

California Community Choice Association

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Contact

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1. Please provide your organization's feedback on any scope items that should be added or removed from "Track 1: Modeling, Defaults and Accreditation".

The California Community Choice Association (CalCCA) supports the California Independent System Operator's (CAISO) scope of Track 1, which was presented on Slide 16 and includes:

- Conducting a probabilistic assessment to evaluate the sufficiency of the current or expected CAISO balancing authority area (BAA) resource adequacy (RA) portfolio in forward time frames;
- Updating the CAISO's default resource counting rules and planning reserve margin (PRM) to reflect the reliability contribution of different resource types and achieve a 0.1 loss-of-load expectation (LOLE); and
- Addressing ambient derates and considering the development of an unforced capacity (UCAP) mechanism.

These scope items will help support the reliability and availability of the RA portfolio. They will require coordination with the local regulatory authorities who are responsible for setting counting rules and PRMs dependent upon their unique RA program structures.

2. Please provide your organization's feedback on any scope items that should be added or removed from "Track 2: Outage and Substitution & Availability and Incentive Mechanisms".

The CAISO's Track 2 scope items were presented on Slide 28. The CAISO should move forward with the scope items listed in Table 1 for the reasons described in the table.

Table 1: Scope Items that Should be Included in Track 2

Scope Item	Comment
Outage and resource adequacy availability incentive mechanism (RAAIM) Analysis	Analyzing outage and substitution rates and the performance of RAAIM will help guide the path forward for ensuring RA availability. This analysis should be aimed at informing a successful UCAP design, given that UCAP is a superior availability incentive mechanism to RAAIM for the reasons described in CalCCA's January 30, 2024, comments. [1]
Outage Definitions	Examining the need to update outage definitions will support the future UCAP design by ensuring outage types accurately reflect the reasons for unavailability (maintenance or forced outages) and whether different outage types should apply to a UCAP calculation. For example, current outage types used for storage likely do not accurately reflect reasons for unavailability and may result in inaccurate UCAP calculations if they are not clarified.
Outage Substitution Pool	An outage substitution pool that makes it easier for generators taking outages to find substitute capacity could enhance the planned outage substitution process. It retains the generator's responsibility to find substitute capacity when it

	takes a planned outage while providing RA and enhances generators' ability to find and secure substitute capacity.
Outage Reporting Timelines	Like an outage substitution pool, modifications for when planned outages are reported and substituted retain the responsibility for the generator to find substitute capacity when it takes a planned outage while providing RA. The CAISO should explore whether modifying when generators are required to report planned outages and provide substitution would simplify the ability for generators to schedule and cover planned outages.
Revisiting the RAAIM goals	Revisiting the goals of RAAIM is necessary to determine if they are still relevant and, if they are, ensure the policy developed in this initiative meets those goals.
Revisiting must-offer-obligations (MOO) and bid-insertion rules	It is prudent to revisit MOO and bid-insertion rules at this time to ensure they (1) continue to require RA resources to bid when they are available, when and where needed and (2) align with the UCAP framework once implemented.
Removing RAAIM	The CAISO should pursue removing RAAIM in favor of UCAP for the reasons described in CalCCA's January 30, 2024, comments. [2]

The CAISO should remove the following items from the Track 2 scope, as described in Table 2.

Track 2: Scope Items that Should be Removed from Track 2

Scope Item	Comment
Outage Buffer	As described in CalCCA's May 27, 2024, comments, [3] the CAISO should not consider a planned outage buffer as doing so would shift the burden of generator outages from the party that can control outages (the generator) to a party that cannot (the load-serving entity (LSE)).
RA Showing Granularity	As described in CalCCA's May 27, 2024, comments, [4] the CAISO should not shift the RA showing granularity from yearly to monthly because there is less certainty of the availability of certain resources (primarily hydro and imports) in the year-ahead time frame than in the month-ahead time frame.

Allow for Daily Variability in Monthly Showings	Allowing RA showings for a subset of days rather than a full month seems to add complexity that may not provide benefits to LSEs responsible for making the showings. This is because the granularity of the RA requirement is monthly and, for California Public Utilities Commission (CPUC) -jurisdictional LSEs, hourly for the entire month. As such, there may be a limited market for daily RA products. The CAISO should instead focus on a planned outage substitution pool or modifications to the planned outage substitution reporting timelines.
Modifying the RAAIM Price or Moving to Daily RAAIM	For the reasons described in CalCCA's January 30, 2024, comments, ^[5] UCAP is a better availability incentive mechanism and the CAISO should focus on developing UCAP over modifying RAAIM. An incentive mechanism tied to a price is inferior to an incentive mechanism tied to a quantity because as the RA price changes, the effectiveness of the incentive also changes. Now that RA prices are so high, the CAISO or stakeholders may be inclined to increase the RAAIM price to follow RA prices. Simply increasing the RAAIM price may result in fewer Capacity Procurement Mechanism (CPM) offers, frustrating one of the CAISO's other objectives in this initiative, because the RAAIM charge would be higher than what the resource would be paid through its CPM. This would occur because the price received for a CPM would be placed at significant risk to be mostly or completely lost to RAAIM charges if the CPM resource experienced an outage.
Exploring Stronger Performance Incentives and Coordinating with Price Formation Scarcity Pricing	Again, the CAISO should focus its efforts in this initiative on developing UCAP as the availability incentive mechanism. The CAISO has a different venue for discussing scarcity pricing, the Price Formation Enhancements initiative, which is better suited for evaluating potential modifications to the CAISO's scarcity pricing mechanism.

