

The CAISO received comments on the topics discussed at the March 18, 2021 stakeholder meeting from the following:

1. [Bonneville Power Administration \(BPA\)](#)
2. [Brookfield Renewable Trading and Marketing LP \(BRTM\)](#)
3. [California Community Choice Association \(CalCCA\)](#)
4. [California Municipal Utilities Association \(CMUA\)](#)
5. [California Department of Water Resources \(CDWR\)](#)
6. [California ISO Department of Market Monitoring \(DMM\)](#)
7. [Imperial Irrigation District \(IID\)](#)
8. [Morgan Stanley Capital Group Inc. \(MSCG\)](#)
9. [Pacific Gas & Electric \(PG&E\)](#)
10. [Powerex Corp.](#)
11. [Southern California Edison \(SCE\)](#)
12. [Six Cities](#)
13. [Southwestern Power Group \(SWPG\)](#)
14. [Salt River Project \(SRP\)](#)
15. [Silicon Valley Power \(SVP\)](#)
16. [Valley Electric Association \(VEA\)](#)
17. [Vistra Corporation](#)

Copies of the comments submitted are located on the Maximum Import Capability Enhancements webpage at:

<https://stakeholdercenter.aiso.com/StakeholderInitiatives/Maximum-import-capability-enhancements>

The following are the CAISO's responses to the comments.

1. Bonneville Power Administration (BPA) Submitted by: Mark Symonds		
No	Comment Submitted	CAISO Response
1a	<p>1. Provide a summary of your organization’s comments on the Maximum Import Capability (MIC) Enhancements issue paper:</p> <p>The Bonneville Power Administration (Bonneville)[1] appreciates the opportunity to comment on CAISO’s Maximum Import Capability (MIC) Enhancements Issue Paper. Our comments are limited to the topic on the reservation of import capability and transmission of wheel-through transactions. In summary, Bonneville:</p> <ul style="list-style-type: none"> • Requests this topic be undertaken as part of a separate stakeholder process • CAISO provide its findings of the transmission practices of other organized markets • The EIM Governing Body be given at a minimum an advisory role on this this topic • CAISO adopt the following principles for development of an open access transmission procurement framework: <ul style="list-style-type: none"> o Adheres to FERC open access principles o Does not inhibit competitive wholesale energy trade across the markets in the West. <p>Bonneville expands on these comments in Question 5 below.</p> <p>[1] Bonneville is a federal power marketing administration within the U.S. Department of Energy that markets electric power from 31 federal hydroelectric projects and some non-federal projects in the Pacific Northwest with a nameplate capacity of 22,500 MW. Bonneville currently supplies around 30 percent of the power consumed in the Northwest. Bonneville also operates 15,000 miles of high voltage transmission that interconnects most of the other transmission systems in the Northwest with Canada and California. Bonneville is obligated by statute to serve Northwest municipalities, public utility districts, cooperatives and then other regional entities prior to selling power out of the region.</p>	<p>Thank you for your comments. The CAISO has decided to address the reservation of transmission service for wheeling transactions as a separate, stand alone, initiative conducted through a stakeholder process. As a result, the topic will be removed from the scope of the MIC Enhancements initiative.</p>
1b	<p>2. Provide your organization’s comments on the calculation and technical studies related to MIC, as described in section 2.1:</p>	

No	Comment Submitted	CAISO Response
1c	<p>3. Provide your organization’s comments on potential transparency and trading opportunity improvements, as described in section 2.2:</p>	
1d	<p>4. Provide your organization’s comments on the MIC allocation and usage, as described in section 2.3:</p>	
1e	<p>5. Provide your organization’s comments on the reservation of import capability and transmission for wheel-through transactions topic, as described in section 2.4:</p> <p>Bonneville strongly supports CAISO developing a forward process for external entities to obtain firm transmission to wheel across the CAISO transmission system. We believe principles that must be foundational to development of such a framework include:</p> <ul style="list-style-type: none"> • Adheres to FERC open access principles • Does not inhibit competitive wholesale energy trade across the markets in the West. <p>Given the importance of this issue and its implications to the broader energy markets in the West, Bonneville requests that the topic of reservation of import capability and transmission for wheel-through transactions be taken up in a separate stakeholder initiative rather than be combined with broader MIC enhancements. While MIC is a useful tool to narrowly determine the quantity of import RA resources for serving CAISO load that can be contracted for on a forward basis, MIC is not a construct that determines or provides transmission rights and priorities, nor should it evolve to become such a framework. Bonneville believes it is more appropriate to advance a forward, open access transmission procurement framework as part of a separate stakeholder initiative.</p> <p>Additionally Bonneville appreciates CAISO’s response on the March 18th stakeholder call that CAISO is currently undergoing an effort to understand and evaluate the forward transmission procurement practices of other organized markets in the country. Bonneville requests that CAISO provide its findings to stakeholders as part of the straw proposal and subsequent stakeholder meeting. We believe the evaluation and potential adoption of transmission procurement frameworks of other organized markets whose practices have already been approved by FERC will enhance the success of this initiative.</p>	<p>See previous response.</p> <p>The CAISO will take the identified principles into consideration as they are foundational to the effort and will share the results of its benchmarking efforts with other BAAs outside of organized markets as well as other ISOs/RTOs.</p> <p>The CAISO will describe the EIM Governing Body role for this stand-alone initiative once it issues the straw proposal based upon the scope and elements of the proposal.</p>

No	Comment Submitted	CAISO Response
	<p>Lastly, Bonneville believes the EIM Governing Body should have a significant decisional role in the reservation of import capability and transmission for wheel-through transactions topic. As mentioned previously this initiative fundamentally impacts energy trade across the markets in the West and reciprocal treatment of transmission. As such, the EIM Governing Body should be given at a minimum an advisory role, if not a greater role.</p>	
1f	<p>6. Provide your organization’s comments on the proposed initiative schedule and EIM Governing Body role, as described in section 4:</p>	
1g	<p>7. Additional comments on the MIC Enhancements issue paper:</p>	



2. Brookfield Renewable Trading and Marketing LP (BRTM) Submitted by: Steve Greenleaf		
No	Comment Submitted	CAISO Response
2a	<p>1. Provide a summary of your organization’s comments on the Maximum Import Capability (MIC) Enhancements issue paper:</p> <p>Brookfield Renewable Trading and Marketing LP (BRTM) supports the CAISO’s effort to further consider enhancements to the MIC allocation process and to consider the reservation of import capability and transmission for wheel-through transactions. With respect to both of these issues BRTM recommends that the CAISO ensure open, non-discriminatory, and comparable access to all users of the transmission system and to provide transmission service to those that value it the most.</p> <p>To that end, BRTM recommends that the CAISO consider changes to the MIC allocation methodology, currently based on a load-serving entity’s (LSE’s) load-ratio share. BRTM urges the CAISO to consider all options, ranging from an auction design (one that is preferably available to all market participants) to an enhanced bulletin-board system that could facilitate Inter-Scheduling Coordinator or -LSE bilateral trades of MIC. BRTM also supports active consideration of mechanisms, such as automatic release provisions, to ensure that LSEs cannot inappropriately hold onto unused MIC allocations.</p> <p>With respect to the treatment of wheel-through transactions, once again BRTM urges the CAISO to ensure open, non-discriminatory, and comparable access to all users of the transmission system and to provide transmission service to those that value it the most. As detailed further below, BRTM supports the development of measures that, at a minimum, depending on the value placed on those transactions, put wheel-through transactions on an equal footing to load (including import RA) when establishing scheduling and curtailment priorities in the CAISO market.</p>	<p>Thank you for your support.</p>
2b	<p>2. Provide your organization’s comments on the calculation and technical studies related to MIC, as described in section 2.1:</p> <p>BRTM does not have specific recommendations on the MIC technical studies and MIC calculation methodology at this time. While BRTM understands the CAISO’s challenges in allocating the simultaneous import capability on the system and the inherent trade-offs in managing intertie-by-intertie or branch group-by-branch group MIC values, BRTM nonetheless urges the CAISO to consider calculation methodologies that could account for, as termed by the</p>	

