

BAMx Comments on the CAISO Deliverability Assessment Methodology Draft Final Proposal

Revised On-Peak Deliverability Assessment Methodology Incorporating ELCC-based QC Should Be Implemented Soon

The Bay Area Municipal Transmission group (BAMx)¹ appreciates the opportunity to comment on the CAISO Deliverability Assessment Methodology Draft Final Proposal discussed during the October 4, 2019 stakeholder call. BAMx recognizes that the deliverability methodology revisions are needed to keep the CAISO studies correlated to the maximum extent with the implementation of the effective load carrying capability (ELCC) methodology being adopted by the CPUC in conformance with State law. Modeling the solar and wind output levels consistent with the ELCC based QC values should further minimize the excessive and unneeded transmission upgrades identified from the deliverability assessment in both the generation interconnection study process and the Transmission Planning Process (TPP). Therefore, BAMx urges the CAISO to retain the flexibility to revise the production levels, especially for the intermittent generators. For example, in the future, if the CAISO finds that the proposed assumption of setting the intermittent generators to 20% exceedance level during the selected hours to study the Highest System Need Scenario is not consistent with the ELCC based QC values, then it should be revised in consultation with the stakeholders.

BAMx believes that the CAISO proposal is headed in the right direction with its revisions to the deliverability methodology. It should provide a better indication of the capability of the existing transmission system to accommodate the renewables necessary to achieve California's policy goals. However, the Draft Final proposal does not alleviate our concerns that the CAISO's Off-Peak Deliverability Assessment proposal to address excessive curtailment is misdirected and would lead to network upgrades, not in the CAISO ratepayer's interest.

The Proposed Option Considered to Address Curtailment Concern within the GIP Would Lead to Upgrades not in the Ratepayer's Interest

The Draft Final Proposal seems to respond to the concerns about the deliverability methodology revisions leading to increasing levels of generation curtailment due to congestion. BAMx reiterates its past comments that the existing Transmission Economic Assessment Methodology (TEAM) provides a decent framework for that to be studied thoroughly, which would lead to transmission upgrades if they are economically justified. BAMx believes that TEAM is well suited to determine the need for any transmission additions that can be justified on the basis of

¹ BAMx consists of City of Palo Alto Utilities and City of Santa Clara, Silicon Valley Power.

reducing generation curtailments. This appears to be the exact type of application for why TEAM was developed.

As we mentioned in our August 16th comments², it is important to note that curtailment is not a resource adequacy (RA) issue for which the deliverability assessment is designed, but rather an operational issue. Since any increase in curtailments can be addressed by identifying needed policy and economic driven transmission upgrades in the TPP, we do not believe there is any need for such assessment in the GIP.

BAMx believes that any off peak deliverability status (OPDS) upgrade including a local deliverability network upgrade (LDNU) triggered by an interconnecting customer (IC) needs to be paid by that IC, unless it is also identified to be needed for the renewable portfolios studied under the CAISO TPP. Since the Draft Final Proposal recommends a full reimbursement to new generators triggering any OPDS upgrades, we strongly oppose it. **Departing from cost causation principals would lead to decisions that are not in CAISO ratepayers' best interests.**

In response to BAMx's concerns expressed in its comments on the Straw Proposal, the CAISO indicated that the OPDS upgrades, "due to low cost and only moving forward together with generation development, are expected to improve the market efficiency and benefit the ratepayers."³ BAMx does not agree that the OPDS upgrades are necessarily "low" cost ones. They would likely be of lower cost than the typical area delivery network upgrades on average. However, we routinely see a number of LDNUs comprising some 115kV and 230kV reconductoring and 500/230kV transformer replacement/additions, which should not be deemed low-cost upgrades. Furthermore, with the increasing penetration of renewables, there could be a significant amount of LDNUs that could be triggered by ICs seeking OPDS. And all the ratepayers will be on the hook for ultimately paying for those upgrades. Such costs should be paid by the project so it is included in the project's total costs. The CAISO also states that "Not identifying the need for these local upgrades could result in poor generation siting decisions from a transmission and ratepayer perspective."⁴ BAMx believes that the renewable portfolios developed under the CPUC IRP that are studied under the CAISO TPP are the proper forums to assess the appropriate siting of the generation, not the CAISO GIP. The CAISO argues that "Procurement processes take into account the cost of identified upgrades in their selection process of renewable generation contracts, so the combined cost of the resource and the upgrades are considered and the transmission costs are only triggered if they are in the ratepayer's interest."⁵ BAMx does not believe that LSEs adequately take into account the cost of identified upgrades in their selection process of renewable generation contracts if the cost of those

² BAMx Comments on the CAISO Deliverability Assessment Methodology Straw Proposal, August 16, 2019, p.2.

³ Draft Final Proposal, p. 9.

⁴ *Ibid.*

⁵ *Ibid.*

upgrades are socialized across all CAISO ratepayers and are not directly included in the contract procurement cost.

In a nutshell, the off-peak deliverability assessment part of the Draft Final proposal does little in terms of addressing BAMx-raised concerns on ratepayers paying for the cost of transmission not necessarily in their benefit. It clearly departs, improperly, from cost causation concepts.

Conclusion

BAMx would encourage the CAISO to implement their proposed methodology for on-peak deliverability without any further delay and modify its off-peak deliverability assessment to have the off-peak upgrades costs non-reimbursable unless those upgrades are also identified to be needed for the renewable portfolios studied under the CAISO TPP.

If you have any questions concerning these comments, please contact Paulo Apolinario (papolinario@svpower.com or (408) 615-6630).