

Western Power Trading Forum Comments on Local Capacity Technical Study Criteria Update
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The Western Power Trading Forum

The Western Power Trading Forum (WPTF) is a California nonprofit, public benefit corporation. It is a broad-based membership organization dedicated to enhancing competition in Western electric markets while maintaining the current high level of system reliability. WPTF supports uniform rules and transparency to facilitate transactions among market participants. The membership of WPTF and the WPTF CAISO Committee responsible for providing these comments include CAISO and EIM entities, load serving entities, energy service providers, scheduling coordinators, generators, power marketers, financial institutions, and public utilities that are active participants in the California market, other regions in the West, and across the country.

Comments

WPTF appreciates the opportunity to provide these comments on the CAISO's Local Capacity Technical (LCT) Criteria Update issue paper and presentation. WPTF supports the CAISO using mandatory standards across planning studies, including the LCT study and expanding this initiative to consider other necessary changes to planning studies.

WPTF supports the CAISO using “mandatory standards” in the LCT studies. As discussed by the CAISO in the paper, today the LCT study uses planning standards that are not aligned with those used in the Transmission Planning Process or retirement studies. This creates challenges from a planning perspective and ultimately leads to an inefficient outcome in terms of trade-offs made between transmission, retirements, and replacement capacity. Using the same standards across all planning studies would put local RA on even footing with transmission and retirement studies, allowing for cleaner trade-offs to be made. This is extremely important when it comes to making trade-offs between retirement and replacement within a local area. Today, for example, if the CPUC were to procure a resource within a local area such that it will allow another resource within that same area to retire, the standards used by the CPUC to determine the type, size, location, etc of the replacement resource is based on the local RA planning standards. However, when the CAISO goes to determine if the other resource can retire, it will only be allowed to retire if the replacement resource happens to meet the higher planning standards used in the retirement study. Thus, using the mandatory standards in the LCT studies would allow for a one to one comparison between retirement and replacement capacity within local areas. This will provide for a more transparent study process which will lead to more efficient retirements.

This initiative scope should be broadened to include changes to import assumptions in planning studies. There is broad recognition within the CAISO and among stakeholders that the entire West's capacity margin is significantly lower than over the past decade and will continue to decrease. WPTF asks that the CAISO broaden this initiative to “LCT Study Criteria and Planning Standard Updates” and include a proposal on the appropriate import assumptions to use in CAISO planning studies, including the Summer Assessment and retirement/mothball studies. Currently, the CAISO assumes import quantities at the Maximum Import Capability (MIC) in the planning studies. This is an inappropriate assumption to make because the amount of RA capacity from imports is significantly less than the MIC. Therefore, it widely exaggerates the amount of import capacity available to meet the various planning

standards. WPTF encourages the CAISO to consider using an assumed import amount that more realistically aligns with the amount of RA capacity provided by imports.

WPTF thanks the CAISO for consideration of its comments.