No	Comment Submitted	CAISO Response
	<p>CAISO, the “liquidity” of each intertie (i.e., interest of LSEs in importing at that location, as measured by import resource adequacy (RA) showings.</p> <p>More broadly, but just as importantly, BRTM urges the CAISO to proactively inform this discussion by aggressively moving forward in its transmission planning process with the modeling of the California Public Utilities Commission’s (CPUC) developed resource portfolios (critically both in-state and out-of-state) in order to accurately assess the impact those portfolios may have on the transmission system (once again both in-state and out-of-state) and thus the ability to import resources – as measured by the simultaneous import capability, scheduling limits, and congestion (economic)- and interest in import resources – as measured by RA showings - at particular interties.</p>	<p>Your preference has been noted.</p>
2c	<p>3. Provide your organization’s comments on potential transparency and trading opportunity improvements, as described in section 2.2:</p> <p>See above comments regarding the need for studies to inform the process and, at a minimum, development of a bulletin-board system.</p>	
2d	<p>4. Provide your organization’s comments on the MIC allocation and usage, as described in section 2.3:</p> <p>See above comments.</p>	
2e	<p>5. Provide your organization’s comments on the reservation of import capability and transmission for wheel-through transactions topic, as described in section 2.4:</p> <p>BRTM strongly supports the CAISO’s proposal to address this issue in this initiative. Access to and use of the CAISO transmission system plays a critical part in facilitating transfers throughout the West. As a result, the CAISO must ensure that it adheres to FERC’s open access principles and provides open, non-discriminatory, and comparable access to all users of the transmission system and provides that transmission to those that value it the most, including wheel-through customers. While BRTM supports the concept of participants being able to “firm up” or provide more certainty to wheel-through transactions in advance, BRTM also understands the complexities involved and the need to align whatever tools or mechanisms are developed through this initiative for wheel-through customers with the general and specific scheduling priorities embedded in the CAISO’s market software.</p>	<p>Thank you for your comments. The CAISO has decided to address the reservation of transmission service for wheeling transactions as a separate, stand alone, initiative conducted through a stakeholder process. As a result, the topic will be removed from the scope of the MIC Enhancements initiative.</p>

No	Comment Submitted	CAISO Response
	<p>Moving forward, and as noted by BRTM on the March 18, 2021, stakeholder call, BRTM urges the CAISO to carefully consider the meaning of and how it uses terms such “import capability” and “transmission reservation.” For example, the term “maximum import capability” or “MIC” is used in connection with allocation of import capability to LSEs for purposes of establishing the qualifying capacity (QC) of import RA resources. MIC is not a transmission reservation and in no way guarantees a market participant that their import RA related schedules will be accepted or will have a certain priority over other schedules in either the day-ahead or real-time market. On the other hand, a transmission reservation, as that term is used in the context of a pro forma open access transmission tariff, does imply that a party has the right to schedule transmission over a transmission system or a given set of transmission facilities and that that user may have priority over other users of that system.</p>	
2f	<p>6. Provide your organization’s comments on the proposed initiative schedule and EIM Governing Body role, as described in section 4: BRTM has no comments on the schedule or the EIM Governing Body role.</p>	
2g	<p>7. Additional comments on the MIC Enhancements issue paper: BRTM has no additional comments.</p>	



3. California Community Choice Association (CalCCA) Submitted by: Shawn-Dai Linderman		
No	Comment Submitted	CAISO Response
3a	<p>1. Provide a summary of your organization’s comments on the Maximum Import Capability (MIC) Enhancements issue paper:</p> <p>CalCCA supports efforts to ensure that CAISO Maximum Import Capability (MIC) allocations continue to facilitate implementation of California’s Resource Adequacy (RA) program in a manner that ensures that the CAISO will have access to the resources needed to reliably serve CAISO load using the CAISO Balancing Authority Area (BAA) transmission. Changes to the MIC process must be consistent with FERC’s open access principles, including requirements to ensure that load serving entities (LSEs) continue to be able to utilize firm transmission rights or equivalent rights required to meet the reasonable native load service obligations of LSEs within California.[1] Parties need to recognize that California LSEs are the only entities that have an obligation to serve load within the CAISO BAA and are the only entities obligated to pay for the cost of the transmission that has been turned over to CAISO operational control. Entities outside the CAISO BAA that wish to use available CAISO transmission can do so by bidding or self-scheduling in the CAISO markets, but these entities do so voluntarily and with no long-term commitment to pay for existing transmission or any necessary upgrades.</p> <p>In contrast to the current transmission reservation construct, CAISO’s current Congestion Revenue Rights (CRR) allocation process acknowledges the priority of LSE loads, by allocating CRRs only to CAISO LSEs and to qualified Out of Balancing Authority Area LSEs (OBAALSEs).[2] CAISO only allocates CRRs to OBAALSEs that (1) demonstrate historical tagged Real-Time Interchange Export Schedules and historical load data reflecting the load they serve is exposed to congestion charges for the use of the CAISO Controlled Grid, and (2) demonstrate a commitment to use and pay for the CAISO transmission. While the OBAALSE process could be a potential model for assigning MIC that is not needed to serve CAISO load, the process for allocating MIC would need to ensure that RA resources needed to serve CAISO native load would continue to have sufficient import transmission capability in conjunction with any wheel through assignments. This might require appropriate obligations to flow the energy if necessary to ensure that any counter flows created by wheel throughs using excess MIC would materialize in</p>	<p>Thank you for your support.</p>

No	Comment Submitted	CAISO Response
	<p>the CAISO markets, otherwise the CAISO would risk the deliverability of contracted RA resources needed to serve CAISO load.</p> <p>[1] 16 U.S. Code § 824q - Native load service obligation. https://www.law.cornell.edu/uscode/text/16/824q</p> <p>[2] See CAISO Tariff Section 36.8</p>	
3b	<p>2. Provide your organization's comments on the calculation and technical studies related to MIC, as described in section 2.1:</p> <p>Annual MIC allocations should be respected, similar to how NQC for internal resources that have been determined to be deliverable are respected, even if circumstances have changed after the initial deliverability studies. Today, this is accomplished by setting MIC at pre-determined values based upon historical usage and those MIC quantities are honored during the RA year without changes due to grid conditions. The CAISO should not introduce uncertainty regarding the validity of LSEs' shown RA resources that may result in stranded assets. Any incremental deliverability assessments would need to take into consideration previously allocated MIC. The RA program must continue to provide for known compliance obligations and known resource counting such that prior to an RA showing, the LSE can evaluate their compliance with certainty. Any mechanism for which the counting of a resource is unknown until after the showing is not acceptable.</p>	Your preference has been noted.
3c	<p>3. Provide your organization's comments on potential transparency and trading opportunity improvements, as described in section 2.2:</p> <p>CalCCA supports efforts to improve the transparency of MIC allocations, particularly during the annual and monthly trading process, and the actual usage after the showings are in and validated, so that parties have more information about potential opportunities to increase the utilization of available MIC.</p>	Thank you for your support.
3d	<p>4. Provide your organization's comments on the MIC allocation and usage, as described in section 2.3:</p> <p>CalCCA has no comment on this issue at this time.</p>	

No	Comment Submitted	CAISO Response
3e	<p>5. Provide your organization’s comments on the reservation of import capability and transmission for wheel-through transactions topic, as described in section 2.4:</p> <p>CalCCA reiterates its previous comments on summer 2021 readiness that the long-term policy must properly account for the CAISO’s responsibility to ensure reliable service to firm native loads, while providing open access to transmission that is in excess of that needed to serve native load. The process should consider three factors:</p> <ul style="list-style-type: none"> □ The extent to which the users of the CAISO’s transmission have and will be responsible for paying for the embedded costs of the CAISO’s transmission; □ How the CAISO models the use of the transmission in its Transmission Planning Process and in its deliverability assessments; and □ Any potential interactions between the CAISO’s Day-Ahead Market, Real-Time Market and Energy Imbalance Market on the use of, and compensation for, the CAISO’s transmission. <p>The assessment also should consider the extent to which CAISO loads and non-CAISO stakeholders are able to access transmission from adjacent Balancing Authority Areas (BAAs) and from the CAISO on comparable terms and conditions.</p> <p>This MIC Enhancements initiative should result in a more robust longer-term solution prior to summer 2022 that:</p> <ol style="list-style-type: none"> 1. Properly accounts for significant differences in the market structures and access to transmission in the adjacent BAAs as compared to the CAISO organized market; 2. Recognizes that load serving entities within the CAISO have paid, and will continue to pay, for nearly the entire \$4.3 billion annual CAISO PTO transmission revenue requirement[1], while wheel-through transactions currently need only make a 15-minute to 1-hour commitment to pay for CAISO’s transmission for each scheduled wheeling transaction; 3. Recognizes that CAISO’s loads have relied on imports and the internal CAISO transmission they have funded for decades to meet their load serving obligations; 4. Accounts for internal transmission constraints and the need to deliver RA resources within the state through those internal transmission constraints at 	<p>Thank you for your comments. The CAISO has decided to address the reservation of transmission service for wheeling transactions as a separate, stand alone, initiative conducted through a stakeholder process. As a result, the topic will be removed from the scope of the MIC Enhancements initiative.</p> <p>The CAISO will consider the factors suggested by CalCCA.</p>

