



Stakeholder Comments Template

Maximum Import Capability Stabilization and Multi-year Allocation

Submitted by	Organization	Date Submitted
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Please provide your organization’s overall position on the Maximum Import Capability and Multi-year Allocation revised straw proposal:

- Support
- Support stabilization proposal and multi-year allocation proposal Alternative 2 w/ caveats
- Oppose multi-year allocation proposal Alternative 1
- Oppose w/ caveats
- No position

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

1. Maximum Import Capability Stabilization

As noted in our comments on the Straw Proposal,¹ if stakeholders determine that using historical data to calculate MIC is still appropriate, then Energy Division staff (“staff”) believes that CAISO’s proposal to calculate MIC using an expanded five-year dataset is reasonable. Staff appreciates CAISO’s response to our concerns regarding the stabilization proposal² and recognizes that CAISO is wary of increasing the deliverability at individual interties at the expense of in-state resources located near those interties. Staff also recognizes that the sum of physical capacity at the interties (roughly 44,000 MW) far exceeds both the California Simultaneous Import procedure 6150 limit (12,800 MW)³ and the highest simultaneous net import value previously recorded (roughly 12,500 MW).⁴

¹ Comments of Energy Division Staff on the MIC Stabilization and Multi-Year Allocation Straw Proposal at 2.

² CAISO Responses to Stakeholder Comments on the MIC Stabilization and Multi-Year Allocation Straw Proposal, Question 10b, at 25-26.

³ CAISO Responses to Stakeholder Comments on the MIC Stabilization and Multi-Year Allocation Issue Paper, Question 1a, at 2.

⁴ CAISO MIC Stabilization and Multi-Year Allocation Revised Straw Proposal at 17.

In the interest of making incremental improvements to the MIC calculation process, staff does not oppose CAISO's MIC stabilization proposal. However, staff is still interested in the analyses we requested in our comments,⁵ and we appreciate CAISO's commitment to determine which data can be made public in future phases of the stakeholder process.⁶

2. Available Import Capability Multi-year Allocation Process

Staff greatly appreciates CAISO's inclusion of Alternative 2 in the multi-year allocation section of the Revised Straw Proposal. It appears that CAISO designed Alternative 2 to specifically address the concerns of Energy Division staff and of other stakeholders who provided similar comments.⁷ Staff continues to strongly oppose Alternative 1 in the Revised Straw Proposal – which corresponds to CAISO's original Straw Proposal – for the reasons described in our previous comments.⁸ However, staff supports Alternative 2 with the following caveats and clarifications.

CAISO proposes that “new contracts used to lock MIC allocations to branch group should be associated only with either pseudo-tied resources, resource-specific dynamically scheduled system resource or other resource-specific system resource.”⁹ However, according to information provided by the CAISO and entered into the current Resource Adequacy proceeding (R.19-11-009), “other resource-specific system resources” are not subject to CAISO exceptional dispatch in all cases, are not subject to CAISO operating instructions, and are not obligated to follow CAISO dispatch instructions.¹⁰ In the interest of ensuring that “capacity built outside California to support California load will be available and accessible to California on the same basis as RA capacity in the CAISO balancing area is available to the CAISO,”¹¹ and in accordance with Decision (D.)19-11-016¹² in the Integrated Resource Plan proceeding, staff believes that only contracts with pseudo-tied resources and resource-specific dynamically scheduled system resources should be able to lock MIC allocations. These are the only resources which, like generating resources within the CAISO balancing area, are subject to all of the following: (1) CAISO bid generation, (2) exceptional dispatch in all cases, (3) CAISO operating instructions, and (4) CAISO

⁵ Comments of Energy Division Staff at 2.

⁶ CAISO Responses to Stakeholder Comments on the Straw Proposal, Question 10a, at 25.

⁷ For example, see Comments of Pacific Gas and Electric Company on the Straw Proposal at 2 (regarding changes to LSE load forecasts), Comments of Southern California Edison on the Straw Proposal at 1-2 (regarding load migration), and Comments of Southwestern Power Group on the Straw Proposal at 2-3 (regarding locks on MIC allocations).

⁸ See Comments of Energy Division Staff at 3-6.

⁹ CAISO Revised Straw Proposal at 20.

¹⁰ See Energy Division Resource Adequacy (RA) Import Proposal for Proceeding R.19-11-009, Attachment 2, available at

<http://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M328/K292/328292363.PDF>.

