

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking to Oversee the
Resource Adequacy Program, Consider
Program Refinements, and Establish Annual
Local Procurement Obligations.

Rulemaking 11-10-023
(Filed October 20, 2011)

COMMENTS OF THE UTILITY REFORM NETWORK
ON THE CAISO'S FLEXIBLE CAPACITY REQUIREMENTS STUDY



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May 8, 2014

I. INTRODUCTION

Pursuant to the Scoping Ruling of August 2, 2013¹ and ALJ Gamson's oral direction at the April 9, 2014 workshop,² The Utility Reform Network (TURN) submits these comments regarding the *Final 2014 Flexible Capacity Needs Assessment* (Assessment) the California Independent System Operator (CAISO) served on May 1, 2014.³

II. THE CAISO *APPEARS* TO HAVE COMPUTED FLEXIBLE CAPACITY REQUIREMENTS CONSISTENT WITH COMMISSION POLICY, BUT IN THE FUTURE, THE CAISO SHOULD COMPLETE ITS FCR STUDIES AND PROVIDE COMPLETE DOCUMENTATION ON A TIMELY BASIS

As far as TURN can tell, the CAISO computed Flexible Capacity Requirements (FCR) for 2015 consistent with Commission direction. However, TURN cannot be entirely sure of this conclusion because the documentation of the Assessment is scattered and possibly not complete. For example, the CAISO made Excel files containing some non-confidential data and computations from its analysis available on its website⁴ and TURN was able to track some of the computations, but a lack of internal documentation in the spreadsheets made a complete validation extremely challenging. As another example, in a data request, TURN asked the CAISO for information about "extreme and anomalous data points" and their affect on the study results.⁵ In its preliminary Assessment published April 4, the CAISO had said it eliminated "an

¹ Phase 3 Scoping Memo and Ruling of Assignment Commissioner and Administrative Law Judge, August 2, 2013, p. 6.

² RT, 82:25-83:11.

³ TURN will not comment on the CAISO's final Local Capacity Requirements study at this time, but may respond to other parties in reply comments due next week.

⁴ Documents from the CAISO's "Flexible capacity requirements' stakeholder process are available at

<http://www.caiso.com/informed/Pages/StakeholderProcesses/FlexibleCapacityRequirements.asp>

x. Click "Flexible capacity requirements – technical studies 2014" for the Excel files.

⁵ See Attachment 1, Questions 3 and 4.

anomalous secondary ramp” from its data,⁶ but no reference to this adjustment is evident in the final Assessment.⁵

TURN does not believe the CAISO was attempting to tilt the scales in its computations. TURN also appreciates that the CAISO was blazing new ground in computing the FCR, which presumably led to the delay in the study’s completion⁷ and its erratic documentation. But the same standard for completion and documentation should will not be acceptable in future years.

As a starting point for all future FCR studies, the CAISO should develop a FCR computation manual⁸ (much as it has for computing Local Capacity Requirements) and also annotate and provide non-confidential data and computations. As a partial template for the type of information the CAISO should routinely provide, TURN provides as Attachment 1A a copy of its data request to the CAISO seeking such documentation.

III. THE COMMISSION SHOULD MAKE FCR COMPUTATIONS ON A SEASONAL BASIS

The CAISO is recommending imposition on Load-Serving Entities (LSEs) an unusually large flexible capacity need (as compared to adjacent months) in June 2015, apparently due to unusual load conditions in June 2013.⁹ This result may be a correct application of the

⁶ See page 13, footnote 7, of the *Preliminary 2014 Flexible Capacity Needs Assessment*, dated April 4, 2014, available on the CPUC’s website at <http://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M090/K386/90386511.PDF>.

⁷ As noted, the final Assessment was served May 1. At page 6, the Scoping Ruling envisioned the FCR study being done by April 1 and comments being filed April 15 and 22. In its November 25, 2013 stakeholder meeting presentation, the CAISO stated the final report would be done May 1, but said the preliminary study would be published by March 7, 2014. (See Slide 21 of presentation, available at http://www.caiso.com/Documents/Presentation-FlexibleCapacityRequirementsNov25_2013.pdf.)

⁸ TURN and SCE made comparable requests regarding the *current* study in comments last November. (See the CAISO’s stakeholder process webpage and click “Comments on technical study discussion Nov 25, 2013”.)

