



Stakeholder Comments Template

Maximum Import Capability Stabilization and Multi-year Allocation

This template has been created for submission of stakeholder comments on the Maximum import capability stabilization and multi-year allocation issue paper that was published on December 2, 2019. The paper, stakeholder meeting presentation, and other information related to this initiative may be found on the initiative webpage at:

<http://www.caiso.com/StakeholderProcesses/Maximum-import-capability-stabilization-multi-year-allocation>.

Upon completion of this template, please submit it to regionaltransmission@caiso.com. Submissions are requested by close of business on **December 24, 2019**.

Submitted by	Organization	Date Submitted
Wei Zhou (wei.zhou@sce.com)	SCE	December 20, 2019

Please provide your organization's comments on the following issues and questions.

1. Maximum Import Capability Stabilization

SCE supports development of a methodology to stabilize the MIC values. The MIC values have declined significantly from the 2014-2015 level, and it is unlikely that the values will increase and return to this level in future years without changing or improving how they are calculated today¹. This is an important issue that should be addressed given that the heavy reliance on imports to serve CAISO load is expected to continue.

Currently the MIC is calculated based on the scheduled net import values for each intertie from the prior two years. This can create issues and artificially limit true intertie transmission capacity. While the scheduled net import values on each intertie from the past two years may represent one level of imports that the transmission system is capable of simultaneously accommodating, it does not mean the system cannot accommodate a higher level of imports, thus, those values likely do not reflect the *maximum* import capability that is available.

¹ CAISO Issue Paper, at 4, "going forward it would be unlikely that peak import observations would result in increased MIC calculations to values previously seen".

SCE supports a methodology that can lead to MIC values more accurately and more closely reflecting the physical capability of the transmission system. SCE believes that a new approach should be adopted to derive MIC values. For this purpose, SCE proposes an approach as outlined below:

1. Identify the physical capability for each intertie
2. Consider expected amount of exports
3. Derive MIC values based on information obtained from Steps 1 & 2 above, i.e., $MIC = \text{physical capability} + \text{expected export}$

SCE believes that the CAISO already possess the information of physical capability of each intertie (e.g. from transmission planning or other modeling work). The expected exports can be estimated by evaluating historical market schedules. By combining the two pieces of the information, the resulting MIC values will be the most accurate representation of what is the maximum level of imports that the transmission system can accommodate.

Under this approach, since the physical capability of interties likely will not materially change from year to year, it can address the issue of declining MIC values. In this sense, the new MIC values derived under this approach will be stabilized and protected. This approach can also accommodate new information such as transmission upgrades or significant prolonged planned maintenance work.

Please provide your organization's feedback on the maximum import capability stabilization topic as described in section 2.1. Please explain your rationale and include examples if applicable.

Please indicate any analysis and data review that your organization believes would be helpful to review on the maximum import capability stabilization topic. Please provide details and explain your rationale for the type of data and analysis that you suggest.

2. Available Import Capability Multi-Year Assignment Process

The only multi-year RA requirements that exist presently are for local RA, for which MIC is irrelevant. While the preliminary scope of the new RA OIR (R.19-11-009) includes "[c]onsideration of whether there is a benefit in expanding multi-year forward local RA requirements to system and/or flexible resources and how to address market power with multi-year requirements"², there is significant uncertainty in how this item will be addressed. For example, there are many questions that would need to be answered. These questions include, whether there will be multi-year requirements for system or flexible RA, or both; what the duration and procurement percentage for each year are; what the timeline for implementation is and whether the newly

² RA OIR (R.19-11-009), at 5-6.

proposed flexible RA product would change that timeline; whether there will be a central procurement mechanism; etc. To address these and other questions, will likely take some time.

Considering the increasing load fragmentation, a method for multi-year MIC assignment must be closely aligned with the specifics of multi-year RA system and/or flexible RA requirements, which do not exist today. Without those specifics being available, allocating MIC multi-year forward will introduce inefficiencies and risk incorrect amounts being assigned to individual LSEs, whose load can constantly change from year to year for reasons including load forecast changes as well as load migration.

Therefore, SCE does not believe that the CAISO should include this item in their proposal at this time. Further, with all the complexities involved, it will likely take tremendous amount of time and the schedule of this initiative (i.e., prior to July 2020 CAISO Board of Governors meeting) does not seem feasible at this time given the lack of all necessary information to develop a multi-year MIC assignment process.

Please provide your organization's feedback on the available import capability multi-year assignment process topic as described in section 2.2. Please explain your rationale and include examples if applicable.

Please indicate any analysis and data review that your organization believes would be helpful to review on the available import capability multi-year assignment process topic. Please provide details and explain your rationale for the type of data and analysis that you suggest.

Additional comments

SCE will provide further comments on other related items when additional information becomes available.

Please offer any other feedback your organization would like to provide on the Maximum import capability stabilization and multi-year allocation issue paper.