

UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION

CXA La Paloma, LLC

v.

California Independent System Operator
Corporation

Docket No. EL18-177-000

**PROTEST OF THE
NATIONAL RURAL ELECTRIC COOPERATIVE ASSOCIATION**

The National Rural Electric Cooperative Association (NRECA), which has timely moved to intervene as a party to this proceeding, protests the complaint filed in this proceeding by CXA La Paloma, LLC, (La Paloma) against the California Independent System Operator Corporation (CAISO). NRECA also concurs with the protest filed this day in this docket by NRECA member Arizona Electric Power Cooperative, Inc. (AEPCO). For the reasons set forth below and in AEPCO's protest, the Commission should deny the complaint.

1. The relief La Paloma seeks has little to do with the problem it alleges as the basis for granting its complaint. La Paloma seeks a mandatory forward capacity market auction with a downward-sloping demand curve and a minimum offer price rule. See Complaint at 42–49. This would replace the CAISO's existing resource adequacy construct with one patterned on those now used by PJM Interconnection, LLC (PJM) and ISO New England, Inc. (ISO-NE). The problem the complaint identifies, however, is not a lack of system or locational capacity in CAISO, but rather a resource mix produced by largely exogenous state and federal policies that may not include enough flexible

capacity. See Complaint at 2, 43. A forward capacity market does not solve that problem. Indeed, La Paloma has to add “appropriate flexibility requirements” to the list of features it seeks and point to flexible ramp requirements being developed under the existing resource adequacy construct. Complaint at 3, 43.

2. In fact, ordering CAISO to implement a mandatory forward capacity market would greatly complicate and likely delay the CAISO’s ability to address the flexibility requirements needed in the regional resource mix. The complaint essentially invites the Commission to create the knotty problems it has had to address in PJM and ISO-NE—how to accommodate state resource policies in a mandatory forward capacity market. *See Calpine Corp. v. PJM Interconnection, LLC*, 163 FERC ¶ 61,236 (2018); *ISO New England, Inc.*, 162 FERC ¶ 61,205 (2018). The complaint also ignores the problem of how load-serving entities like public power utilities and cooperatives may self-supply capacity to meet their resource adequacy requirements without risking spurious “mitigation” that threatens them with double-payment for capacity.

3. The Commission’s orders on resource adequacy and market design in regional transmission organizations (RTOs) and independent system operators (ISOs) have “consistently rejected a one-size-fits-all approach in the various RTOs/ISOs due, in large part, to significant differences between each region” and because “there can be more than one just and reasonable rate.” *Midcontinent Independent System Operator, Inc.*, 162 FERC ¶ 61,176 at P 57 (2018) (citing cases), *reh’g pending*. The complaint does not demonstrate why the Commission should depart from that precedent and require CAISO to adopt approaches used in regions with much different resource mixes, state policies, and market structures.

4. The complaint seeks the wrong relief, at the wrong time, in the wrong place. It should be denied.

Respectfully submitted,

/s/ Randolph Elliott _____

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August 24, 2018

CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing document upon each person designated on the official service list compiled by the Secretary in this proceeding.

Dated at Arlington, Virginia, this 24th day of August 2018.

s/ Randolph Elliott _____
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