No	Comment Submitted	CAISO Response
	<p>the same time the CAISO is ensuring that wheel-through transactions are deliverable; and</p> <p>5. Includes obligations for the wheel through transactions to flow to preserve deliverability (i.e. providing a counterflow that made the flow of an import feasible to ensure that reliability obligations within the CAISO market can be met).</p> <p>CalCCA recommends exploring developing a process similar to the one used for allocating CRRs to Out of Balancing Authority Area Load Serving Entities (OBAALSE), including verifying historical real-time scheduled usage of the CAISO transmission and an obligation to pay for the transmission whether or not the transmission is used.</p> <p>[1] http://www.aiso.com/Documents/HighVoltageAccessChargeRatesEffectiveJan01_2021Revised03112021.pdf</p>	
3f	<p>6. Provide your organization’s comments on the proposed initiative schedule and EIM Governing Body role, as described in section 4:</p> <p>While the proposed schedule is aggressive, CalCCA supports parties working diligently towards developing appropriate long-term solutions for allocating MIC. It may be necessary to identify and prioritize some elements for earlier adoption, such as the wheeling priority issue.</p>	
3g	<p>7. Additional comments on the MIC Enhancements issue paper:</p> <p>CalCCA has no additional opinion on this topic at this time.</p>	

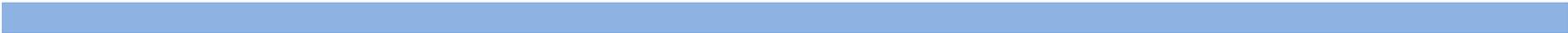
4. California Municipal Utilities Association (CMUA) Submitted by: Tony Braun		
No	Comment Submitted	CAISO Response
4a	<p>1. Provide a summary of your organization’s comments on the Maximum Import Capability (MIC) Enhancements issue paper:</p> <p>The California Municipal Utilities Association (CMUA) greatly appreciates the initiation of this process to examine MIC and related issues as well as to improve the ability to reliably and efficiently trade capacity and energy products across Balancing Authority Area (BAA) boundaries.</p> <p>CMUA believes it is essential to include as part of this initiative the recently identified issues surrounding the ability of the CAISO to honor Wheel Through transactions that other entities rely upon to meet their own load service obligations. It is clear that subregions in the West, including the CAISO, rely on each other to ensure reliable service to customers[1]. CAISO is a net importer and more importantly relies upon imports to meet net peak hour requirements. If CAISO-based Load Serving Entities (LSEs) are going to be able to contract for those imports, MIC must be available in order to meet regulatory requirements. Further, a better understanding of how MIC and transmission availability at the other side of the Intertie Points work together is needed.</p> <p>CMUA believes a fresh look at all the interrelated issues discussed above is warranted.</p> <p>[1] See Western Electricity Coordinating Council, The Western Assessment of Resource Adequacy Report (Dec. 18, 2020), available at https://www.wecc.org/Administrative/Western%20Assessment%20of%20Resource%20Adequacy%20Report%2020201218.pdf.</p>	
4b	<p>2. Provide your organization’s comments on the calculation and technical studies related to MIC, as described in section 2.1:</p> <p>While CMUA does not comment on the calculation and technical studies at this time, we raise certain issues regarding these matters below. The CAISO has repeatedly emphasized, and CMUA appreciates, the relationship between MIC and deliverability assessments of internal resources including queue resources. However, this is not a single issue but instead a host of issues that could be better understood through this process. CMUA does believe there should not be an over-reliance on historical transactions but rather the MIC limit at specific branch locations should be limited by technical constraints that take</p>	<p>The CAISO will add this topic of discussion to the agenda for the straw proposal phase of this stakeholder engagement.</p>

No	Comment Submitted	CAISO Response
	<p>into account imports that may be delivered at other interties and the relationship to the overall deliverability of the fleet.</p>	
<p>4c</p>	<p>3. Provide your organization’s comments on potential transparency and trading opportunity improvements, as described in section 2.2:</p> <p>Transparency is a key issue, and there appears to be a dearth of facts in the public record to help understand the scope and impact of MIC. CMUA has several questions on these topics such as how many import RA contracts are there, including grandfathered amounts? What MIC remains available? On what branch groups? What overall deliverability is being held for generation in the interconnection queue that affects MIC? How long is it being held and what is the ongoing commercial viability of queue resources for which deliverability is being held that may affect MIC? More insight into all these matters is needed.</p> <p>Before considering trading opportunity improvements, answers to the above questions are required. CMUA is unsure that a hypothetical trading platform for MIC would remedy the current issues.</p>	<p>Through this stakeholder process, the CAISO will point to the currently available data that addresses most of the questions in this paragraph. Additional transparency data will become available in June after the new Tariff language regarding multi-year MIC reservations become effective.</p>
<p>4d</p>	<p>4. Provide your organization’s comments on the MIC allocation and usage, as described in section 2.3:</p> <p>CMUA generally supports allocation of MIC to LSEs that pay for the embedded cost of the transmission system. While MIC is characterized as not a right to transmission access that results in Day-Ahead or Real-Time flows of energy, MIC does affect those flows because MIC is needed to contract with imports that count toward resource adequacy (RA) requirements. It is correct to distinguish between MIC and operationalization of transmission in the markets, but it is not correct to divorce MIC allocations entirely from the bundle of transmission rights that are allocated and prioritized for load based on open access principles, such as Congestion Revenue Rights.</p> <p>Consistent with the above foundational principles, before assessing options for different allocations and usage of MIC, CMUA urges the CAISO to delve into the transparency matters first. Understanding how, whether, and where MIC is used to support RA imports, where it remains available, and where it is fully utilized, is necessary to understand options to improve the current process.</p> <p>In summary, CMUA supports the development of a process where unused MIC is identified in a manner that will support RA import procurement and made available to LSEs that need it to match proposed RA import contracts.</p>	<p>Your preference has been noted.</p> <p>CAISO agrees and will address transparency and educational items first, before proposing other changes to the current process.</p>

No	Comment Submitted	CAISO Response
4e	<p>5. Provide your organization’s comments on the reservation of import capability and transmission for wheel-through transactions topic, as described in section 2.4:</p> <p>CMUA agrees that how reservations of import capability are made over the CAISO Controlled Grid is a critical issue for the reasons stated above, namely that all subregions in the West rely on each other to serve load. Neighboring BAAs should have reasonable assurance that if transmission is made available across the CAISO, the transmission will have an appropriate level of prioritization to be relied upon to serve load as intended.</p> <p>This is a complex matter. It is certainly a new concept for the CAISO. To date, there has been no reservation process for wheeling transactions, but given tightening of power markets in the West, a process needs to be developed. The interaction of RA imports with wheeling transactions is critical, and is one reason why CMUA supports much greater transparency with respect to what is currently imported for CAISO RA purposes and on what branch groups. Greater transparency will allow a better assessment of the size and extent of the problem.</p> <p>Other hard issues will likely need to be raised. For example, reservation of transmission under traditional Open Access Transmission Tariffs used by CAISO’s neighbors comes with an accompanying charge. The cost of a reservation across the CAISO would therefore need to be explored.</p> <p>Also, CMUA was struck by CAISO’s statements during the March 18, 2021 stakeholder meeting that MIC is fully subscribed at certain branch groups, but not used much at all at others. It seems necessary to delve into why that is, and how transmission is made available on neighboring systems to support both wheels and RA imports. CMUA members report difficulty in obtaining firm transmission on certain neighboring interties, but also that non-firm service across many systems is in actuality “firm” as it rarely if ever gets curtailed except for instances of transmission derates. As such, if we are to match up systems more harmoniously, it will be critical to understand how access can be made more consistent across all relevant systems to enable the firm and reliable power transfers across BAAs.</p>	<p>Thank you for your comments. The CAISO recognizes the complexity of issues involved and thus has decided to address the reservation of transmission service for wheeling transactions as a separate, stand alone, initiative conducted through a stakeholder process. As a result, the topic will be removed from the scope of the MIC Enhancements initiative.</p>
4f	<p>6. Provide your organization’s comments on the proposed initiative schedule and EIM Governing Body role, as described in section 4:</p>	



No	Comment Submitted	CAISO Response
	CMUA has not developed a position on this issue at this time.	
4g	7. Additional comments on the MIC Enhancements issue paper: CMUA has no additional comments at this time.	



5. California Department of Water Resources (CDWR) Submitted by: Mohan Niroula		
No	Comment Submitted	CAISO Response
5a	<p>1. Provide a summary of your organization’s comments on the Maximum Import Capability (MIC) Enhancements issue paper: Unused MIC during a compliance month can be made available with a proper mechanism for an efficient outcome. As the issue paper does not have a specific CAISO proposal, CDWR will provide its comments on the upcoming specific proposal.</p>	Your position has been noted.
5b	<p>2. Provide your organization’s comments on the calculation and technical studies related to MIC, as described in section 2.1: As CAISO suggests running deliverability study after monthly plans are submitted may be a challenge with regard to timing and duration to complete monthly deliverability study.</p>	CAISO concurs.
5c	<p>3. Provide your organization’s comments on potential transparency and trading opportunity improvements, as described in section 2.2: CDWR may provide comments on specific proposal on auction if it will be in the next round.</p>	
5d	<p>4. Provide your organization’s comments on the MIC allocation and usage, as described in section 2.3: LSE’s step 4 allocation should not be impacted until the monthly RA showings. After monthly showings unused MIC may be opened for availability. How LSE may retain the value of unused MIC should be established.</p>	Your preference has been noted.
5e	<p>5. Provide your organization’s comments on the reservation of import capability and transmission for wheel-through transactions topic, as described in section 2.4: CDWR will provide its comments on a specific proposal on this aspect.</p>	
5f	<p>6. Provide your organization’s comments on the proposed initiative schedule and EIM Governing Body role, as described in section 4: No comment.</p>	
5g	<p>7. Additional comments on the MIC Enhancements issue paper:</p>	



No	Comment Submitted	CAISO Response
	No further comments at this time.	



