



Stakeholder Comments Template

CAISO RA Workshop: Current Processes and Interoperability with the CPUC's Slice of Day Reform

This template has been created for submission of stakeholder comments on the CAISO RA Workshop: Current Processes and Interoperability with the CPUC's Slice of Day Reform stakeholder call that was held on June 06, 2023. The meeting presentation and meeting recording for this initiative have been posted to the Miscellaneous stakeholder meetings [webpage](#).

Upon completion of this template, please submit it to initiativecomments@caiso.com. Submissions are requested by close of business on **June 20, 2023**.

Submitted by	Organization	Date Submitted
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Please provide your organization's comments on the following issues and questions.

The California Community Choice Association (CalCCA) appreciates the opportunity to comment on the June 6, 2023 Workshop on the California Independent System Operator (CAISO) Resource Adequacy (RA) processes and their interoperability with the California Public Utilities Commission (CPUC) Slice-of-Day (SOD) program. The CAISO proposes to conduct the RA program as status quo in the 2024 test year and consider reforms for 2025 SOD implementation in a future RA Enhancements initiative. For 2025 implementation, the CAISO anticipates receiving "single monthly non-zero QC values by resource" and validating based on those single values rather than based upon a SOD framework. As described below, the CAISO should:

1. Revisit its planned activities in the test year to allow the CAISO and load-serving entities (LSEs) to test compliance before SOD implementation; and
2. Clarify how the CAISO will perform backstop in the event CAISO LSEs collectively or individually do not procure sufficient capacity to satisfy RA needs in all hours of the day.

The CAISO should also immediately begin the RA Enhancements initiative with its first phase focusing on SOD, so that RA program participants are well-informed of CAISO RA processes and obligations for the test year and well before the first SOD compliance year.

1. What feedback does your organization have on the CAISO's approach to treat the CPUC's Slice of Day reform 2024 (test year) as informational only?

As CalCCA understands, the CAISO is not planning to do a test validation in 2024 of the single monthly non-zero qualifying capacity (QC) values against the requirement that the CAISO will use to validate RA showings under SOD. The CAISO is also not planning to determine what single monthly non-zero QC value will be used for compliance until after the stakeholder process in 2024. This is problematic. LSEs must be able to test their portfolios against CPUC compliance obligations and CAISO compliance obligations during the test year to ensure they are prepared to comply with both obligations. The aim of SOD is to address energy attributes and hourly capacity requirements across all 24 hours, and CAISO's validation will look at a single hour. Therefore, the CAISO's validation process should be designed such that if an LSE passes CPUC SOD compliance, then they will inherently also pass CAISO compliance. To ensure this alignment between SOD and CAISO requirements, the CAISO must conduct its SOD stakeholder process prior to the test year such that the CAISO and RA program participants can evaluate their test year RA showings under both SOD and CAISO compliance obligations.

2. What feedback does your organization have on the CAISO's approach to address compliance for the CPUC's Slice of Day reform in 2025 (implementation year) as a part of the broader Resource Adequacy (RA) Enhancements initiative?

The CAISO indicated the broader RA Enhancements initiative will take place in late 2023 through 2024. This is too late to address compliance with the CPUC's SOD reform for 2025. Again, LSEs must be able to confirm in the test year that if they pass the CPUC SOD requirements, they will also pass the CAISO requirements. This requires a determination and publication of the "single monthly non-zero QC values" that the CAISO will use to assess compliance and the single hourly requirement that those values will need to meet. This is not possible if the CAISO conducts its stakeholder initiative during the test year. The CAISO should initiate its RA Enhancements initiative immediately and prioritize work on SOD alignment such that it can conclude before the start of the 2024 test year.

3. Are there any key risks your organization has identified if the CAISO does not make any changes to the CAISO's RA program and processes for resource adequacy year 2024 or 2025, with respect to the CPUC's Slice of Day reform?

