

California Community Choice Association

SUBMITTED 02/27/2024, 03:02 PM

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1. Provide a summary of your organization's comments on the 2/13 RAMPD Working Group discussion:

The California Community Choice Association (CalCCA) appreciates the opportunity to submit comments on the February 13, 2024, Resource Adequacy (RA) Modeling and Program Design Working Group meeting (Working Group). The California Independent System Operator Corporation's (CAISO) role in the RA program is critical to ensuring sufficient capacity is available to the market to support reliable electric service. To enhance the CAISO's program design, tools, and modeling, the CAISO should adopt the following recommendations described in detail herein:

- The CAISO should closely monitor the results of the next Deliverability Assessment(s) to gauge the effectiveness of the Generator Deliverability Assessment Review initiative's modifications, report back to stakeholders, and, as warranted, revisit key elements of this effort for future modifications.
- The CAISO should leverage many of the principles and proposal elements from its prior 2021 unforced capacity (UCAP) proposal.
- The CAISO should couple UCAP with clarifications to the definitions of outage types and bid insertion rules.
- As part of this initiative and the California Public Utilities Commission's (Commission) RA proceeding (R.23-10-011), the CAISO and CPUC should seek to resolve differences between each entity's proposal and adopt a uniform UCAP counting framework that produces resource-specific UCAP values.
- The CAISO should encourage and provide opportunities for all Local Regulatory Authorities (LRAs) to adopt the same resource counting and availability incentive methodology. As an alternative, if some LRAs adopt a UCAP methodology while others do not, the best way to ensure comparable treatment across LRAs is to balance resource counting and Planning Reserve Margin (PRM) setting in a manner that ensures the same reliability target across LRAs.
- The CAISO should add stack analyses to accompany its proposed probabilistic modeling framework.
- To develop 100 percent projected RA showings for the year-ahead needed for the short-term assessment, the CAISO should estimate the 100 percent RA showings using the information it has that market participants do not.
- To obtain projected estimates of contracted capacity needed for the medium-term assessment, the CAISO should coordinate with the CPUC, which already collects the data necessary to estimate incremental new additions as part of its Joint Reliability Planning Assessment^[1] (Joint Assessment).

[1] See, for example, the expected contracted resources from the *Joint Reliability Planning Assessment - SB 846 Fourth Quarterly Report*, Tables 3 and 4: <https://efiling.energy.ca.gov/GetDocument.aspx?tn=25342>. CalCCA used this data to perform its stack analysis of RA sufficiency for years 2024-2026, Exhibit A: <https://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M524/K571/524571013.PDF>.

2. Provide your organization's comments on the review of feedback received on problem statements 2 and 3:

CalCCA has no comments on the stakeholder feedback received on problem statements 2 and 3 at this time.

3. Provide your organization's comments on the CAISO presentation, Continued Exploration of Problem Statements: Deliverability:

In the workshop, the CAISO reviewed the changes proposed in the Generation Deliverability Methodology Review Final Proposal aimed at ensuring deliverability requirements balance reliability and cost containment and are not unduly burdensome. As communicated within the Generation Deliverability Methodology Review

initiative,[1] CalCCA supports the proposed modifications, but recommends that over the next 12 months, the CAISO closely monitors the results of the next Deliverability Assessment(s) to gauge the effectiveness of the modifications, report back to stakeholders, and, as warranted, revisit key elements of this effort for future modifications.

[1] <https://stakeholdercenter.caiso.com/Comments/AllComments/00e00fb1-d7c8-49db-a7e6-090daecf421a#org-cb335852-8962-4646-8d56-0de010bb02ca>.

4. Provide your organization's comments on the CAISO presentation, Prior 2021 UCAP Proposal Refresher:

The CAISO's 2021 UCAP proposal contains many principles and proposal elements that the CAISO and CPUC should leverage as they develop their UCAP methodology. Such elements include:

- Allowing UCAP to dynamically capture forced outage rates rather than relying on the PRM; Under UCAP, the PRM would only need to cover operating reserves and forecast error;
- Calculating resource-specific UCAP values to maintain the incentives individual generators have to maintain their plants and limit forced outages;
- Differentiating UCAP values by season to capture any potential patterns in forced outages due to temperature or other seasonal factors;
- Assessing forced outages during the tightest supply cushion hours or when generation is in demand;
- Applying counting rules in a manner that puts all technology types on a level playing field and accurately reflects their capabilities in both the year-ahead and month-ahead timeframe – this should include a review of the counting methodologies for all resources (including those that would use UCAP, like thermal and storage, and those that would not, like hydro); and
- Setting the must-offer obligation at the deliverable qualifying capacity amount rather than the UCAP amount so that enough supply is offered into the market to account for expected forced outages without substitution.