6. California ISO Department of Market Monitoring (DMM) Submitted by: DMM		
No	Comment Submitted	CAISO Response
6a	<p>1. Provide a summary of your organization’s comments on the Maximum Import Capability (MIC) Enhancements issue paper: The ISO Department of Market Monitoring (DMM) appreciates the opportunity to comment on the Maximum Import Capability (MIC) Enhancements Issue Paper.¹ DMM submits the comments below in support of the ISO’s proposal to develop a process for reservation of import capability and transmission for wheel-through transactions.</p> <p>1 Maximum Import Capability Enhancements – Issue Paper, California ISO, March 11, 2021: http://www.caiso.com/InitiativeDocuments/IssuePaper-MaximumImportCapabilityEnhancements.pdf</p>	<p>Thank you for your support.</p>
6b	<p>2. Provide your organization’s comments on the calculation and technical studies related to MIC, as described in section 2.1:</p>	
6c	<p>3. Provide your organization’s comments on potential transparency and trading opportunity improvements, as described in section 2.2:</p>	
6d	<p>4. Provide your organization’s comments on the MIC allocation and usage, as described in section 2.3:</p>	
6e	<p>5. Provide your organization’s comments on the reservation of import capability and transmission for wheel-through transactions topic, as described in section 2.4: The ISO states in the issue paper that it plans to explore development of a process for requesting and reserving import capability and transmission to support wheel-through transactions on the CAISO system. DMM supports the ISO’s commitment to developing this process in the MIC Enhancements initiative. In the final proposal of the Market Enhancements for Summer 2021 Readiness initiative, the ISO has proposed temporary market design rules to establish priorities for wheel-through transaction for summer 2021.² DMM supports those temporary measures as improvements that better align the</p>	<p>Thank you for your comments. The CAISO has decided to address the reservation of transmission service for wheeling transactions as a separate, stand alone, initiative conducted through a stakeholder process. As a result, the topic will be removed from the scope of the MIC Enhancements initiative.</p> <p>The initiative will consider a process for determining excess available transmission capability, access to that transmission and consequently the associated scheduling priorities, among other issues/topics that may arise.</p>

No	Comment Submitted	CAISO Response
	<p>practices of the CAISO with those of other BAAs. However, DMM recommends the ISO continue to work on making its operating practices for wheel-through transactions even more equivalent to those of other BAAs.</p> <p>Based on DMM's understanding rules and practices in other BAAs, this would involve the following additional changes:</p> <ul style="list-style-type: none"> ▫ Establishing a process to determine excess available transmission capacity on the CAISO system; ▫ Establishing an option for wheel-through transactions to purchase excess firm or similar quality transmission on a long-term basis, and; ▫ Developing clear and consistent priority access to transmission for CAISO load, and other network-quality transmission customers, relative to hourly wheel-through schedules. <p>DMM supports the ISO's inclusion of wheel-through transmission provision topics in in the issue paper, and DMM appreciates the immediacy with which the ISO has begun to seek durable, long-term solutions to the provision of transmission access to wheel-through transactions.</p> <p>2 Market Enhancements for Summer 2021 Readiness – Final Proposal, California ISO, March 19, 2021: http://www.caiso.com/InitiativeDocuments/FinalProposal-MarketEnhancements-Summer2021Readiness.pdf</p>	
6f	<p>6. Provide your organization's comments on the proposed initiative schedule and EIM Governing Body role, as described in section 4:</p>	
6g	<p>7. Additional comments on the MIC Enhancements issue paper:</p>	

7. Imperial Irrigation District (IID) Submitted by: Sean Neil		
No	Comment Submitted	CAISO Response
7a	<p>1. Provide a summary of your organization’s comments on the Maximum Import Capability (MIC) Enhancements issue paper:</p> <p>IID appreciates the CAISO’s receptiveness to stakeholder concerns about MIC allocation. MIC is an important mechanism in ensuring imports into the CAISO Balancing Authority Area (“BAA”) to support Load Serving Entities’ (“LSEs”) Resource Adequacy (“RA”) requirements. Unfortunately, MIC has historically been too restrictively calculated, allocated, and made available, such that the mechanism has at times acted as a barrier to imports that could serve load within the CAISO footprint. As the host of a service territory adjacent to the CAISO, IID has an interest in ensuring that generating resources that locate in IID’s territory have the capability reasonably to access customers throughout California. With IID as the location of significant geothermal and solar potential, the CAISO has an interest in maximizing the capability of IID’s customers to reach LSEs within the CAISO to meet RA needs, as well as policy and carbon-neutrality objectives.</p> <p>Regarding the CAISO’s March 11, 2021 Issue Paper, IID applauds the CAISO’s willingness to consider solutions to ensure MIC is efficiently allocated and productively utilized. To that end, IID supports CAISO’s consideration of liquidity at certain branch groups, improved transparency of import capability allocations and their usage and reassignment, as well as mechanisms that would allow for equitable auctioning or trading of MIC.</p> <p>On the other hand, IID would not support proposals that would place restrictions on wheel-through transactions. IID endorses a discussion to assist the CAISO better manage wheel-through transactions, including forward reservation of wheel-throughs, but would have to weigh the burdens of such proposals carefully before supporting such proposals.</p>	<p>Thank you for your support.</p>
7	<p>2. Provide your organization’s comments on the calculation and technical studies related to MIC, as described in section 2.1:</p> <p>IID supports the CAISO’s consideration of liquidity at certain branch groups. Improving liquidity may ensure that MIC is available at the branch groups that need it most. Currently, there is needed, but unused, MIC where LSEs who have no obligation to use or release MIC, effectively strand the unused capability. Such unused capability is unavailable to support RA commitments</p>	<p>Your position has been noted.</p>

No	Comment Submitted	CAISO Response
	<p>of other LSEs and external suppliers. IID supports consideration of means to reduce unused MIC held by LSEs in a manner that provides reasonable, advance assurances for access to MIC.</p>	
7c	<p>3. Provide your organization’s comments on potential transparency and trading opportunity improvements, as described in section 2.2: IID supports transparency and trading opportunity improvements, including enhanced transparency of Import Capability allocations and their usage as well as increased access to trading of import capability.</p>	<p>Thank you for your support.</p>
7d	<p>4. Provide your organization’s comments on the MIC allocation and usage, as described in section 2.3: To the extent either an auction, a mechanism that allows for recapture and release of unused MIC allocations, or another transparent mechanism allows for more efficient, reliable and flexible procurement of import capability by LSEs, IID supports the CAISO’s consideration of such measures. Although the CAISO has a process accommodating the trade and transfer of MIC, it is admittedly an underutilized process that should be improved to allow for transparent and efficient trading. Generally, IID is concerned that MIC is being allocated and then going unused by LSEs (as CAISO stated on the March 18, 2021 stakeholder call, only about 50-60% of the MIC is used). As the CAISO BAA remains reliant on imports, it is critical to ensure efficient use of MIC. Allowing for more efficient use of MIC will improve LSEs’ capability to meet their RA requirements through external suppliers, which may be a more cost-efficient option as compared to meeting RA requirements with internal suppliers. In light of tightening grid conditions, access to import capability is critical to ensure LSEs are able to access the capacity they are likely to require. Again, IID would need to consider the burdens of any specific auction or other capability release structure, before being able to state an opinion as to the desirability of such mechanism.</p>	<p>Your preference has been noted.</p>
7e	<p>5. Provide your organization’s comments on the reservation of import capability and transmission for wheel-through transactions topic, as described in section 2.4: IID supports the CAISO developing a mechanism to reserve the transmission for wheeling transactions ahead of time. However, IID would need to consider</p>	<p>Thank you for your support.</p>

No	Comment Submitted	CAISO Response
	the conditions for any Day-Ahead and forward wheel-through reservations to assess whether any proposal made in this stakeholder process would be an improvement from the present circumstances.	
7f	6. Provide your organization’s comments on the proposed initiative schedule and EIM Governing Body role, as described in section 4: IID provides no comment on this issue at this time.	
7g	7. Additional comments on the MIC Enhancements issue paper: IID reserves the right to change or supplement its positions, as this stakeholder process continues.	



