allocation for individual local RA deficiencies to be determined by a methodology established by the LRA. This would allow flexibility in the tariff language that could encompass any proposal set forth and ultimately adopted in the RA proceeding at the CPUC and ensure timely implementation of a mechanism that can appropriately allocate any CPM-related costs due to individual local RA procurement deficiencies.

PG&E proposes that the language used in Section 43A.8.8.c "Allocation by Local Regulatory Authority Method" could be similarly applied to CPM cost allocation for individual local RA deficiencies. Modifying the language in the tariff sections for CPM cost allocation as it relates to local capacity areas based on an LRA-defined methodology will allow for increased flexibility needed to avoid future modifications to the tariff given the continuous development and refinement of the CPE structure. For example, the tariff language could state:

Calculation of Deficiency by LRA

"The CAISO will determine whether each Local Regulatory Authority (LRA) met its allocable share of the Local Capacity Need based on the cumulative amount of Local RA Capacity that LRA's jurisdictional Load Serving Entities or CPE included in their annual and monthly Local RA Capacity Plans in total and included in their monthly Local RA Capacity Plans for each Local Capacity Area."

Allocation by Local Regulatory Authority Method

“If Load Serving Entities or CPEs jurisdictional to a Local Regulatory Authority have an individual local RA deficiency under Section 43A.2.1 and the Local Regulatory Authority has established its own methodology for allocating the Local Capacity Need to its jurisdictional Load Serving Entities, the CAISO will use the Local Regulatory Authority’s methodology to allocate the Local Capacity CPM costs to the Scheduling Coordinator of each Load Serving Entity that is jurisdictional to that Local Regulatory Authority and that failed to meet its procurement obligation. If the Local Regulatory Authority does not notify the CAISO of its allocation method by the deadline established in the relevant Business Practice Manual, then the CAISO allocates Local Capacity CPM costs using its default allocation methodology.”

PG&E also notes that the Reliability Requirements Business Practice Manual may need to be updated to support the proposed tariff language outlined in this section and could state:

Application of LRA-Defined Methodology

“The CAISO must receive advanced notice of this methodology in order to promptly complete its CPM process. Any LRA that chooses to identify its own LSE or CPE CPM cost allocation methodology must provide this methodology to the CAISO no later than the last business day in October prior to the compliance year; the CAISO will use this CPM cost allocation methodology for the entire compliance year.”

Lastly, PG&E supports CAISO’s proposal to keep the current language related to a collective local RA deficiency CPM the same where procurement costs from a collective local RA deficiency CPM are allocated pro-rata to all LSEs with load in that respective TAC area.

5. Please provide comments on the RAIM settlement process enhancements.

PG&E strongly supports the CAISO’s proposed enhancements to eliminate the RAIM carry-forward mechanism. CAISO is well-justified to move to a more simple and fair process to distribute excess RAIM funds. The need for CAISO to file a burdensome FERC waiver following settlement recalculations demonstrates one of the problems with the current mechanism.

6. Please provide comments on the EIM Governing Body classification.

PG&E supports the CAISO’s proposal that the EIM Governing Body should not have an advisory role in this initiative.

7. Please provide any additional input not included above related to the issue paper and straw proposal.

In this section, PG&E seeks clarifications and provides comments on three items: (a) Requirements of the CPE as a Market Participant, (b) Re-Allocation of the Local RA Obligation, and (c) Alignment of Schedule with the CPUC Proceeding.

a. Requirements of the CPE as a Market Participant

PG&E seeks clarification on the proposed language and requirements that will apply to the CPE as a market participant represented by a scheduling coordinator related to the new sub-section in Section 4 of the tariff, including any details to the pro forma agreement that will need to be developed.

PG&E also seeks confirmation that the CPE will be able to net any credit requirements for establishing the new scheduling coordinator ID needed for the CPE with that of the Utility it operates under given that they are the same legal and financial entity.

b. Re-Allocation of the Local RA Obligation

PG&E notes that the local RA obligation is a single value, measured in MWs, that is applied equally across all months of the year. PG&E seeks clarification on how CAISO’s suggested solution, which includes re-allocating the local RA obligation to LSEs that agreed to voluntarily show their self-procured resources, will be determined and distributed out to those LSEs. For example, if LSE A agrees to voluntarily show Resource Z for its entire NQC amount across all months of the year (notably, Resource Z has an NQC of 30 MWs in March and 50 MWs in August), it is not clear what the re-allocated local RA obligation amount will be and whether LSE A will have a single annual local RA obligation or a monthly local RA obligation.

c. Alignment of Schedule Between the CAISO’s CPE Implementation Initiative and CPUC Proceeding

Given the very tight timeframe between the start of this CAISO initiative and the expectation to request tariff approval at FERC, PG&E urges additional attention to the coordination with the CPUC process. The current comment period for this specific straw proposal is well ahead of the comment and proposal

Southern California Edison

SUBMITTED 12/06/2021, 04:28 PM

Contact

Wei Zhou (wei.zhou@sce.com)

1. Please provide a summary of your organization's comments on the issue paper and straw proposal.

Southern California Edison Company ("SCE") generally supports the CAISO's Central Procurement Entity ("CPE") Implementation issue paper and straw proposal ("CAISO Proposal") because the process it proposes for CPE local Resource Adequacy ("RA") procurement is reasonable. Specifically, SCE appreciates the CAISO Proposal's detailed stakeholder process and timeline to support implementation of a CPE process for the 2023 RA year. However, as discussed below, SCE recommends that the CAISO clarify the curing process for the CPE and load-serving entities ("LSEs") in the event of a deficiency.

2. Please provide comments on the system and local obligation for CPE and LSEs with load in multiple TAC Areas.

SCE supports the CAISO Proposal for providing the CPE and LSEs with an opportunity to cure a deficiency under Section 40.7.^[1] However, it is unclear from the CAISO Proposal what the curing process would specifically entail and what requirements a LSE would need to meet.

For example, CAISO's Proposal states that if the CAISO determines that a CPE's RA portfolio does not satisfy the Local Capacity Requirements ("LCR") after monthly and annual showing deadlines, resulting in a deficiency, an LSE in the CPE's territory can elect to cure a partial or full amount of the CPE deficiency.

SCE recommends that in such a situation, the CAISO should clarify the LSE's must offer obligation and which entity will be responsible for showing the capacity to the CAISO. Additionally, the CAISO should clarify that any LSE can offer capacity to cure the deficiency, including an LSE outside the CPE's territory.

^[1] CAISO Proposal, p. 12.

3. Please provide comments on the allocation of system and flexible attributes of Local RA Resources.

SCE currently has no comments.

4. Please provide comments on the clarification of CPM Process and Cost Allocations.

SCE currently has no comments.

5. Please provide comments on the RAAIM settlement process enhancements.

SCE supports CAISO Proposal's proposed RAAIM enhancement to "allocate the excess based on activity in that trading month according to the allocation formula that currently applies to the year-end allocation"^[1] rather than carrying over excess funds into the next month and reallocated annually.

^[1] CAISO Proposal, pp. 15-16.

6. Please provide comments on the EIM Governing Body classification.

SCE currently has no comments.

7. Please provide any additional input not included above related to the issue paper and straw proposal.

SCE appreciates and supports the CAISO' Proposal's detailed and expedited timeline for a stakeholder process to establish and implement the CPE process for local RA.