The CAISO should couple UCAP with clarifications to the definitions of outage types (forced, planned, urgent, and opportunity) so that generators are clear about what outage type they need to define their outages as, and which outage types UCAP applies to. The CAISO should also revisit its bid insertion rules to ensure that resources are incentivized to properly submit outages when they are unavailable so that UCAP values accurately reflect availability.

5. Provide your organization's comments on the CPUC presentation, RA Proceeding UCAP Scoring:

During the workshop, the CPUC presented its UCAP proposal Energy Division submitted in the RA proceeding, R.23-10-011.[1] The CPUC's proposal would produce technology-specific UCAP values rather than unit-specific UCAP values. Unit-specific UCAP values are necessary because they provide incentives for units to be available and take actions to minimize forced outages. Technology-specific values diminish these incentives by not directly rewarding resources that are reliable with higher UCAP values and directly penalizing resources that are not reliable with lower UCAP values. The CAISO and the CPUC should leverage Outage Management System (OMS) to develop publicly available UCAP values and give generators an opportunity to validate the value as they do with NQC today. OMS appears to be a superior data source given it tracks outages for all CAISO resources, while Generating Availability Data System (GADS) only tracks outages for a subset of resources.

The CPUC's proposed methodology and the CAISO's previous UCAP proposal differ in a number of ways (technology-specific versus unit-specific UCAP values, monthly versus seasonal UCAP values, Effective Forced Outage Rate of Demand (EFORd) versus tightest supply cushion, etc.). As part of this initiative and the CPUC's RA proceeding, the CAISO and CPUC should seek to resolve these differences and adopt a uniform UCAP counting framework.

[1] *Order Instituting Rulemaking to Oversee the Resource Adequacy Program, Consider Program Reforms and Refinements, and Establish Forward Resource Adequacy Procurement Obligations*, Rulemaking (R.) 23-10-011 (10/12/23): https://apps.cpuc.ca.gov/apex/f?p=401:56:::RP,57,RIR:P5_PROCEEDING_SELECT:R2310011.

6. Provide your organization's comments on the panel discussion, Stakeholder Perspectives on Balancing Resource Counting with Availability and Performance Incentives:

CalCCA appreciates the opportunity to hear the perspectives of other panelists regarding resource counting and its interactions with availability and performance incentives. The panel discussion was helpful in informing the following recommendations.

The CAISO should encourage and provide opportunities for all LRAs to adopt the same resource counting and availability incentive methodology. Regardless of the LRA and load-serving entity (LSE), all resources participate in the same market and should have the same incentives to be available. The CAISO should adopt a UCAP methodology collaboratively with all LRAs to align on availability incentives and resource counting to the greatest extent possible.

As an alternative, if some LRAs adopt a UCAP methodology while others do not, the best way to ensure comparable treatment across LRAs is to balance resource counting and PRM setting in a manner that ensures the same reliability target across LRAs. LRAs using UCAP should adjust their PRMs so that the portion of the PRM that accounts for forced outage rates is removed because it is instead accounted for in the counting rules for resources. The CAISO or the California Energy Commission could evaluate PRMs and recommend higher PRMs for those LRAs that choose to use a less reliable accounting of expected resource output. This would place requirements on a similar basis; one that accounts for expected outages within the resource counting and the other that counts for it in the PRM.

A UCAP counting framework should have the following key attributes. *First*, UCAP values should be unit-specific. The CAISO should collect data as needed to calculate accurate, unit-specific UCAP values. Non-unit-specific UCAP values, like technology-specific values, do not create the same incentive to conduct planned maintenance to keep the plants reliable. It may be necessary to use an average technology-based UCAP value for new resources that do not yet have data to create their own UCAP. The CAISO could consider using a class average of the newest resources in the class for which data is available before transitioning resources to unit-specific values. *Second*, the CAISO should calculate UCAP values for all deliverable generators at all times regardless of whether they are being shown for RA at a given time or not. This will ensure all resources capable of providing RA have the same incentives to maintain their plant and have a high UCAP value for when they sell RA in the future. *Third*, the CAISO should not allow an option to get out of UCAP accounting by providing replacement/substitution. UCAP eliminates the need to manage risk associated with providing substitution while evaluating all resources on a level playing field. *Fourth*, a UCAP counting framework should allow for the full elimination of Resource Adequacy Availability Incentive Mechanism (RAAIM). UCAP provides better availability incentives than RAAIM because it ties resource-specific performance to RA prices, which are currently much higher than the RAAIM penalty price. This problem cannot be solved by modifying the RAAIM price because, by design, the RAAIM price is too static to drive performance when RA prices change. *Fifth*, information about UCAP values should be publicly available so that the market can reasonably forecast RA credit for the next year. *Finally*, UCAP should be set on an annual basis the June prior to the annual showings so that LSEs know the value of resources they are contracting for and do not have uncertainty during the RA year.