8. Morgan Stanley Capital Group Inc. (MSCG) Submitted by: Ali Yazdi		
No	Comment Submitted	CAISO Response
8a	<p>1. Provide a summary of your organization’s comments on the Maximum Import Capability (MIC) Enhancements issue paper:</p> <p>MSCG appreciates the CAISO’s attention to this topic especially in light of the issues that have arisen during the 2021 summer readiness initiatives.</p> <p>CAISO states in the issue paper “MIC is allocated to LSEs because LSEs pay for the transmission system and, thus, they should receive the benefits from it and choose which external resources are ultimately selected for providing RA capacity that relies on the import capability.” At the same time, CAISO is trying to be accommodative to wheelthroughs as an open access transmission provider.</p> <p>Figure 1 of the CAISO issue paper clearly shows that the allocated MIC at the two large interties from the Pacific Northwest (Malin 500 and NOB) were near fully subscribed with import RA in the peak summer months. It is evident from the statistics that open access wheelthroughs and RA imports will compete to crowd each other out in summer months on the two key interties for surplus MW from the Pacific Northwest.</p> <p>For example at NOB the RA showing for the summer is approximately 1500 MW and the total CAISO ATC with a full rating is approximately 1600 MW. Therefore it is highly likely that wheel through schedules will crowd out RA schedules without the proper safeguards in place.</p> <p>Therefore, it is imperative that any allocation methodology that CAISO selects to address these competing requests is fair and equitable and takes into consideration that California load pays for the transmission on a multi-year basis and not just during peak hours of peak months. More specifically, if California loads are paying for the ISO controlled grid all hours of the year(s), wheelthrough schedules in any form ‘high priority’ or otherwise should not be able to come along and receive allocated pro-rata rights to flow on just one critical month e.g. for July or a subset of critical hours (ie: HE19-HE21). That would be inconsistent with how transmission is allocated on Open Access systems outside California, which is predominantly done based on duration of request. First come first serve is utilized to process the requests in queue for transmission but ultimately duration of request is the one criterion that is used to allocate the right to flow. Typically, Balancing Authorities in WECC have long term Network Transmission reservation or Long Term Point to Point</p>	

No	Comment Submitted	CAISO Response
	<p>reservations to import for native load and only available transmission capacity above that is made available for wheel through transactions. Network transmission reservations are typically based on long term load growth forecasts.</p> <p>That said, MSCG continues to support short term wheelthroughs, exports and an efficient utilization of the transmission network when California loads have not contracted for their allocated MIC and transmission space is available. MSCG also supports additional market based opportunities to trade allocated MIC to improve liquidity and encourage more forward contracting.</p>	
8b	<p>2. Provide your organization’s comments on the calculation and technical studies related to MIC, as described in section 2.1:</p> <p>MSCG believes that the CAISO’s deterministic approach to determining MIC is an acceptable compromise given the inherent conflict between open access considerations for resources on a planning basis and actual operation dynamics that change across short and long-term time horizons. However, we believe it is imperative for the CAISO to explicitly recognize these conflicts and provide rationale for their resolution when adopting a MIC methodology. Recognition of the competing interests allows the opportunity for future resolution of these conflicts rather than recalling that “this is the way we have always allocated MIC”.</p> <p>Available intertie capability varies as a function of many interrelated elements. Chief among those variables are load, the simultaneous flow across other interties, and downstream (internal) generation schedules – all that vary by time of day, season of the year and hydro conditions generally affecting an entire year. The current calculation methodology as we understand it is to tabulate MIC as a deterministic exercise where the CAISO bases its calculation of MIC on the average of two extreme hours per year where total load is greater than 90% of system peak and net load after renewable generation is at a maximum. The resulting flows across all interties constitute MIC. The CAISO performs a deliverability study for these conditions to assure Imports plus associated internal generation schedules are deliverable to load.</p> <p>Once calculated, however, MIC is not responsive to changes in future conditions that may diverge from the historical conditions utilized to calculate MIC. In particular, predominant hydro conditions in California or the Pacific Northwest are likely to vary considerably from year to year, impacting the actual</p>	<p>Your suggestion has been noted.</p> <p>The methodology for calculating MIC is: The CAISO selects the four hours per the following process. First, for each one of the last five years, the CAISO identifies the two hours with the highest actual imports (when load is at or above 90% of that year’s peak). If the two highest hours for a year identified herein occurred on the same day, then the CAISO identifies the next-highest import hour of that year that occurred on a different day of that year and used this as a second highest hour for that year. Second, the CAISO ranks the prior five years ranked by the sum of their two highest actual imports (when load is at or above 90% of that year’s peak). Third, the CAISO identifies the two years with the highest level of imports among those five years. Forth, the two highest hours from the two highest years comprise the four data points that will be used in the calculation. Once the four selected data points are established by actual real-time data, actual schedules (transmission usage data) from OASIS is used from the hour ahead (HASP) market for the same hour as established by real-time data. The CAISO will use the actual net schedules plus the unused ETC and TOR for that hour for each branch group. The hour ahead market data is preferred because it is closer to real-time than day ahead market data and it has higher values than real-time market data because the ETCs and TORs are protected in the day ahead and</p>

No	Comment Submitted	CAISO Response
	<p>available intertie capability and “actual” MIC. Furthermore, the MIC calculation methodology restricts MIC across many interfaces because internal CAISO resource schedules are given priority. Each resource could be given equal access to use the scarce transmission with an appropriate allocation mechanism, ideally one offered by a market solution. This would include updates to MIC allocation on a months ahead basis, taking into account more current information that may not have been available on a years ahead basis.</p> <p>The allocation of MIC to Load Serving entities presumes that these entities LSEs are paying for the underlying transmission infrastructure and as such earn the rights to utilize the transmission on a planning basis to satisfy regulatory requirements such as complying with RA mandates. Granting priority to internal CAISO generation is inconsistent with this assumption. LSEs could be offered the right to contract with any resources to satisfy RA requirements if such contracts can be deliverable using the Available Transmission Capacity. This may be a distinction without a difference if internal generation will always out compete external generation for use of the transmission system. However, a priori granting of preference to internal generation in the MIC calculations violates the presumption of open access and prejudices the commercial arrangements undertaken by CA LSEs.</p>	<p>hour ahead market but are then released in the real-time market if unused.</p> <p>RA status or showing does not convey a scheduling priority in day-ahead or real-time markets.</p> <p>CAISO internal resources (RA or not) do not have scheduling priority. All day-ahead and real-time markets are driven by bids and not by RA status or RA showing.</p>
8c	<p>3. Provide your organization’s comments on potential transparency and trading opportunity improvements, as described in section 2.2:</p> <p>MSCG supports the additional liquidity promoted by increasing voluntary trading opportunities for allocated MIC. Posting of allocated MIC quantities by LSE and intertie including regular updates based on traded quantities will help promote transparency and liquidity.</p>	<p>Your preference has been noted.</p>
8d	<p>4. Provide your organization’s comments on the MIC allocation and usage, as described in section 2.3:</p> <p>MSCG supports market solutions whenever they make sense and can be designed to be efficient and free from unjust outcomes. The allocation of available transfer capability across multiple paths with simultaneous limits and varying exogenous variables is a challenging endeavor, especially if contemplated across multiple time periods such as on and off peak, by month. We do realize there is a tradeoff between complexity, efficiency, and what can reasonably be put into practice.</p>	<p>Thank you for your suggestions.</p>

