

California Community Choice Association

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Contact

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- 1. Please provide a summary of your organization's comments on the WEIM Resource Sufficiency Evaluation (RSE) Enhancements Phase 2 revised draft final proposal and September 2, 2022 stakeholder call discussion:**

California Community Choice Association's (CalCCA's) comments on the WEIM RSE Phase 2 revised draft final proposal (Revised Draft Final Proposal) are limited to Section 5, Energy Assistance (EA). Specifically, the CAISO should clarify several aspects of the EA proposal to address: (1) how the CAISO will decide whether to opt in to the EA program, (2) whether EA properly incentivizes load-serving entities (LSEs) within CAISO to procure sufficient capacity; and (3) the mechanisms, cost allocation and relevant cost causation, incentives, and decision-making by Balancing Authority Areas (BAAs) where the BAA is composed of multiple LSEs like in the CAISO.

- 2. Please provide your organization's overall position on the WEIM Resource Sufficiency Evaluation Enhancements Phase 2 revised draft final proposal:**

SUPPORT WITH CAVEATS

Support with caveats, as set forth below.

- 3. Provide your organization's comments on the proposal to not include load forecast adjustments as an obligation of the WEIM RSE, as described in section 4.1 of the revised draft final proposal:**

No comments at this time.

- 4. Provide your organization's comments on the interaction between advisory WEIM transfers, intertie import offers and lower priority exports cleared by the HASP, as described in section 4.2 of the revised draft final proposal:**

No comments at this time.

- 5. Provide your organization's comments on the resource sufficiency evaluation's proposed treatment of lower priority exports, as described in section 4.2.2 of the revised draft final proposal:**

No comments at this time.

- 6. Provide your organization's comments on the proposal to change the E-TAG designation of lower priority exports, as described in section 4.2.3 of the revised draft final proposal:**

No comments at this time.

- 7. Provide your organization's comments on the proposed treatment of uncertainty within the WEIM RSE, as described in section 4.3 of the revised draft final proposal:**

No comments at this time.

8. Provide your organization's comments on the proposal to cure supply insufficiencies through WEIM assistance energy transfers that embed the transfers cost in the deficient BAA's LMPs, as described in section 5.1 of the revised draft final proposal:

Section 5.1 does not sufficiently explain mechanisms, cost allocation and relevant cost causation, incentives, and decision making by BAAs where the BAA is composed of multiple LSEs such as in the CAISO. First, Section 5.1 is not clear on all of the locational marginal prices (LMPs) in the scenario depicted. The example in Section 5.1 appears to depict two nodes where there is a generation node from outside of the BAA, and what appears to be an aggregated node to serve the load inside of the emergency energy receiving BAA. While the example is clear on what happens to the LMP within the energy receiving BAA, it is not clear what happens to the price at the node where the generator was dispatched to provide emergency assistance. Only the Marginal Cost of Energy (MCE) is included, along with an indication of a \$1,000 incremental transfer cost which appears to be accounted for as a Marginal Cost of Congestion (MCC). It would appear then in total that the LMP for the generator providing emergency assistance that the total LMP will also be \$1,175. The example says nothing of what this LMP will mean to other generation providing energy that is serving local load and not providing emergency energy. Section 5.1 likewise does not indicate how the price at this LMP will enter into calculating the price paid by load in its DLAP pricing when a single node in the area is provided a transfer payment that is incorporated in the MCC of its node. Without answers to these questions, it is not clear what the total impact of this emergency energy is to the providing entity and what costs will need to be recovered.

In the case of a BAA where the BAA is the only LSE, decisions to use or not use emergency assistance are clear since the costs and alternatives are known to that entity who can make rational choices and for whom the costs will be incurred by all BAA customers. In the case of the CAISO where there are multiple LSEs and any single or combination of LSEs may be the cause of an RSE insufficiency, however, it is not clear that the costs to procure emergency energy follow cost causation principles. Since the example in Section 5.1 does not provide clarity about how the Default Load Aggregation Point (DLAP) costs will be calculated, one can only assume that the LMP will be factored into the costs and all LSEs in the DLAP will be charged for the emergency energy. It is therefore not clear how all load in the BAA will pay equally for this failure of the RSE, since it is not clear that the LMP at the import node will impact all of the DLAPs equally. Not accounted for is which entity caused the emergency energy to be necessary in the first place. In the CAISO, the resource adequacy (RA) process should provide sufficient energy from the RA capacity to pass the RSE. A failure of the RSE then is either: (1) the failure of an LSE to meet its RA requirements; (2) an outage of a resource shown as RA that is then unavailable to provide energy to the CAISO market; or 3) an unanticipated condition (forecast error, transmission outage, etc.) that causes the RA to be insufficient. It is not clear that each of these conditions mean that all load in the DLAP was the cause of the need for emergency energy, and therefore it is not clear that charging all load in the DLAP is consistent with cost causation principles. Further, when cost causation principles are not followed, it is unclear whether any entity

will have an incentive to ensure that sufficient energy is made available to the CAISO to meet an RSE test.

Finally, where the BAA is composed of multiple LSEs, Section 5.1 appears to leave the decision to participate in emergency energy provision up to the BAA. This means that LSEs who will pay the costs will not have an ability to choose whether to participate – rather, the decision to opt in or out will be left up to the BAA. Combined with unclear cost allocation based upon cost causation principles, this leaves LSEs with insufficient ability to find and obtain alternative energy to provide to the market to make least cost decisions.

The CAISO should provide further information in Section 5.1 including how settlements will work for both the generator providing emergency energy, as well as the settlements for other generation at the same node as the generator providing emergency energy. In addition, the CAISO should clarify the cost allocation to all load receiving energy assistance including BAAs for which there are multiple DLAPs impacting LSEs within those DLAPs differently. The CAISO should also explain how these settlements are consistent with cost causation principles and provide sufficient incentive to all parties to find least cost solutions to curing an RSE insufficiency. Finally, the CAISO should describe how it will make its own decision to participate in receipt of emergency energy on behalf of multiple LSEs who will be impacted by the costs of this decision.

9. Provide your organization's comments on the proposal to optionally elect to receive assistance energy transfers through a masterfile designation, as described in section 5.1 of the revised draft final proposal:

The logistics of opting in or out of the EA should be clarified by the CAISO. The Revised Draft Final Proposal provides that the election to utilize EA will be made in the CAISO Master File and any changes to that election will occur through the existing Master File process. However, the CAISO fails to explain its internal processes for deciding whether to opt in or out of the EA. For example, who makes the decision for the CAISO to opt in or out, and what are the parameters for making that decision? CAISO's decision may subject all LSEs within the CAISO to the potentially high penalty prices. Therefore, the CAISO risks disincentivizing LSEs from procuring sufficient capacity to serve their load as they may face the penalty pricing if the CAISO opts in and fails the RSE, regardless of whether particular LSEs procured sufficient capacity.

10. Provide your organization's comments on the allocation of assistance energy revenue, as described in section 5.1.1 of the revised draft final proposal:

No comments at this time.

11. Provide your organization's comments on the proposal to monitor for misuse of WEIM assistance energy transfers, as described in section 5.1.2 of the revised draft final proposal:

No comments at this time.

12. Provide your organization's comments on the proposed WEIM decisional classification, as described in section 6 of the revised draft final proposal:

No comments at this time.

13. Provide any additional comments on the WEIM Resource Sufficiency Evaluation Enhancements Phase 2 revised draft final proposal or September 2, 2022 stakeholder call discussion:

No comments at this time.