Notes from September 21, 2022 RA Reform WG Meeting

CAISO presented first (see slides). It noted that its presentation was not its final proposal, which is still under development. The nearer-term focus was on what the CAISO’s information needs would be under SoD to operationalize the CPUC’s RA Reform and which CAISO processes will need to change. The longer-term focus is on more comprehensive changes the CAISO will need to make to reflect a changing fleet of resources and changes in demand patterns.

CAISO indicated that it will now need more than the current single monthly showing based on the peak hour. Slide 4 shows how the current QC/NQC values are used in CAISO processes. For system assessments, resources are stacked. Local assessments require power flow studies. A single NQC is used for system assessments, outage substitution, and MOO. Profiles are used for wind and solar. For local assessments, CAISO uses the percentage of QC that has been purchased in the local area at the local peak, capped at NQC. SCE said that the LSE’s shown amount should not be used for any assessment. Instead, one should look at the maximum a resource could provide in the hour. The CAISO agreed and asked if it would be the maximum capability of the resource in that hour. SCE said yes since the MOO does not change depending on which hour the resource is shown.

CalWEA clarified that the RA obligation is for load plus PRM on the worst day and that CAISO does not assume any particular dispatch.

On slide 6, the CAISO showed why the peak hour is insufficient. There could be 0 MW NQC for a resource at peak. This creates problems for the CAISO’s processes. ED asked about non-RA resources and whether solar or wind output over the ELCC-based quantity was considered non-RA. The CAISO replied it did not do the latter. It keeps track of the QC of non-RA resources in case it needs to CPM them or they are used for outage substitution.

Slide 7 shows CAISO’s current thinking on the need for at least two QC values, likely the peak hour and the maximum showing value. SCE asked what the peak hour showing would be used for. CAISO responded the maximum would provide some insight. It is an open question what value will be used for the NQC list. SCE said this would not be needed. Instead, one slice at maximum counting could be used.

MRP asked if CAISO would be changing setting the NQC at its peak value. CAISO replied that it had not proposed that it would be at the peak. MRP said most resources have 1 NQC value unless they are intermittent. CAISO said that if the value of a resource is zero at peak, this creates issues in CAISO processes. Most resources have an NQC and that the zero NQC issue relates mostly to solar. The issue is how to get an NQC for solar. Peak hour and maximum value would also apply to DR. It also said that the DR value could vary in different hours.

Slide 8 addresses storage. CAIO said storage might require additional rules depending on the amount shown across the hours.

CAISO will open its own stakeholder process on operationalizing the CPUC’s RA Reform and will consider the potential impacts on other LRAs. It is not sure when this will start.

SCE proposed that the CPUC would need more information than on slide 8 and this could be in the form of a table. A 24-hour showing is not sufficient.

CESA asked if the CAISO would assume the peak hour value for storage and was told it wanted the maximum value. CESA said the Pmax would be the peak hour value for storage. CAISO also said that it made no assumptions about charging or dispatch of storage.

The CAISO then discussed energy limits for hydro. A resource can be scheduled at varying levels across the day and it is not sure how to count it for SoD. ED asked if the CAISO had thought further about how to class hydro resources so profiles could be used. CAISO said it was still reviewing the data. ED and CAISO discussed the fact that not all hydro resources are using the new counting methodology adopted a few years ago.

NRDC said hydro limitations was an important issue and is like gas use limitations. It asked to what extent these limitations were included in the LOLE model, but no one was sure.

ED presented next on flexible capacity (see slides). It explained why there did not seem to be a flexible capacity shortage or a price premium. It also noted that there were arguments against removing the flexible capacity requirement (slide 13). Also, flexible capacity is in the CAISO tariff. CAISO said it would require a stakeholder process to eliminate the requirement for flexible capacity. It also said that it has plans to start another RA Enhancements process but is not sure when.

ED said it would like to simplify the flexible capacity assessment and that the issue had been raised at the CPUC. The CAISO said that in a new initiative, it would like input on data analysis that could change the need for the flexible capacity requirement. Gridwell asked if the flexible capacity requirements were not removed, should there be changes in flexible capacity to accommodate SoD? ED said it would consider this.

SCE asked if, like local capacity, flexible capacity retains a single monthly value. If a solar plant is fully downward dispatchable, does it qualify as flexible? ED said not yet but CAISO does include curtailments in its analysis of flexible capacity needs.

The next discussion was about topics for the October 6 WG meeting.

MRP asked whether closure had been reached on the LOLE study due January 2023. SCE said it would be good to wrap up the PRM discussion but that we cannot figure out the actual PRM until we have counting rules for renewables and the LOLE study. The process to achieve this could be discussed. CAISO agreed with both. NRDC agreed and said the focus could be on policy and data inputs. MRP requested additional check-ins on the LOLE study before January 2023. SCE asked if there should be a 2024 PRM or whether a study for 2030 could set the PRM for 5 years.

The 9/14 WG meeting focused on TY 2024 issues for SoD in parallel with the traditional RA showing. Generators are concerned about additional requirements on them for 2024 and suggested a check list or punch list.

CLECA said there were issues for DR in 2024 and that the TY 2024 showing experiences should be evaluated in late 2023/early 2024. NRDC said the timeframe would be tight if changes were proposed for 2025 and there should be contingencies. SCE said the 2024 TY starts in fall 2023 and the SCE tool can be used.

The last issue was the overview of developing the final report. PG&E on behalf of the facilitators proposed to put together a draft outline consistent with the schedule of topics for the 3 workstreams and assigning a lead author for each one, e.g., wind and solar resource counting. The lead authors would engage with others addressing these issues. Each section would discuss alignment and differences.

MRP asked what the report was to be. The decision refers to final proposals and a workshop report. MRP does not expect there to be a unified proposal. What is the role of alternative proposals on 11/15/22?

PG&E said ideally the report could include multiple perspectives.

MRP said there might be different exceedance proposals. ED said parties can comment on the workshop report and that the report can include options. MRP asked if parties could provide alternative proposals and ED said it had anticipated that the alternatives would be discussed in the workshop report. ED said it would consider the process but that parties should work with the presenters in drafting proposals. NRDC noted the interdependency of different issues and suggested straw proposals. PG&E expressed concern about new issues coming in at the end of the process. Any new issues should be addressed in the 9/29 and 10/6 workshops. Vistra suggested the report could be an options paper. EBCE said there was insufficient discussion of the issues covered and it did not want the report to imply conclusions about optimal solutions. MRP suggested presenting packages instead of options. WPTF said the report could have both comprehensive reviews of topics and integrated packages. This could be discussed in the final WG meeting. PG&E agreed and suggested distinct chapters on topics and then a chapter at the end with comprehensive proposals which can be discussed at the final two WG meetings.