No	Comment Submitted	CAISO Response																																
	<p>A market mechanism to allocate a deterministically determined MIC is a much easier task, fraught, however with the same calculation issues as identified above. A simpler approach would be to provide additional transparency to the load pro-rata allocation to LSEs and provide a convenient trading platform for MIC allottees to trade their allocations.</p>																																	
8e	<p>5. Provide your organization’s comments on the reservation of import capability and transmission for wheel-through transactions topic, as described in section 2.4:</p> <p>As stated in the summary section above, MSCG feels any allocation of transmission space to wheelthrough , either long term or short term should take into account the longevity of California LSEs’ investment in the transmission network. A wheelthrough transaction should not be able to “cherry pick” a subset of valuable months (or subset of hours within those months) on a long term basis and expect to be on a pro-rata footing with load just for that time period. MSCG believe that LSEs in California that have been allocated MIC should not have to compete for this import space with Wheel through transactions similar to other BA’s in the WECC that have Network or Firm PTP Transmission reserved for native load.</p> <p>The charts below shows how transmission providers evaluate transmission service requests in their queue under an Open Access Tariff paradigm.</p> <p>Transmission Service Reservation Priorities</p> <table border="1" data-bbox="289 1008 1098 1295"> <thead> <tr> <th colspan="3">Transmission Service Reservation Priorities</th> </tr> <tr> <th>Priority</th> <th>Acronym</th> <th>Name</th> </tr> </thead> <tbody> <tr> <td>0</td> <td>NX</td> <td>Next-hour Market Service</td> </tr> <tr> <td>1</td> <td>NS</td> <td>Service over secondary receipt and delivery points</td> </tr> <tr> <td>2</td> <td>NH</td> <td>Hourly Service</td> </tr> <tr> <td>3</td> <td>ND</td> <td>Daily Service</td> </tr> <tr> <td>4</td> <td>NW</td> <td>Weekly Service</td> </tr> <tr> <td>5</td> <td>NM</td> <td>Monthly Service</td> </tr> <tr> <td>6</td> <td>NN</td> <td>Network Integration Transmission Service from sources not designated as network resources</td> </tr> <tr> <td rowspan="2">7</td> <td>F</td> <td>Firm Point-to-Point Transmission</td> </tr> <tr> <td>FN</td> <td>Network Integration Transmission Service from Designated Resources</td> </tr> </tbody> </table>	Transmission Service Reservation Priorities			Priority	Acronym	Name	0	NX	Next-hour Market Service	1	NS	Service over secondary receipt and delivery points	2	NH	Hourly Service	3	ND	Daily Service	4	NW	Weekly Service	5	NM	Monthly Service	6	NN	Network Integration Transmission Service from sources not designated as network resources	7	F	Firm Point-to-Point Transmission	FN	Network Integration Transmission Service from Designated Resources	<p>Thank you for your comments. The CAISO has decided to address the reservation of transmission service for wheeling transactions as a separate, stand alone, initiative conducted through a stakeholder process. As a result, the topic will be removed from the scope of the MIC Enhancements initiative.</p> <p>The CAISO will take the concepts shared by Morgan Stanley into consideration when developing the straw proposal.</p>
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	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr style="background-color: #d9ead3;"> <th colspan="6" style="text-align: center;">TRANSMISSION SERVICE PRODUCTS</th> </tr> <tr style="background-color: #d9ead3;"> <th style="text-align: center;">Increment</th> <th style="text-align: center;">Class</th> <th style="text-align: center;">Type</th> <th style="text-align: center;">Period</th> <th style="text-align: center;">Window</th> <th style="text-align: center;">NERC Priority</th> </tr> </thead> <tbody> <tr><td>Yearly</td><td>Firm</td><td>Point-to-Point</td><td>Full Period</td><td>Fixed & Sliding</td><td>7-F</td></tr> <tr><td>Monthly</td><td>Firm</td><td>Point-to-Point</td><td>Full Period</td><td>Fixed</td><td>7-F</td></tr> <tr><td>Weekly</td><td>Firm</td><td>Point-to-Point</td><td>Full Period</td><td>Fixed</td><td>7-F</td></tr> <tr><td>Daily</td><td>Firm</td><td>Point-to-Point</td><td>Full Period</td><td>Fixed</td><td>7-F</td></tr> <tr><td>Hourly</td><td>Firm</td><td>Point-to-Point</td><td>Full Period</td><td>Fixed</td><td>7-F</td></tr> <tr><td>Yearly</td><td>Non-Firm</td><td>Point-to-Point</td><td>Full Period</td><td>Fixed & Sliding</td><td>6-NN</td></tr> <tr><td>Monthly</td><td>Non-Firm</td><td>Point-to-Point</td><td>Full Period</td><td>Fixed</td><td>5-NM</td></tr> <tr><td>Weekly</td><td>Non-Firm</td><td>Point-to-Point</td><td>Full Period</td><td>Fixed</td><td>4-NW</td></tr> <tr><td>Daily</td><td>Non-Firm</td><td>Point-to-Point</td><td>Full Period</td><td>Fixed</td><td>3-ND</td></tr> <tr><td>Hourly</td><td>Non-Firm</td><td>Point-to-Point</td><td>Full Period</td><td>Fixed</td><td>2-NH</td></tr> </tbody> </table> <p>If competing transmission requests come in for available transmission space, a yearly request (or multi year request) would take priority. Followed by monthly (or multi month), weekly, daily etc.</p> <p>Any allocation to wheelthroughs should be done carefully to not allow wheelthroughs to selectively crowd out import RA and other reliability imports into California during only certain peak months. This is especially important if long-term reservations cement a wheelthrough's schedule priority to be pro-rata with load.</p> <p>That is not to say that wheelthroughs and exports from California should not be supported on the spot market as transmission space allows and MSCG supports the continued optimization of wheelthroughs and exports in the short term markets. We also believe any wheelthrough transactions (either long term or spot) should continue paying for congestion and other import / export charges as they do currently.</p>	TRANSMISSION SERVICE PRODUCTS						Increment	Class	Type	Period	Window	NERC Priority	Yearly	Firm	Point-to-Point	Full Period	Fixed & Sliding	7-F	Monthly	Firm	Point-to-Point	Full Period	Fixed	7-F	Weekly	Firm	Point-to-Point	Full Period	Fixed	7-F	Daily	Firm	Point-to-Point	Full Period	Fixed	7-F	Hourly	Firm	Point-to-Point	Full Period	Fixed	7-F	Yearly	Non-Firm	Point-to-Point	Full Period	Fixed & Sliding	6-NN	Monthly	Non-Firm	Point-to-Point	Full Period	Fixed	5-NM	Weekly	Non-Firm	Point-to-Point	Full Period	Fixed	4-NW	Daily	Non-Firm	Point-to-Point	Full Period	Fixed	3-ND	Hourly	Non-Firm	Point-to-Point	Full Period	Fixed	2-NH	
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9. Pacific Gas & Electric (PG&E) Submitted by: Connor Valaik and Adeline Lassource		
No	Comment Submitted	CAISO Response
9a	<p>1. Provide a summary of your organization’s comments on the Maximum Import Capability (MIC) Enhancements issue paper: PG&E’s comments can be summarized as follows: On the wheel-through process:</p> <ul style="list-style-type: none"> • PG&E believes that resolving issues around wheel-through priorities is the most important goal of this initiative. As such, PG&E is concerned with the timeline of this initiative as we believe it is imperative to act decisively to find a solution in time for 2022. Therefore, we encourage the CAISO to change its timeline such that the wheel-through proposal can be implemented by the beginning of 2022. If necessary, all other potential changes to MIC should be deprioritized until the wheel through issues are resolved. • PG&E suggests the following guiding principles for the process based on the standard practices of other BAAs: (1) a process to study the import and transmission capacity needed for native load, (2) a process to allocate excess capacity to wheel-throughs who agree to pay for the capacity and associated upgrades to the infrastructure, and (3) only those wheel-throughs that agree to pay for the service on a longer-term basis should have the same priority as native load. <p>On the MIC calculation:</p> <ul style="list-style-type: none"> • PG&E requests more transparency on the deliverability study assessing the simultaneous deliverability on inerties. • PG&E believes CAISO should further examine the option of conducting the deliverability study at the end of the showing process and should better clarify the timing issue of conducting such a study. <p>On the MIC allocation:</p> <ul style="list-style-type: none"> • Until a long-term solution is developed, PG&E believes that import capability should only be allocated to Load Serving Entities serving load in the CAISO BA. 	<p>Your preferences have been noted.</p>
9b	<p>2. Provide your organization’s comments on the calculation and technical studies related to MIC, as described in section 2.1: In the issue paper (section 2.1), CAISO highlighted two possible ways of improving the calculation proposed by stakeholders in last year proceeding:</p>	

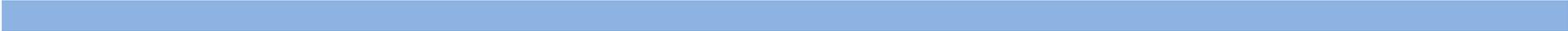
No	Comment Submitted	CAISO Response
	<ul style="list-style-type: none"> • Consider the liquidity or the magnitude of RA showings and give more MIC on branch groups with high liquidity/RA showings. CAISO identified the following challenge: some branch groups are close to their deliverability limits. • Conduct deliverability study at the end of the RA showings process: after all RA import contracts are known. CAISO identified the following challenge: the timing to perform the deliverability study (one month is needed). PG&E requests more transparency on the deliverability study assessing the simultaneous deliverability on interties. PG&E believes CAISO should further examine the option of conducting the deliverability study at the end of the showing process and better clarify the timing issue. This proposal to first allow LSEs to procure whatever RA imports they can, could ensure a better connection between the calculation and allocation processes. 	<p>CAISO will include this item for discussion in the straw proposal.</p> <p>Based on stakeholder feedback received from other stakeholders CAISO does not believe this proposal outweighs the risks and consequences of stranded import RA contracts and cost of CAISO back stop for system RA non-compliance.</p>
9c	<p>3. Provide your organization’s comments on potential transparency and trading opportunity improvements, as described in section 2.2: PG&E believes the Tariff revision submitted to FERC (ER21-1469-000) adds transparency that should ease trading of unused MIC.</p>	
9d	<p>4. Provide your organization’s comments on the MIC allocation and usage, as described in section 2.3: In the Issue Paper (section 2.3), CAISO highlighted two proposals from last year proceeding: incorporate an auction or market-based mechanism into the assignment process; recapture and then release the unused MIC allocations. At this stage, PG&E doesn’t have specific comments on these proposals. PG&E believes that import capability should only be allocated to Load Serving Entities serving CAISO load. PG&E supports an allocation mechanism that does not result in cost shifting. The current mechanism of allocating MIC to LSEs serving load in the CAISO BA appears to be in line with that principle because load pays for the transmission system.</p>	<p>Your preference has been noted.</p>
9e	<p>5. Provide your organization’s comments on the reservation of import capability and transmission for wheel-through transactions topic, as described in section 2.4: PG&E believes that resolving issues around wheel-through priorities is the most important goal of this initiative. As such, we ask that the CAISO prioritize</p>	<p>Thank you for your comments. The CAISO recognizes the importance, impact, and complexity of this topic and thus has decided to address</p>

