



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 draft final proposal that was published on July 14, 2020. 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 **August 4, 2020**.

Submitted by	Organization	Date Submitted
<i>Tony Braun, BBSW Counsel</i>	<i>California Municipal Utilities Association (CMUA)</i>	<i>August 4, 2020</i>

Please provide your organization's overall position on the Maximum Import Capability and Multi-year Allocation draft final proposal:

- Support
- Support w/ caveats
- Oppose
- Oppose w/ caveats
- No position

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

1. Maximum Import Capability Stabilization

Please provide your organization's feedback on the maximum import capability stabilization topic as described in section 6.1. (Please indicate Support, Support with caveats, Oppose, or Oppose with caveats)

Please provide additional details to explain your organization's position and include supporting examples if applicable:

See Additional Comments, below.

2. Available Import Capability Multi-year Allocation Process

Please provide your organization's feedback on the available import capability multi-year allocation process topic as described in section 6.2. (Please indicate Support, Support with caveats, Oppose, or Oppose with caveats)

Please provide additional details to explain your organization's position and include supporting examples if applicable:

See Additional Comments, below.

Additional comments

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

CMUA appreciates the efforts of the CAISO to improve the Maximum Import Capability (MIC) methodology. CMUA supports the CAISO's immediate proposal as an improvement over the current methodology. However, that support is predicated upon a commitment by the CAISO to prioritize a structural fix to MIC so that it is not an unreasonable barrier to procuring imported Resource Adequacy (RA).

Today, CMUA members report that it is extraordinarily difficult to procure imported RA because of the need to also be allocated or procure a MIC allocation on the secondary market. CMUA members on the boundaries of the CAISO also report that, while the physical capability of their interties with the CAISO would support RA sales to the CAISO, MIC on these interties restricts these sales.

This status quo is untenable. As load diversifies, there are more and more Load Serving Entities (LSEs) that may need to be able to access capacity external to the CAISO. The CAISO should welcome this additional supply at a time when it forecasts system capacity shortfalls in the near and medium term. Further, it seems unlikely that a reevaluation of the role MIC plays currently to limit access to external capacity is likely to

actually threaten system simultaneous import limitations because capacity margins outside the CAISO are shrinking.

Thus, CMUA urges a wholesale rethink of the role of MIC in the RA construct. No idea should be off the table, including eliminating the MIC limitation altogether. It seems highly unlikely that there is enough surplus capacity outside of California such that the RA procurement would threaten the simultaneous import limitations. Further, treatment of ties internal to California should be reexamined also. While the emphasis of this issue has been on flows into California from the Pacific Northwest and Desert Southwest, there are ties between California neighboring Balancing Authority Areas (BAAs) that may support exports from those California BAAs to the CAISO.

In summary, while CMUA agrees that the proposed changes to the MIC methodology are an improvement over the current methodology and thus CMUA supports the changes, we urge the CAISO to commence immediately a new initiative to examine the role of MIC in RA and whether structural changes could increase available RA supply and allow more freedom of RA contracting, particularly for smaller LSEs.