

## Stakeholder Comments Template

Submitted by	Company	Date Submitted
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Please use this template to provide your comments on the FRACMOO Phase 2 stakeholder initiative Revised Draft Framework Proposal posted on January 31, 2018.

Submit comments to [InitiativeComments@CAISO.com](mailto:InitiativeComments@CAISO.com)

**Comments are due February 21, 2018 by 5:00pm**

The Revised Draft Framework Proposal posted on January 31, 2018 and the presentation discussed during the February 7, 2018 stakeholder web conference may be found on the [FRACMOO](#) webpage.

Please provide your comments on the Revised Draft Framework Proposal topics listed below and any additional comments you wish to provide using this template.

The ISO is in the process of updating the data provided in the Revised Draft Framework Proposal. The ISO will include additional observations for 2016 and 2017. Additionally, the ISO will estimate the impacts of 15-minute IFM scheduling. The ISO will release this updated analysis as soon as possible.

### **Identification of ramping and uncertainty needs**

The ISO has identified two drivers of flexible capacity needs: General Ramping needs and uncertainty. The ISO also demonstrated how these drivers related to operational needs.

#### **Comments:**

BAMx and San Francisco appreciate the CAISO’s focus on the factors that drive the need for flexible capacity resources, which are linked to CAISO’s maximum net load ramp (where net load is gross load less variable energy resources). The CAISO has shown that a portion of the ramping needs are predictable, whereas a portion is uncertain. Each of these components should be reflected in the CAISO’s determination of the flexible capacity needs.

### **Definition of products**

The ISO has outlined the need for three different flexible RA products: Day-ahead load shaping, a 15-minute product, and a 5-minute product.

#### **Comments:**

While BAMx/CCSF continue to believe that the three different flexible RA needs identified by CAISO are not themselves “products”, we agree that these are the appropriate categories to use to define the needs.

### **Quantification of the flexible capacity needs**

The ISO has provided data regarding observed levels of uncertainty, in addition to previous discussions of net load ramps.

#### **Comments:**

CAISO’s January 31, 2018 Revised Flexible Capacity Framework (Revised Framework) proposed to determine the real-time need based on the summation of the maximum upward uncertainty and the maximum downward uncertainty for each month. During the February 7 Stakeholder meeting, CAISO announced that it was persuaded to instead use the greater of the maximum upward uncertainty or the maximum downward uncertainty for each month. BAMx/CCSF believe this is an idea worth pursuing. BAMx/CCSF also suggest that an alternative approach to consider would be to identify the maximum daily combined upward and downward uncertainty for each month. A variation on this approach would be to identify upward and downward uncertainties that occur within 3 hours of each other, which would recognize that the CAISO markets will be able to reposition resources as they respond to the need for flexibility.

Regarding the initial determination of the Day-Ahead vs. FMM flexible need, CAISO should account for the planned implementation of the Day-Ahead fifteen-minute market, so that it does not include ramping associated with today’s hourly Day-Ahead market. That is, the FMM flexible need should only be based on uncertainty and not based on hourly vs. fifteen-minute shaping.

Regarding the amount of Regulation to add to the five-minute requirement, CAISO should include the portion of Regulation needed to address minute-level load following (vs. second-by-

second level) . This approach would align with the minute-level data CAISO uses to determine the overall flexible capacity needs.

### **Eligibility criteria and must offer obligations**

The ISO has identified a preliminary list of resource characteristics and attributes that could be considered for resource eligibility to provide each product. Additionally, the ISO is considering new counting rules for VERs that are willing to bid into the ISO markets.

#### **Comments:**

BAMx/CCSF have no comments on this topic at this time.

### **Equitable allocation of flexible capacity needs**

The ISO has proposed a methodology for equitable allocation of flexible capacity requirements. The ISO seeks comments on this proposed methodology, as well as any alternative methodologies.

#### **Comments:**

BAMx/CCSF support the CAISO proposal to allocate each of the identified flexible capacity requirements to entities based on each entity's contribution to the need. We are concerned, however, that the proposal to allocate the real-time load requirements using a load ratio share does not recognize that some entities' loads are much more stable than others. BAMx/CCSF urge the CAISO to explore alternative mechanisms for differentiating the individual contributions to the load requirement. For example, CAISO could analyze the real-time load forecast error for sub-areas within each TAC area, or the error across TAC areas to more equitably allocate the real-time load requirement.

### **Other**

Please provide any comments not addressed above, including comments on process or scope of the FRACMOO2 initiative, here.

#### **Comments:**

BAMx/CCSF oppose requiring demonstration of 100% of the requirement in the annual RA showing. The current process requires only 90% be included in the annual RA showing, which allows parties flexibility in their procurement processes and helps them address uncertainty. CAISO only needs access to the flexible resource in the day-ahead and real-time markets. It does not need to know the specific resources prior to the monthly RA showings. The CAISO should continue the current practice of requiring only 90% of the flexible capacity requirement be included in the annual showing.

CAISO should accommodate ETC/TOR flexible capacity so that entities with those rights can receive the Perfect Hedge, perhaps by allowing shaped DAM Self-Schedules or by changing its Tariff to allow the Perfect Hedge for economically bid DAM flexible capacity. There are a limited number of parties remaining with ETC/TORs, including SVP and CCSF. In order to obtain the value associated with those rights, those parties are required to submit balanced Self-Schedules. Further, some of the ETCs allow for real-time schedule changes. The resources that utilize those rights have characteristics that allow them to respond flexibly, but current rules require the relinquishing of ETC/TOR benefits to do so. In the Real-Time Congestion Offset proceeding, CAISO recognized that ETC/TOR holders should not be penalized for utilizing their ETC/TORs. BAMx/CCSF urge the CAISO to similarly incorporate an accommodation for ETC/TORs in this process to maximize the amount of flexible resources that may participate.