No	Comment Submitted	CAISO Response
	<p>this as the focus of the initiative, and, if necessary, should deprioritize other proposed changes to MIC until the wheel through is resolved. Please see our response to question 6 for more details on PG&E’s proposed changes to the initiative timeline, specifically related to the wheel-through process.</p> <p>At this stage PG&E would like to offer its high-level principles for a process that could offer some import capability and transmission rights to wheel-throughs on a long-term basis. These principles are based on aligning CAISO practices with those of other ISO/RTOs and BAAs across the country.</p> <p>Based on our research of practices in other ISO/RTOs and BAAs, the key elements of this process should involve (1) a study that can determine what capacity is needed by native load, (2) a process to provide any remaining capacity to those who are willing to pay for the right as well as any necessary upgrades to the infrastructure, and (3) only those who agree to pay for the service on a longer-term basis will receive the same priority as native load.</p> <p>PG&E encourages the CAISO to look to the best practices of neighboring BAAs as well as other RTO/ISOs in the East as a model for this process. Specifically, it seems that most revolved around the NERC Transmission Load Relief Procedure. We have included in an attached document some preliminary research into transmission priorities in other RTOs/ISOs that could serve as a guide for elements of the CAISO proposal.</p> <p><u>Venue for this Process</u></p> <p>PG&E questions whether the Maximum Import Capability process is the proper venue for this process to allocate import capability and transmission to wheel-throughs. Some stakeholders have highlighted that MIC does not necessarily confer the same right to transmission as it does in other BAAs. Furthermore, CAISO may want to consider if this may also require some changes to the Transmission Planning Process (PG&E would refer the CAISO to our comments on the 2021-2022 Transmission Planning Process which requests a study on in-state congestion, which may also be used to inform what capacity is available to wheel-through transactions). PG&E requests that the CAISO determine where a process as described above would best be suited. If the CAISO determines that MIC is indeed the best venue for this process, PG&E requests that the CAISO clarify that it is looking to move MIC beyond the Resource Adequacy program.</p> <p><u>Study to Determine Native Load Needs</u></p>	<p>the reservation of transmission service for wheeling transactions as a separate, stand alone, initiative conducted through a stakeholder process. As a result, the topic will be removed from the scope of the MIC Enhancements initiative.</p> <p>The CAISO will consider the concepts, research, and other points shared by PG&E in developing the straw proposal.</p>

No	Comment Submitted	CAISO Response
	<p>CAISO should first develop a study for determining what import capability and internal transmission is needed for native load in a transparent manner. This process must realistically consider the capacity that is needed to serve native load under all conditions. It does not appear that the current MIC calculation addresses this question as this only considers the maximum simultaneous import capability as opposed to determining that the reliability needs of native load are met. CAISO must then consider how MIC or some other measure can make this determination.</p> <p>PG&E believes that this study should not significantly diminish the import capability allocated to California LSEs. We encourage the CAISO to consider the FERC standards for the Capacity Benefit Margin. This would reserve some extra unused transmission capacity for native load in exchange for some additional payments for the transmission. The CAISO should consider how this Capacity Benefit Margin could be included in this process to ensure that it is able to reserve sufficient capacity for LSEs to reliably serve load given changes in generation procurement.</p> <p><u>Requirements to Procure Import Capability and Transmission Rights</u></p> <p>It is important that in order to receive the same priority as native load, wheel-throughs make a similar long-term commitment to financing the transmission infrastructure that native load does. Based on our knowledge of practices outside of the CAISO, PG&E envisions this to look like an agreement for firm service of a year or longer where the party pays for transmission and any necessary transmission upgrades during all hours of service. This type of transaction could then receive an equal priority to native load and these would be curtailed on a pro rata basis with native load, if necessary. The CAISO could provide additional products for wheel-through import capability and transmission rights but without the long-term commitment they should be provided a lower priority than native load.</p>	
9f	<p>6. Provide your organization’s comments on the proposed initiative schedule and EIM Governing Body role, as described in section 4:</p> <p>PG&E believes the CAISO should adopt a significantly quicker timeline than proposed to create a wheel-through process that goes live by the beginning of 2022. As presented, PG&E worries that the CAISO will not be able to have a solution that is implementable in time for next year. Due to the significant implications this policy has on reliability, we request and urge the CAISO to</p>	



No	Comment Submitted	CAISO Response
	<p>expedite the wheel-through part of the initiative, in order to present a final proposal to the Board for approval during its July meeting.</p> <p>CAISO staff should also clarify that the CAISO Board has primary jurisdiction over the initiative. Due to the implications of this initiative, the EIM Governing Body should advise on the initiative.</p>	
9g	<p>7. Additional comments on the MIC Enhancements issue paper:</p> <p>No additional comments.</p> <p>Attachments</p> <ul style="list-style-type: none"> • Curtailment Priority Research.docx 	



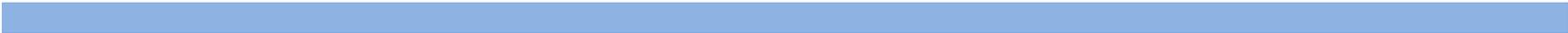
10. Powerex Corporation (Powerex) Submitted by: Mike Benn		
No	Comment Submitted	CAISO Response
10a	<p>1. Provide a summary of your organization’s comments on the Maximum Import Capability (MIC) Enhancements issue paper:</p> <p>Powerex appreciates the opportunity to comment on the Maximum Import Capability (“IC”) Enhancements Issue Paper. Powerex has long advocated for the need to modify the IC framework to avoid inefficiently restricting the ability of external resources to compete to supply RA to meet California’s needs.</p> <p>Powerex believes, however, that it would be a serious mistake to move forward with a stakeholder proceeding focused solely on the IC at this time. In particular, Powerex believes that tightening conditions throughout the west have created a pressing need for a holistic reevaluation of the existing framework for making transmission service available over the CAISO grid. As California and Southwest load-serving entities (“LSE”) seek to retire their existing fossil-fuel resources, the ability to acquire the excess capacity and flexibility of Northwest suppliers is becoming increasingly important to the ability of balancing authority areas (“BAA”) in both regions to efficiently and reliably operate their systems. However, certain stakeholders appear to be urging the CAISO to use its control over transmission facilities to elevate the reliability interests of LSEs in the CAISO BAA over other Southwest LSEs by making wheel-through schedules subordinate to schedules that sink in the CAISO BAA.</p> <p>Powerex believes that the call for CAISO to use its control over transmission to favor the economic or reliability interests of any particular group of market participants is highly problematic and inconsistent with basic open access principles. Non-discriminatory, open access to the transmission grid is a foundational principle of wholesale market design and a prerequisite to the existence of competitive markets. Outside of California, nondiscriminatory access to transmission is ensured through the open access transmission tariff (“OATT”) framework, which establishes a competitive and orderly process for reserving and awarding transmission service on a forward basis. Because the CAISO markets do not currently have a framework for reserving forward physical transmission rights, CAISO has relied on price-based competition through the CAISO day-ahead and real-time markets as its mechanism for achieving competitive and non-discriminatory access to its grid. However, it is now clear that the tightening grid conditions in the west have created a need for a new forward open access framework that determines, on a forward basis,</p>	<p>Thank you for your comments. The CAISO recognizes that the particular issues regarding the reservation of transmission by wheel-through transactions is a broader and more complex topic than the MIC process. Thus, the CAISO has decided to address the reservation of transmission service for wheeling transactions as a separate, stand alone, initiative conducted through a stakeholder process. As a result, the topic will be removed from the scope of the MIC Enhancements initiative.</p> <p>The CAISO will consider the identified principles provided by Powerex in the development of the straw proposal.</p>