⁹ Assessment, p. 8.

Commission-adopted methodology, but requiring LSEs to purchase such quantities of flexible capacity in June 2015 based on anomalous weather that occurred June 2013 is not reasonable public policy. Upon reviewing these results, TURN suggests that flexible requirements for 2015 be computed based on summer (May-September) and non-summer (October-April) seasons, consistent with the current Resource Adequacy (RA) seasons and the CAISO's proposal for computing the allocation of its three "categories" of flexible capacity.¹⁰ Such averaging would smooth out the impacts of extreme monthly data and ease LSE compliance.

IV. NO NEED HAS BEEN SHOWN FOR THE COMMISSION TO IMPLEMENT SEPARATE CATEGORIES OF FLEXIBLE CAPACITY THIS YEAR

The CAISO also proposed allocations of overall flexible capacity need among three categories.¹¹ In prior comments in this Phase 3 of this docket, TURN recommended deferring implementation of this requirement until at least the 2016 compliance year and reiterates this request here.¹²

¹⁰ *Id.*, p. 13.

¹¹ *Id.*, pp. 9-14.

¹² TURN April 25 Reply Comments, pp. 3-4.

V. CONCLUSION

TURN requests that the Commission take the actions described above regarding the CAISO's FCR Assessments for the 2015 and future compliance years.

Dated: May 8, 2014

Respectfully submitted,

By: _____/s/_____
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ATTACHMENT 1

*to Comments of The Utility Reform Network
on the CAISO's Flexible Capacity Requirements Study,
in CPUC Rulemaking 11-10-023, May 8, 2014*

3rd TURN Data Request to CAISO in R.11-10-023

**CPUC Docket R.11-10-023
Resource Adequacy Rulemaking, Phase 3**

TURN Data Request TURN-CAISO-03

To:	Beth Ann Burns, California Independent System Operator Corporation (CAISO)
From:	Tom Long, The Utility Reform Network (TURN)
Date Sent:	April 3, 2013
Response Due:	April 17, 2013

Please provide electronic responses to the following questions regarding the CAISO presentation regarding “flexible capacity requirement report for resource adequacy compliance year 2015,” (2015 Flexible Capacity Requirement Report, or Report) which was cited in the “Notice of Submittal of Date Change for Flexible Capacity Requirement Report” the CAISO filed on April 1, 2014 in Rulemaking 11-10-023. Some questions will also reference the presentation titled “Assessing the Flexible Capacity Requirements for 2015” presented to a CAISO Stakeholder Conference Call on November 25, 2013 (Stakeholder Presentation), which is available at http://www.aiso.com/Documents/Presentation-FlexibleCapacityRequirementsNov25_2013.pdf.

Your responses should be provided on a CD sent by mail or as attachments sent by e-mail to the following people:

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If partial responses are available prior to the requested due date, please forward them as soon as they become available. If any of these requests are unclear or otherwise objectionable, please contact me as soon as possible so that we may attempt to resolve any problems.

- 1) Provide all the data and workpapers that were used to prepare the 2015 Flexible Capacity Requirement Report – including the derivation of all of the report’s charts and tables – in electronic Excel-compatible format with data and formulae intact and functioning.
- 2) Provide the following information regarding the data and computations used to develop the 2015 Flexible Capacity Requirement Report:
 - a) Describe the computations used to estimate 2015 flexible capacity requirements in at least the same level of detail as provided in slides 7 to 15 of the Stakeholder Presentation.
 - b) Identify and describe all data used to perform the computations described in subpart ‘a’ above, including the sources of all such data.

- 3) State whether, in performing the computations documented and described in Questions 1 and 2 above, the CAISO identified any input data series that appeared to contain extreme or other anomalous data points. If so, describe and explain:
 - a) Which data series appeared to contain such extreme or anomalous data points, and
 - b) How the CAISO made the judgment that particular data points appeared to be extreme or anomalous,
 - c) How such apparently extreme or anomalous data points would have affected the Report's results.

- 4) If the answer to Question 3 above is 'Yes,' state whether the CAISO adjusted the data, computations and/or results documented and described in Questions 1 and 2 above to adjust for apparently extreme or anomalous data points. If so, please explain how the CAISO made such adjustments. If not, please explain why the CAISO did not make such adjustments.