¹¹ CAISO Revised Straw Proposal at 20.

¹² D.19-11-016 at 65, available at

<http://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M319/K825/319825388.PDF>.

dispatch instructions.¹³ In addition, resource-specific dynamically scheduled system resources and long-start pseudo-tied resources must bid their full RA capacity into the Real Time Market (RTM) for any hours in which they received a Day Ahead award, and short- or medium-start pseudo-tied resources must bid their full RA capacity into the RTM for all hours.¹⁴ Regardless, there are currently no “other resource-specific system resources” (i.e. resource-specific, non-dynamically scheduled system resources).¹⁵

It is staff’s understanding that Alternative 2 is purposefully less prescriptive than Alternative 1 in several ways. First, whereas Alternative 1 proposes that an LSE could lock up to 80% of its total MIC allocation for up to three years and could lock up to 60% of its total MIC allocation (as a subset of the 80% mentioned previously) for up to 20 years, Alternative 2 simply states that 75% of an LSE’s MIC would be available to lock based on the term of the underlying contracts. For example, an LSE could lock some MIC for 3 years using a 3-year contract and some MIC for 10 years using a 10-year contract, as long as the total locked capacity is under the 75% multi-year allocation. The caveats in Alternative 2 (as staff understands them) are that an LSE will lose priority on the branch groups where it received a multi-year allocation if it does not lock the allocation within three years – with the unlocked MIC at those branch groups being folded into the prompt year’s allocation process – and that an LSE must forfeit MIC that exceeds the total allocation implied by the LSE’s load ratio share in any given year-ahead allocation process, even if the LSE had “locked” the MIC.

Second, although LSEs must lock multi-year MIC allocations within three years under either alternative, it is staff’s understanding that under Alternative 2, CAISO would review multi-year contracts submitted by LSEs on a rolling basis – and would therefore allow LSEs to lock their multi-year MIC allocations on a rolling basis – rather than only reviewing them immediately before the third year. Staff believes rolling review of multi-year contracts is vastly preferable to reviewing them only just before the third year, particularly if an LSE intends to use multi-year contracts to meet RA obligations before the third year. Accordingly, staff also supports a “first come, first served” basis for locking multi-year MIC allocations on a given branch group, since it is unclear how the alternative (competition during an “open window”¹⁶) would be compatible with rolling review.

In summary, if staff’s understanding of Alternative 2 (as described in the preceding paragraphs) is correct, then staff supports Alternative 2 with the following caveats and clarifications:

- CAISO should specify that only contracts with pseudo-tied resources and resource-specific dynamically scheduled system resources would be able to

¹³ Energy Division Import Proposal in R.19-11-009, Attachment 2.

¹⁴ Ibid., Attachment 2.

¹⁵ Ibid., Attachment 2.

¹⁶ See CAISO MIC Stabilization and Multi-Year Allocation Straw Proposal at 13-14, CAISO Revised Straw Proposal at 13-14.

lock MIC allocations, consistent with D.19-11-016 in the Integrated Resource Plan proceeding.

- CAISO should lock multi-year MIC allocations at branch groups on a “first come, first served” basis.

Staff also has comments on certain other aspects of CAISO’s multi-year allocation proposal. Assuming CAISO limits multi-year contracts to pseudo-tied resources and resource-specific dynamically scheduled system resources, staff agrees that “any ‘evergreen’ or ‘life of the plant’ type contracts [should be] assumed to expire at the end of every 20-year period and the LSE must go through the process of locking up MIC allocations again at their current established load ratio share.”¹⁷ Similarly, staff agrees that “[a]ny renewal or extension of expiration date of an existing contract should constitute a new contract and the LSE must go through the process of locking up MIC allocations again at their current established load ratio share.”¹⁸ Staff agrees with CAISO’s proposal to enhance transparency by publishing “information related to the LSE holder and locked up amounts, including expiration years, for each individual branch group.”¹⁹ Finally, staff reiterates our support²⁰ for CAISO’s proposed changes to the Remaining Import Capability allocation methodology.²¹

¹⁷ CAISO Straw Proposal at 14, CAISO Revised Straw Proposal at 14.

¹⁸ Ibid.

¹⁹ CAISO Straw Proposal at 14, CAISO Revised Straw Proposal at 18.

²⁰ Comments of Energy Division Staff at 4.

²¹ CAISO Revised Straw Proposal at 18-19.