



Submitted by	Organization	Date Submitted
<i>Nick Dahlberg 415-703-3386</i>	<i>CPUC Energy Division Staff</i>	<i>December 23, 2019</i>

Energy Division staff (“staff”) appreciates the opportunity to comment on CAISO’s Maximum Import Capability Stabilization and Multi-Year Allocation Issue Paper. Recognizing that a Draft Proposal has not yet been prepared, staff offers the following general comments regarding the framework of the stakeholder initiative and reserves the right to comment on these or other issues as the initiative progresses.

1. Maximum Import Capability Stabilization

Staff shares CAISO’s concern that the MIC calculation can be significantly affected by factors that do not relate directly to available import capacity – such as out-of-state hydro availability and out-of-state resource retirements¹ – and looks forward to discussing proposals for stabilizing MIC values across years. Staff does not have specific proposals at this time but notes that performing MIC calculations using more years or more hours per year, as CAISO suggested on the December 11, 2019 stakeholder call, is a good starting point for discussion and comparison. To that end, staff would find it helpful if CAISO analyzed how MIC values might have varied over the past few years if more years or more hours per year had been included.

CAISO notes in the Issue Paper that it would like to provide for MIC stabilization “without maintaining unused deliverability on the interties for excessively long periods.”² Staff understands this concern, though staff is not convinced that there is a more equitable process for allocating MIC than by using Load Serving Entities’ (LSE) load ratio share and argues that a solution should maintain this allocation process while enhancing opportunities for trade. To better understand the issue of unused deliverability, staff would find it helpful if CAISO analyzed how much MIC was left unused in peak months over the past few years. It would also be beneficial to understand whether (and how much of) the unused MIC is associated with certain interties and whether these interties (scheduling points) are somehow more difficult to contract at. Finally, to understand how closely MIC allocations align with real-time imports from RA import resources, staff would find it helpful to understand the portion of real-time imports represented by RA import resources during the hours used to calculate MIC over the past few years, as well as whether the hours used to calculate MIC coincided with the peak hours for real time RA imports in those years.

¹ CAISO, “Maximum Import Capability Stabilization and Multi-Year Allocation Issue Paper,” December 2, 2019, p. 4.

² Ibid., p. 4.

2. Available Import Capability Multi-year Assignment Process

CAISO states that it would like to implement a multi-year assignment process that “could facilitate long-term contracting (minimum 3-years) and encourage building of new resources dedicated to LSEs that serve load inside the CAISO BAA.”³ Staff would like to understand whether CAISO is specifically referring to Pseudo-Ties and Dynamically Scheduled System Resources in this statement. If so, staff agrees that this could be a benefit of multi-year MIC allocations, and it might also justify “maintaining unused deliverability” (see Section 1 above) in the MIC process. Staff also notes that with a robust system for trading, it may not be necessary to “reserve some MIC in future years for the potential that new LSEs are established.”⁴

As noted in Section 1 above, staff agrees with CAISO that the principle of assigning capability to LSEs should remain unchanged “because those LSEs and their customers pay for the transmission system and should receive the benefits from it and have the ability to select which external resources are procured and relied upon as part of RA capacity portfolios.”⁵ Accordingly, staff does not believe that an auction process should replace allocation to LSEs and agrees with CAISO that an auction is out of the scope of the current initiative.⁶

Additional comments

None.

³ Ibid., p. 6.

⁴ Ibid., p. 6.

⁵ Ibid., p. 5.

⁶ Ibid., p. 6.