



Stakeholder Comments Template

Resource Adequacy Enhancements

This template has been created for submission of stakeholder comments on the Resource Adequacy Enhancements working group on June 10, 2020. The stakeholder call presentation, and other information related to this initiative may be found on the initiative webpage at: <http://www.caiso.com/StakeholderProcesses/Resource-Adequacy-Enhancements>

Upon completion of this template, please submit it to initiativecomments@caiso.com. Submissions are requested by close of business on **June 24, 2020**.

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

The California Efficiency + Demand Management Council ("Council") appreciates this opportunity to provide comments in response to the CAISO's June 10, 2020 Resource Adequacy Enhancements Working Group discussion.

1. Production Simulation: Determining UCAP Needs and Portfolio Assessment

Please provide your organization's feedback on the Production simulation: Determining UCAP needs and portfolio assessment topic as described in slides 4-15. Please explain your rationale and include examples if applicable.

The Council reserves comment on this issue.

2. Transitioning to UCAP Paradigm

Please provide your organization's feedback on the transitioning to UCAP paradigm topic as described in slides 16-19. Please explain your rationale and include examples if applicable.

The Council reserves comment on this issue.

3. Unforced Capacity Evaluations

Please provide your organization's feedback on the unforced capacity evaluations topic as described in slides 20-59. Please explain your rationale and include examples if applicable.

- a. Please provide your organization's feedback on the UCAP methodology: Seasonal availability factors topic as described in slides 27-46. Please explain your rationale and include examples if applicable.

The Council reserves comment on this issue.

- b. Please provide your organization's feedback on the UCAP methodologies for non-conventional generators topic as described in slides 47-59. Please explain your rationale and include examples if applicable.

The Council has significant concerns about using an Effective Load Carrying Capability (ELCC)-based QC methodology to determine the UCAP value of demand response (DR). Unlike relatively fixed capacity resources such as fossil generators, the dynamic and heterogeneous nature of DR resources complicates the development of a static class average. As the Council has stated in comments in the ESDER 4 stakeholder initiative, any single ELCC value applied to all DR resources is sure to over-value some DR resources and under-value others. This threatens to cause a downward spiral of performance and supply of DR resources if the best performing DR is consistently undervalued. This would incentivize the use of poorer performing, overvalued DR over better performing DR. The poorer performing DR would then push the ELCC factor down and further incentivize the elimination of any undervalued DR. At the resource level, the curtailment potential changes as customers are added and removed so any backward-looking analysis will be inaccurate by definition.

Some aspects of the CAISO's alternative performance-based UCAP proposal are also very problematic. Evaluating resource performance relative to dispatch instructions seems logical in concept in that it would encourage good performance by DR resources and is equivalent to the CAISO's proposed approach for more conventional resources. However, this is a backward-looking methodology and the proposal does not address how changes to the curtailment capability of a resource would be reflected in its UCAP on a going forward basis. More specifically, the capacity of a resource may increase or decrease over time due to a wide range of potential reasons that could include changes to the DR provider's contractual obligations, adding new customers or losing customers to competing DR providers, adopting new enabling technologies, changes to customers' underlying load profiles, etc. CAISO should at minimum modify its proposal to allow for DR providers to update their resource UCAP values. Additionally, CAISO must ensure that any UCAP derate does not unduly

penalize DR resources that already have Qualifying Capacity values established based on similar evaluation of historical performance.

Furthermore, applying resource performance at the Scheduling Coordinator (SC) level would be unfair and highly counterproductive. This would not prevent gaming because a DR provider could simply shift to a different SC if the DR provider's resources were not performing well. Similarly, an SC might be motivated to drop a DR provider as a client if the DR provider's performance is poor relative to the other DR providers in the SC's portfolio. The Council appreciates the CAISO's concern that a resource-level UCAP could motivate gaming but the proposed solution could be unnecessarily destructive. However, the CAISO should refrain from taking any additional steps until there is evidence to warrant otherwise. If the CAISO does determine that this is a major concern, it should not evaluate resource performance by SC.

Additional comments

Please offer any other feedback your organization would like to provide on the Resource Adequacy Enhancements working group discussion.

N/A