



Comments of EDP Renewables North America LLC on CAISO’s Deliverability Assessment Issue Paper and Stakeholder Initiative

May 16, 2019

EDP Renewables North America LLC (EDPR NA) appreciates the opportunity to comment on the CAISO’s Deliverability Assessment Issue Paper dated April 24, 2019 (“Issue Paper”).

The CPUC adopted the Effective Load Carrying Capability (“ELCC”) methodology for qualifying Resource Adequacy (“RA”) capacity for wind and solar resources almost 2 years ago.¹ CAISO’s deliverability assessment methodology was expressly created for ascertaining generator deliverability for RA resources, but the methodology has not been updated to reflect the changes made by the CPUC. Further delay in the updating of CAISO’s methodology will negatively impact the developer / generator community and impede competition to the detriment of the customers of Load Serving Entities (“LSEs”). Although certain aspects of CAISO’s proposal need further explanation or documentation (discussed below), its proposed methodology is better aligned with the CPUC methodology and industry practice. EDPR NA supports CAISO diligently pursuing a stakeholder process in Q2 and Q3 2019 that allows for timely approval by CAISO management so that any new deliverability methodology can be adopted in time for the 2020 Transmission Planning Deliverability (“TPD”) allocation.

There are important benefits to California that would come from a timely change in the CAISO’s methodology. EDPR NA estimates that there are over 10 GW of projects that will be seeking TPD allocations in 2020.² The use of an outdated methodology in CAISO’s TPD allocation will reduce the number of projects that can obtain Full Capacity status at a critical juncture. There will be increased procurement activity in California in the near future due to the more stringent renewable and low-carbon goals contained in SB 100, passed in 2018, and because non-utility LSE’s (such as Community Choice Aggregators or “CCAs”) are now actively conducting solicitations to procure resources to meet SB 350’s requirement that 65% of Compliance Period IV RPS procurement be fulfilled with long-term contracts.³ Artificially limiting the number of viable Full Capacity renewable projects will diminish competition at a time when it would otherwise bring significant benefits to customers of California LSEs.

EDPR NA expects that the current stakeholder process will allow for a better documentation of CAISO’s proposed changes to the deliverability assessment methodology. EDPR NA supports the basic methodological change which assesses generation deliverability in hours where system or area Unloaded Capacity Margin is below a threshold indicative of a capacity need. Such a methodology is

¹ D.17-06-027.

² In CAISO Queue Cluster 9, there are approximately 1,370 MW of Full Capacity projects that do not yet have interconnection agreements. That such projects remain in the queue is an indication that they likely parked a second year and will seek a TPD allocation in 2020. In CAISO Queue Cluster 10, are approximately 7,234 MW of Full Capacity projects. A significant fraction of these projects likely did not receive TPD allocations in 2019, are now parked, and will seek a TPD allocation in 2020. In CAISO Queue Cluster 11, are approximately 8,800 MW of Full Capacity projects. A high percentage of these Cluster 11 projects will seek a TPD allocation in 2020. The sum of these “potential” TPD candidates exceed 17.4 GW.

³ SB 350 requires that 65% of an LSE’s RPS procurement be from long-term contracts beginning with Compliance Period IV (2021-2024).

consistent with ELCC and standard industry practice. This said, EDPR NA requests that CAISO use the stakeholder process to explain its proposed deliverability assessment methodology in further detail. In particular, CAISO should provide better documentation of its Secondary System Need (“SSN”) scenario. The SSN appears to arbitrarily adjust system net load in hours ending 15 to 17 by “the ratio of highest consumption to highest sale.”⁴ CAISO has not provided adequate justification for this adjustment or why it is better than alternative measures, such as sticking to “sales” forecast data (used the Highest System Need scenario) but with higher-probability thresholds (e.g. P75 or P90) in subareas that have less load or generation diversity. The need to understand the basis for SSN is particularly important as SSN, per CAISO’s statement made on the May 2, 2019 stakeholder call, is the binding scenario for all Area Delivery Network Upgrades, which, in turn, drive TPD allocations.

CAISO specifically requested feedback on whether (1) additional studies be added to the interconnection study process to meet the objective of avoiding excessive curtailment; and (2), if such studies are performed and identify delivery network upgrades, the interconnection customer be required to be fund additional upgrades as a condition of retaining FCDS. EDPR NA supports CAISO providing additional studies to provide information to generators on potential congestion or curtailment. EDPR NA believes, however, that CAISO has prematurely narrowed the potential venues for conducting such studies. CAISO should explore whether such studies can be performed on a regular basis as part of the Transmission Planning Process (“TPP”). In the TPP, CAISO and stakeholders can examine the *systemwide* benefits of upgrades that reduce congestion or curtailment. If the studies are limited to a generation interconnection study group or cluster, certain beneficiaries, such as existing generators or load may be excluded, and it thus may be harder to justify economic upgrades. Furthermore, EDPR NA disagrees that network upgrades that relieve that congestion or curtailment as identified in additional studies should automatically become a cost obligation for obtaining FCDS. Full Capacity status, by definition, is deliverability secured to provide RA, not transmission service that is free of congestion or curtailment. EDPR NA supports exploring ways where generators could optionally fund or co-fund upgrades to relieve congestion or curtailment. Again, such studies are likely best pursued in the TPP rather than within the generator interconnection study process.

⁴ Issue Paper, Appendix A, p. 18.