If the CAISO does not make any changes to its RA program and processes for SOD, the CAISO risks missing reliability needs in hours beyond the single hour the CAISO checks for compliance. To mitigate this risk, the CAISO needs to consider how to revise its backstop process to assess the ability of the RA fleet to meet RA needs in all hours. When analyzing RA sufficiency for the purposes of making backstop decisions, the CAISO should do an hourly assessment to check whether the entire shown RA fleet is sufficient to meet RA needs in all hours.

The CAISO should also consider how to allocate costs when backstop is performed on hourly RA needs to ensure all programs are allocated costs consistently. For example, if the CAISO identifies a deficiency in a subset of hours

caused collectively by CPUC jurisdictional LSEs, the CPUC jurisdictional LSEs should be allocated the costs of any backstop procurement resolving the deficiency. If the CAISO identifies a deficiency in a subset of hours caused collectively by non-CPUC jurisdictional LSEs, the non-CPUC jurisdictional LSEs should be allocated the costs of any backstop procurement resolving the deficiency.

In sum, if the CAISO makes no changes in response to SOD, the CAISO risks missing reliability issues in the 23 hours the CAISO will not assess for RA compliance. The CAISO should avoid this risk by performing an hourly assessment of the ability for the RA fleet to meet hourly RA needs, and allocate backstop costs in a manner that reflects each LSE's contribution to the hourly need.

4. Is there a data analysis approach your organization has developed or analysis your organization recommends the CAISO should develop to analyze the CPUC's Slice of Day reform effort?

If the CAISO is not already analyzing the ability of the RA fleet to meet RA needs in all hours, then the CAISO should develop such an analysis. As described above, this analysis is needed to correctly make backstop decisions and allocate backstop costs to deficient entities. The CAISO performs this analysis on a daily basis and rolling weekly basis comparing available RA supply to forecasted load,¹ and for local RA to determine collective energy deficiencies.² It is not clear, however, if the CAISO analyzes the ability of the year-ahead and month-ahead RA fleets to meet year-ahead and month-ahead hourly RA requirements at a system level.

5. What topics does your organization recommend the CAISO address in upcoming RA Enhancements working group meetings? Do you have a recommended prioritization?

First and foremost, the CAISO should prioritize and accelerate the stakeholder process for determining changes that must be made to CAISO processes to accommodate SOD so that there is certainty around CAISO RA program counting, requirements, compliance, and backstop before the compliance year.

The CAISO should prioritize two other issues in RA Enhancements: Unforced Capacity (UCAP) counting rules and planned outage substation rules. CalCCA has long supported the CAISO and CPUC moving to a UCAP to account for forced outages in the capacity value of RA resources. The existing Resource Adequacy Availability Incentive Mechanism (RAAIM) is ineffective at incenting resources to do planned maintenance to avoid forced outages and ineffective at incenting substitute capacity to replace RA capacity on outage. CPUC's D.23-04-010 states that it supports "explor[ing] a comprehensive application of UCAP..." and, in recognition of issues with tracking forced outage data using existing ISO systems,

¹ <http://www.caiso.com/TodaysOutlook/Pages/index.html>.

² CAISO Tariff Section 40.3.1.1.

“encourage[d] CAISO to work through these data limitations to further develop a full UCAP mechanism for consideration in this proceeding.”³ The CAISO should prioritize working through data issues necessary to implement a UCAP methodology within RA Enhancements.

The CAISO should also explore further modifications to the planned outage substitution rules. Today, the CAISO requires all planned outages to come with substitute capacity, which can result in withholding of capacity from the market and resources including a risk premium to cover any potential costs of substitute capacity. A future planned outage process that allows RA resources to reliably take planned outages without having to provide substitution in all cases could reduce holding back RA capacity and reduce RA costs.

6. For non-CPUC jurisdictional LRAs, are there any changes occurring to your RA program in the next few years that the CAISO should be aware of?

N/A

7. Please provide any additional comments you may have on the workshop discussion.

No additional comments at this time.

³ CPUC Decision (D.) 23-04-010 *Decision on Phase 2 of The Resource Adequacy Reform Track*, Rulemaking 21-10-002 (Apr. 7 2023), at 41:
<https://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M505/K753/505753716.PDF>.