# Comments of Pacific Gas and Electric Company

Maximum Import Capability Stabilization and Multi-Year Allocation – Straw Proposal

| Submitted by | Company | Date Submitted |
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Pacific Gas and Electric Company (PG&E) offers the following comments on the California Independent System Operator Corporation's (CAISO) Maximum Import Capability (MIC) Stabilization and Multi-Year Allocation – Straw Proposal, published January 22, 2020, and discussed in the stakeholder meeting on January 29.

PG&E's comments can be summarized as follows:

1. General comment: PG&E requests clarifications on what problem the CAISO is trying to solve in the MIC Stabilization and Multi-Year Allocation initiative.

2. Specific comments: PG&E provides comments on the multi-year allocation proposal (multi-year allocation length and changes to an individual load-serving entity (LSE) load forecast due to the formation of a new LSE).

1. <u>PG&E requests clarifications on the goals of the Maximum Import Capability Stabilization and Multi-Year Allocation initiative and why this process needs to be reconsidered.</u>

PG&E reiterates its comments provided on the Issue Paper and asks the CAISO to clarify the goal of the MIC Stabilization and Multi-Year Allocation initiative and its prospective role. The issues the CAISO is trying to solve in this initiative are not clear. The CAISO does not provide an adequate analysis demonstrating that there is a need to allocate multi-year MIC to LSEs to support their resource adequacy (RA) import requirements.

The CAISO should also provide further analysis on the past and current use of the MIC: such analysis should specify the amount MIC being used as well as what portion of the MIC is being used for Resource-Specific for Systems Resources and for Non-Resource-Specific Systems Resources?

2. <u>PG&E provides specific comments on the multi-Year allocation proposal.</u>

In the Straw Proposal, the CAISO proposed a set of new rules to allocate the MIC to LSEs on a Multi-Year basis. PG&E asks the CAISO to provide a detailed timeline explaining how the new MIC assignment will work. On the timeline, the CAISO should provide clear examples on:

- <u>The MIC allocation rule</u>: the timeline should highlight when the MIC is calculated and when the MIC is allocated 20 years out, 3 years out, and 1 year out.

- The sell/cancellation rule: the CAISO should provide examples on how the sell/cancellation rule will affect the LSEs in future MIC allocation in the 20 years out, 3 years out and 1 year out timeframe.

PG&E also offers the following comments on the multi-year assignment process:

- Multi-year allocation length:

  PG&E does not oppose the multi-year allocation of import capability for the three years out. As stated above, the CAISO should clarify if the goal is to propose a multi-year RA requirement for LSEs. However, PG&E does not support locking in the MIC allocation for up to 20 years. The CAISO provided some estimates of future import capability in the meeting presentation (slide 18): "*60% of MIC is already locked for the next 8 years (ETC, TOR, Pre-RA); 50% of MIC is already locked for the next 9+ years.*" This may justify MIC allocations up to 10 years in duration, but not for 20 years.

- Changes to an individual LSE load forecast due to formation of a new LSEs:

  PG&E advocates for the same rule that applies to Congestion Revenue Rights (CRR) to reflect load migration (ISO Tariff section 36.8.5 and section 7.4 of the Congestion Revenue Rights BPM): if an LSE has significant departing load and locked MIC allocations due to existing RA import contracts for that load, the LSE should lose the MIC allocated (proportional to that load change) and the import capability should be re-assigned to other LSEs through the Remaining Import Capability allocation methodology.