



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 second revised straw proposal that was published on May 21, 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 **June 11, 2020**.

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 second revised straw 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

Direct Energy Business ("DEB") is a \$4 billion Direct Energy subsidiary providing electricity and natural gas to nearly 240,000 businesses in North America. DEB performs commodity hedging and risk management functions on behalf of our retail customers as well as provides commodity

solutions and market intelligence to wholesale customers like community choice aggregators (CCAs). DEB has been an Electric Service Provider (ESP) in California for many years and is active in procuring MIC and RA to serve our Direct Access (DA) load.

DEB supports the stabilization efforts outlined in Section 5.1.

2. Available Import Capability Multi-year Allocation Process

DEB supports with caveats the Multi-Year Allocation Process, but has two major changes that it would like to see in the proposal:

- First, and most importantly, DEB recommends that CAISO staff remove the resource specific requirement for LSEs to lock-up multi-year MIC (page 25). In both the webinar and Second Revised Straw Proposal, CAISO staff stated how this would be “consistent” with proposed Import RA rules, but that is inaccurate as outlined below.

In the Proposed Decision (PD) of Rulemaking R.17-09-020 released by ALJ Debbie Chiv on May 18, 2020, the CPUC explicitly rejected the proposal that Import RA contracts require source-specification at the time of RA showings. This PD continues to allow non-resource specific contracts to qualify as Import RA subject to new requirements for contracting and scheduling. The resources must self-schedule or alternatively must bid into the CAISO at a level of \$0 to -150/MWh during the Availability Assessment Hours. While CAISO submitted a proposal as part of this proceeding that would require Import RA to only be from source-specific contracts, that requirement has not been adopted by the CPUC. The PD identifies several concerns with the CAISO resource-specific proposal, and states that “the proposal requires further development and regulatory approval before implementation” (Findings of Fact #5, page 50).

Thus, the requirement in the Straw Proposal that an LSE have resource-specific contracts to be able to lock multi-year MIC creates a major disconnection between this initiative and the CPUC Import RA rules. Moving forward with the resource-specific requirement would not be “consistent” with what the CPUC finds permissible to count as Import RA, which would unduly restrict the market for Import RA availability. CAISO staff instead should align this initiative with the CPUC Import RA rules and allow non-resource specific contracts to lock multi-year MIC provided that the CPUC Import RA requirements are followed. Only if the CPUC in the future requires resource-specific contracts for Import RA should this also be a requirement to lock multi-year MIC.

- Second, the Straw Proposal proposes that if the amount contracted for varies by month, that the amount that can be locked will be equal to the month with the highest total QC value (page 25). DEB recommends that since the summer months are the most critical period for RA and when the MIC is most needed, the proposal be revised to state that only the highest summer month (May-October) be the basis for the amount of future year

MIC that can be locked. LSEs with a high winter RA contract and low summer RA contract could conceivably lock up MIC for the summer that it will not be using that it could sell at a premium. This potential behavior should be discouraged by only rewarding LSEs with future MIC amounts based on how much they are using in the peak summer months.

Additional comments

DEB thanks the CAISO for working on this important initiative and for the opportunity to provide these comments.