Submit comment on Issue paper and Nov 18 workshop

Initiative: Resource adequacy modeling and program design

1. (Questions 1-4: OVERALL) 1. What recommendation does your organization have for which attributes to put together to create a holistic RA process at the ISO? Please highlight how your recommendation considers interdependencies and tradeoffs that meets the overall objectives of RA: *

The Council's comments focus solely on demand response-related issues.

2. Does your organization have other feedback not already captured in the questions above?

N/A

3. Would your organization like to present at a future meeting on a specific proposal?

N/A

4. Does your organization have any feedback back on the process for the RAMPD initiative?

N/A

5. (Questions 5-8: TRACK 1: Modeling, Default Rules, and Accreditation) What key iterations would your organization prefer to see explored in the RA modeling inputs & assumptions in order to have the most accurate assessment of the reliability of the CAISO BAA?

N/A

6. With the goal of updating the default RA rules in CAISO's tariff in mind, what combination of resource counting rules and resulting planning reserve margin makes the most sense for the CAISO BAA? How frequently should these be revisited?

N/A

7. What kind of UCAP design and implementation method would best capture relevant considerations for resource availability in CAISO's RA fleet?

N/A

8. What improvements to CAISO's unit testing program could better reflect the capacity of resources in weather conditions that correlate with peak load?

N/A

9. (Questions 9-14: TRACK 2: Outage and Substitution and RAAIM Reform) 1. What are the pros and cons of a mandatory substitution buffer provided by LSEs in the annual/monthly procurement horizon versus an outage substitution pool funded by SCs taking outages administered by the CAISO (e.g.)? What specific approach to outage and substitution would your organization like to see proposed in the future straw proposal and why?)

N/A

10. Please provide your organization's feedback on updates CAISO should make to outage definitions and how it relates to UCAP design.

N/A

11. How does your organization's preferred approach to outage and substitution interact with LRA planning rules, UCAP, and an availability and incentive mechanism?

N/A

12. For availability and incentive reforms, where/when should these incentives be managed? For example, for what resources should incentives be managed in LRA/LSE tariffs/contracts or in a standardized mechanism implemented by the CAISO? If managed by a CAISO mechanism, how does your organization's preferred approach to UCAP relate to the availability and performance incentive design if not all LRAs resources move to UCAP and if UCAP does not apply to all resources?

N/A

13. What specific approach to availability and incentive mechanism would your organization like to see proposed in the future straw proposal (e.g., reforming RAAIM, moving to pay-for-performance, etc.,)?

Any changes to the Resource Adequacy Availability Incentive Mechanism (RAAIM) as it applies to demand response should be consistent with the requirements of the Local Regulatory Authority (LRA). For example, the CPUC will be considering a new incentive-based demand response counting methodology in Track 3 of the Resource Adequacy proceeding (Rulemaking 23-10-011). This proposed methodology would allow for the demand response resource bid quantities to be based on their capability, which can vary with weather sensitivity or other factors. In addition, the RAAIM should continue to respect the demand response availability requirements adopted by the LRA and which are reflected in program tariffs and contract provisions.

14. If your organization would like to see RAAIM reformed, what are all the aspects that should change (e.g., link with the EDAM RSE versus changing inputs such as: changing the incentive level of RAAIM, when RAAIM is applied, eliminating the deadband, changing applicability, etc.)?

In addition to changes recommended in the Council's response to Question 13, the RAAIM should be modified to eliminate the practice of crediting investor-owned utility (IOU) demand response programs against all load-serving entities' (LSE) Resource Adequacy Requirement. This practice reduces the CAISO's visibility to IOU demand response programs because they are not included on supply plans. Consequently, they are not subject to a must-offer obligation (MOO) and have no mechanism to ensure that they are available during the hours in which they are providing capacity.

This is in contrast to bilateral demand response Resource Adequacy contracts executed between a demand response provider and an LSE which are required to be shown on supply plans and are subject to a MOO that is consistent with their supply plan capacity value. Requiring IOU demand response resources to be included on supply plans would not only harmonize requirements across program types, but it would also make them visible to the CAISO and subject to the same obligations and benefits as other demand response Resource Adequacy resources.

The CAISO should also exempt demand response resources from its own penalty mechanism if the CPUC adopts the new incentive-based demand response counting methodology which features its own capacity-based penalty mechanism. Joint CEC and Energy Division staff will be submitting their final proposal in the upcoming Track 3 of the CPUC Resource Adequacy proceeding (R.23-10-011) which will include a penalty mechanism that would be equally applied to IOUs and demand response providers for failure to deliver their Resource Adequacy values. If adopted by the CPUC, this penalty mechanism would be redundant with the penalty mechanism of RAAIM or its successor.

15. (Questions 15-21: TRACK 3: Resource Visibility and Backstop Procurement Reform) Particularly in light of the CPUC's slice of day reforms, should CAISO assess energy sufficiency and/or net peak needs and update CPM authority?

N/A

16. Does the decline of capacity offers into the Competitive Solicitation Process (CSP) indicate a need for policy change in the soft offer cap methodology or other aspects of the Capacity Procurement Mechanism (CPM) program? If so, what should these changes be and how would they help ensure capacity is available for backstop procurement when operators need it?

N/A

17. If the soft offer cap were to be changed from its current cost-based approach, what market role would the new methodology be creating for the CPM program and why is that an improvement on the current framework?

N/A

18. What impediments exist today to showing all contracted capacity as RA or offering it into the CSP? What structures and processes would help promote visibility and access to this capacity?

During the November 18 stakeholder call, the CAISO correctly noted that CPUC Decision 21-06-029 established the following conditions for the CPUC to direct the IOUs to move their DR programs onto CAISO supply plans: 1) DR resources to be allowed to bid variably in the CAISO market, and 2) a FERC-approved RAAIM penalty exemption for DR resources. By adopting the Council's recommendation in response to Question 14 to exempt demand response resources from any CAISO penalty mechanism if the CPUC approves the incentive-based demand response counting methodology in the Resource Adequacy proceeding, this would satisfy both of the CPUC's criteria because 1) the joint Staff's proposal allows for variable demand response bidding, and 2) it would obviate the need for a RAAIM penalty.

19. Does your organization support developing a causation-based approach to allocating EDAM RSE failure surcharges? If so, how should this approach be structured and what, if any, are the key barriers that must be overcome?

N/A

20. Are there new capacity products that could enhance CAISO's approach to the EDAM RSE? If so, how should they be structured and priced?

N/A

21. Does your organization have input on moving the day ahead bidding deadline to 9AM?

N/A

22. (Question 22: OTHER) Does your organization have other feedback not already captured in the questions above?

N/A