[1] <https://stakeholdercenter.aiso.com/Comments/AllComments/97779f5e-e0a7-4b0f-ad97-855c6cc08ead#org-fe78f059-eae0-4c19-ad57-f3767aa36546>.

[2] *Id.*

[3] <https://stakeholdercenter.aiso.com/Comments/AllComments/a79881e1-374a-4d13-aa17-cbbf7e631b3a#org-6b240e6d-295e-4f19-9bf2-280896d7b4a4>.

[4] *Id.*

[5] *Id.*

3. Please provide your organization's feedback on any scope items that should be added or removed from "Track 3: Backstop Reform".

The CAISO presented its Track 3 scope items on Slide 31. The CAISO should move forward with these scope items, which include:

- Obtaining visibility into the availability of resources for backstop;
- Evaluating alternative designs to obtain backstop capacity more efficiently and reliably by addressing the lack of competitive solicitation process (CSP) bids and redefining needed attributes; and
- Developing solutions beyond exceptional dispatch to cure extended day-ahead market resource sufficiency evaluation failures more efficiently and reliably.

As the CAISO is evaluating alternative designs to obtain backstop capacity, it must consider how current RA market dynamics will affect CAISO's access to CPM capacity through the CSP. The lack of CSP offers is not a function of the way the CAISO's current backstop processes are designed but rather a function of the current lack of capacity that has RA market prices unprecedentedly high. This does not signal a need to change the current CPM soft-offer cap (SOC). The process for defining the SOC works as intended, covering going-forward fixed costs of the marginal resources on the system and mitigating market power.^[1] It is not intended to be competitive with bi-lateral market prices, which currently reflect market scarcity rather than resources' costs.

If the concern is that capacity will sell to other markets rather than make itself available for CPM, the solution is not increasing the SOC. Instead, the CAISO may need to request the Federal Energy Regulatory Commission (FERC) to implement a capacity market cap for the West, like it has for the energy market. The FERC enforces an energy price cap for the CAISO market and other energy transactions in the West. In 101 FERC ¶ 61,061, the FERC stated the purpose of the West-wide SOC was to avoid potential "disincentives to bid into the CAISO markets".^[2] If capacity market prices West-wide are extending well beyond those necessary to cover generator costs, the CAISO may need to request the FERC to implement a cap for the capacity markets in the west to avoid disincentives where the CAISO CPM has a cost-based SOC that other markets do not.

In addition, the CAISO should add the treatment of "credited" resources (resources count for RA under the CPUC rules but are not shown on CAISO supply plans) to the scope of Track 3. The CAISO should work with the CPUC to ensure credited resources' RA capacity is recognized, either through changes to the CPUC rules to have credit resources shown on supply plans or through a CAISO tariff change to recognize credited resources when allocating CPM costs.

^[1] *Revised Discussion Paper & Draft Recommendation Plan*, Version 2 (June 14, 2024) at 22.

^[2] 101 FERC ¶ 61,061 at 20

4. Please provide your organization's feedback on the scope items not included in any of the three tracks, but are either left out or scoped for future working group discussion.

CalCCA has no comments at this time.

5. Please provide your organization's feedback to WTPF's presentation, "The Role of CAISO LOLE Modeling in Reliability Planning".

WTPF's presentation included a proposal that would extend the CAISO's reliability-must-run (RMR) authority to reliability needs identified up to four years forward. If RMRs become more prevalent in the CAISO footprint, the CAISO should consider implementing a more rigorous review process of the costs used to set the RMR contract price. This would ensure customer costs are mitigated while generators reasonably recover their own costs and prevent excessive customer expense on RMR procurement. A more rigorous review process could involve bringing the Department of Market Monitoring (DMM) into the review process, as the DMM has the expertise necessary to assess the reasonableness of the RMR contract price given estimated generator costs.

6. Please provide any feedback not already captured.

CalCCA has no additional comments at this time.