CalCCA appreciates the Six Cities' presentation on current challenges in resource procurement and strongly agrees with the Six Cities' conclusion that "LSEs are unable to build, buy, or import RA-eligible capacity at a reasonable price at this time." CalCCA has reached a similar conclusion through its stack analysis of the RA supply and demand balance from 2023 through 2026 and its analysis of the Federal Energy Regulatory Commission's Electronic Quarterly Reports.[1]

CalCCA does not take a position on the Six Cities conceptual proposals at this time but asks clarifying questions on conceptual proposals three and four. First, it would be helpful to understand how conceptual proposal three differs from the CAISO's existing Capacity Procurement Mechanism. Second, is the purpose or effect of conceptual proposal four to modify the must-offer obligation of RA shown for different days? Answers to these questions will aid in developing a position on these proposals.

[1] *Public Version California Community Choice Association's Comments on Assigned Commissioner's Scoping Memo and Ruling, R.23-10-011 (Jan. 19, 2024), Exhibit A:* <https://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M524/K571/524571013.PDF>.

7. Provide your organization's comments on the CAISO presentation, Potential Modeling Frameworks:

The CAISO proposes to perform modeling to ensure capacity sufficiency in the short-term, medium-term, and long-term. In the short-term modeling (year-ahead), the CAISO will assess whether the year-ahead RA showings are adequate to meet a reliability target. In the medium-term modeling (2-4 years ahead), the CAISO will assess whether the current level of authorized procurement and contracted capacity is sufficient to meet a reliability target. In the long-term modeling (5-10 years ahead), the CAISO will assess whether long-term planning will produce resource-adequate portfolios that meet reliability targets. The CAISO's proposed study scope appears to offer valuable information about the sufficiency of the RA fleet to meet demand, but the CAISO should add stack analyses to accompany the probabilistic modeling for the reasons described in its December 20, 2023 comments.[1]

The CAISO indicates that to conduct its modeling, it may need to solicit information from LSEs that it would use to make assumptions about what types of resources LSEs will have under contract in each time period. This information the CAISO would request LSEs provide for the short-term and medium-term includes:

- Short-term – monthly non-binding 100 percent projected RA “soft showings” for the year-ahead; and
- Medium-term – projected estimates of contract capacity including incremental new additions (including CAISO resource IDs and queue numbers for new resource additions) and retirement assumptions.

This type of information is necessary for the CAISO to fully capture the projected availability of RA capacity and avoid results that show false capacity insufficiencies. The CAISO should, however, adopt the following recommendations for information gathering:

- To develop 100 percent projected RA showings for the year-ahead needed for the short-term assessment, the CAISO should estimate the 100 percent RA showings using the information it has that market participants do not. The CAISO has access to all LSE year-ahead (YA) showings and supply plans. The CAISO also has the current NQC list as well as knowledge of historical RA imports in the YA and month ahead (MA) time frame and the trend of those imports over time. Equipped with that knowledge, the CAISO is in the best position to use its available data to understand what is likely to be available to CA LSEs to meet the remaining MA RA requirement. Given the information that the CAISO has, the CAISO can identify resources on the NQC list that have not been shown in the YA RA showings and use that information to make better assumptions about what resources will be shown between the YA and MA.
- To obtain projected estimates of contracted capacity needed for the medium-term assessment, the CAISO should coordinate with the CPUC, which already collects the data necessary to estimate incremental new additions as part of its Joint Assessment.[2] Such coordination would ensure the CAISO and CPUC are using consistent data sources to identify expected new resources and would minimize the administrative burden on LSEs who already report such data in various places. The CAISO could then combine this data with the NQC list and retirement assumptions to result in a full list of new and existing capacity expected to be available in the medium term.

[1] <https://stakeholdercenter.caiso.com/Comments/AllComments/1aafa171-55d2-4e71-869e-f2b78a0718c9>.

[2] See, for example, the expected contracted resources from the Joint Reliability Planning Assessment - SB 846 Fourth Quarterly Report, Tables 3 and 4: <https://efiling.energy.ca.gov/GetDocument.aspx?tn=25342>. CalCCA used this data to perform its stack analysis of RA sufficiency for years 2024-2026 at the following link in Exhibit A: <https://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M524/K571/524571013.PDF>.

8. Additional comments:

CalCCA has no additional comments at this time.