

## Comments of Powerex Corp. on Resource Adequacy Enhancements: Supplemental Report – Preliminary Portfolio Assessment

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Powerex appreciates the opportunity to submit comments on CAISO’s supplemental report respecting its preliminary portfolio assessment. In the report, CAISO provides details regarding the analysis that it plans to perform in connection with its proposed monthly portfolio deficiency test, which is intended to measure whether the resources that have been committed to meet resource adequacy requirements are sufficient to allow CAISO to serve forecasted gross and net-load peaks while maintaining adequate reserves and load-following capability. In order to provide stakeholders with insight into how this assessment will be conducted, CAISO performed a portfolio assessment of the capacity included in the resource adequacy showings for July 2020. CAISO explains that its analysis demonstrated that California’s reliance on “a sole resource adequacy procurement target focused on the gross peak load misses the growing and more urgent reliability needs that occur during the net-load peak and the hours immediately following.”<sup>1</sup> CAISO explains that it believes that a “secondary resource adequacy reliability requirement must be promptly instituted to ensure sufficient RA capacity is available across the net-load peak hours.”<sup>2</sup>

Powerex strongly supports CAISO’s efforts to ensure that it has sufficient capacity committed on a forward basis to reliably operate its system with a high degree of confidence. As the CAISO’s report highlights, the rapidly changing resource mix within California and throughout the rest of the west is creating new challenges for the resource adequacy framework within California, creating an acute need for capacity during net-load peak hours and the hours immediately following. At the same time, as CAISO has acknowledged, “the excess levels of capacity in the CAISO and across the west [that has] allowed CAISO to use economic energy from non-RA resources” to maintain reliability has “steadily dried up”; as a result, CAISO can no longer count on excess capacity being available in the external markets to compensate for any gap between the capacity committed on a forward basis and system needs. Powerex believes that the transparency that CAISO has provided in its report—both in terms of the manner in which it intends to perform its analysis and its sober assessment of the current challenges facing California—represents an important step towards adopting a resource adequacy framework that

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<sup>1</sup> Portfolio Analysis Report at 18.

<sup>2</sup> *Id.*

ensures that sufficient capacity is committed on a forward basis to allow CAISO to effectively respond to the changing needs of an evolving grid.