No	Comment Submitted	CAISO Response
	<p>which entities will have priority rights to use the CAISO grid during critical conditions.</p> <p>The MIC Issue Paper appears to suggest that the current MIC framework could be used to provide such forward transmission access. There are a number of problems with pursuing this approach:</p> <ul style="list-style-type: none"> □ First, these statements are fundamentally inconsistent with CAISO’s longstanding recognition that the IC allocation framework is merely a counting mechanism designed to ensure that the quantity of import RA commitments at a given intertie do not exceed the physical capability of the grid. As the CAISO has recognized, the IC allocation framework was never intended to “affect physical transmission capability of the CAISO-controlled grid, transmission rights, or the manner in which transmission service is obtained under the CAISO Tariff.”¹ □ Second, and most importantly, the MIC allocation framework is inherently discriminatory, enabling CAISO LSEs priority access ahead of other market participants’ opportunity to acquire MIC. □ Third, the MIC allocation framework does not confer the congestion value of the respective import transmission path (i.e., congestion revenue rights (“CRR”)), and hence does not include a core component of all physical transmission rights. □ Fourth, IC is allocated at no cost, and hence there is no ability for entities that are seeking to pay their fair share of funding the CAISO transmission system to receive all of the attributes of transmission service in exchange for doing so. <p>Powerex believes that CAISO must take steps to establish a competitive and nondiscriminatory framework for reserving forward physical transmission on the CAISO grid. Accomplishing this objective will require establishing a new framework that allows all market participants—including imports, exports, and wheel-through schedules—to compete on a level playing field to obtain the right to use the capacity of the CAISOcontrolled grid. It will also require revisiting aspects of the CAISO market design, such as the existing CRR allocation and auction process, which gives California LSEs preferential access to financial transmission rights necessary to hedge exposure to congestion charges associated with physical deliveries over the CAISO grid.</p> <p>As a starting point for moving towards a physical transmission framework, Powerex believes that CAISO should work with stakeholders to agree on a set</p>	

No	Comment Submitted	CAISO Response
	<p>of principles that can guide the effort to design a competitive, non-discriminatory physical transmission framework. Among other things, these principles should include:</p> <ul style="list-style-type: none"> ▫ All market participants should be given an equal opportunity to secure the right to utilize the CAISO-controlled grid. ▫ Transmission capacity should be allocated based on objective, nondiscriminatory criteria and principles (e.g., first-come, first-served, duration, or through an auction process). ▫ The process of allocating and using transmission rights on the CAISO grid should not undermine the OATT priority of adjacent transmission providers. ▫ Wheel-through schedules on this service should have the same curtailment priority as native load service in the CAISO BAA in all circumstances. ▫ To the extent physical constraints require curtailment of schedules, curtailments should be implemented pro rata. <p>Each of these principles is consistent with longstanding open access principles established by the Federal Energy Regulatory Commission and relied upon by other transmission providers throughout the west to ensure that transmission capacity is made available on a non-discriminatory basis and in a manner that supports competitive shortterm and long-term markets for energy and capacity. Powerex encourages the CAISO to allow these same principles to guide CAISO's efforts to establish a forward physical transmission framework.</p>	
10b	<p>2. Provide your organization's comments on the calculation and technical studies related to MIC, as described in section 2.1:</p>	
10c	<p>3. Provide your organization's comments on potential transparency and trading opportunity improvements, as described in section 2.2:</p>	
10d	<p>4. Provide your organization's comments on the MIC allocation and usage, as described in section 2.3:</p>	
10e	<p>5. Provide your organization's comments on the reservation of import capability and transmission for wheel-through transactions topic, as described in section 2.4:</p>	



No	Comment Submitted	CAISO Response
10f	6. Provide your organization's comments on the proposed initiative schedule and EIM Governing Body role, as described in section 4:	
10g	7. Additional comments on the MIC Enhancements issue paper:	



11. Southern California Edison (SCE) Submitted by: Wei Zhou		
No	Comment Submitted	CAISO Response
11a	<p>1. Provide a summary of your organization’s comments on the Maximum Import Capability (MIC) Enhancements issue paper:</p> <p>SCE appreciates the opportunity to provide comments on the Maximum Import Capability (MIC) Enhancements Issue Paper[1]. SCE’s comments are summarized below.</p> <ul style="list-style-type: none"> • On the calculation and technical studies related to MIC, while SCE is not proposing any specific changes at this time, SCE believes that any proposed changes should not negatively impact MIC allocations on major and liquid interties utilized for meeting RA. SCE does not support the approach of performing deliverability studies at the end of the RA process that could lead to issues of stranded assets. • SCE opposes the idea of auctioning MIC. A MIC auction could bring issues in the areas of auction design and market power. • On the subject of providing import capability and transmission for wheels, SCE is concerned that doing so will negatively impact the scheduling priority in serving CAISO BAA load. MIC is currently allocated to LSEs for the purpose of serving CAISO BAA load. Assigning MIC to wheels would also raise questions around the product definition of MIC and whether MIC would inappropriately be perceived as a transmission right or its proxy. These concerns must be addressed before developing a process for requesting and reserving import capability and transmission to wheels. <p>[1] Available at http://www.caiso.com/InitiativeDocuments/IssuePaper-MaximumImportCapabilityEnhancements.pdf, March 11, 2021.</p>	<p>Your preferences have been noted.</p>
11b	<p>2. Provide your organization’s comments on the calculation and technical studies related to MIC, as described in section 2.1:</p> <p>SCE provides the following comments on the two questions which the CAISO is seeking stakeholder’s feedback.</p> <ol style="list-style-type: none"> 1. whether there are ways to improve the MIC calculation by considering “liquidity” at certain branch group (hubs), or considering magnitude of RA showings <p>SCE appreciates the CAISO’s general observations: a) “Quantity of MIC is limited and if allocation on a certain branch group is going up another has to go</p>	

No	Comment Submitted	CAISO Response
	<p>down”, and b) “Most branch groups have already reached their deliverability limit, due to other ISO internal resources interconnecting in the same general area”[1].</p> <p>Based on these observations, SCE does not propose any specific changes to the current MIC allocation methodology at this time. SCE is not necessarily opposed to any potential change that can improve MIC allocation. However, if a change is indeed proposed by the CAISO or stakeholders, it should be fully evaluated with a demonstration that the change will not negatively impact the MIC being allocated for major and liquid interties compared to today. This demonstration is necessary given the importance of major interties in meeting California’s RA requirements.</p> <p>2. Whether the CAISO should run deliverability studies at the end of the RA process</p> <p>SCE agrees with the CAISO’s observation that performing deliverability studies at the end of the RA process introduces a risk of stranded assets for load serving entities (LSE). Unless this risk is properly addressed, SCE does not believe the benefits will outweigh the potential risk. As such, SCE does not support the approach of performing deliverability studies at the end of the RA process that could disqualify a contracted capacity from meeting RA when the deliverability studies at the end of the RA process could result in insufficient MIC for the contract.</p> <p>[1] The CAISO MIC Enhancements Issue Paper Presentation, at 8, available at http://www.caiso.com/InitiativeDocuments/Presentation-MICEenhancements-March182021.pdf.</p>	<p>Your preferences have been noted.</p>
11c	<p>3. Provide your organization’s comments on potential transparency and trading opportunity improvements, as described in section 2.2:</p> <p>SCE agrees the CAISO statements that “[w]here transparency can be improved the most is during annual and monthly trading process and the actual usage after the showings are in and validated” and that “[i]mproving the trading and usage aspect of the process may be necessary to better facilitate the transfer of Import Capability among LSEs and improve the efficient utilization of Import Capability”[1]. Thus, SCE supports the CAISO’s intent to provide further transparency related to the usage of MIC and availability of MIC to better</p>	<p>Thank you for your support.</p>

No	Comment Submitted	CAISO Response
	<p>facilitate the transfer of MIC among LSEs. The CAISO should include details on how this can be implemented in its straw proposal scheduled in May 2021.</p> <p>[1] Issue Paper, at 5.</p>	
11d	<p>4. Provide your organization's comments on the MIC allocation and usage, as described in section 2.3:</p> <p>SCE provides the following comments on the two topics which the CAISO is seeking stakeholder's feedback.</p> <p>1. Incorporate an auction or other market-based mechanism into the assignment process</p> <p>There are several challenges in developing an auction or other market-based mechanism into the MIC assignment process. As identified by the CAISO, there is the diminishing availability of MIC that needs to be allocated to LSEs after the newly adopted multi-year MIC lock-up process. Also as identified by the CAISO, there are significantly high start-up and maintenance costs associated with designing and developing an auction platform. Depending on whether it will be an auction-only process or a hybrid process (e.g., a portion of MIC is allocated and a portion is auctioned), additional complexities can arise and as a result, it can take significant amounts of time and resources and likely a lengthy stakeholder process to develop detailed participating rules.</p> <p>There are additional policy-related concerns. Since an import must have MIC to qualify as RA, requiring an LSE to obtain MIC from auctions, instead of being allocated MIC, can hinder the ability of CAISO LSEs in securing import RA in meeting their RA requirements. There is also the potential for market power issues to arise due to factors outside the auction framework. Import resources need to reserve transmission to reach the CAISO border. If transmission is tight or scarce to bring power into the CAISO over certain interties, the auction value of MIC on those interties will likely be affected. When the market for transmission is significantly concentrated or subject to market power, a MIC auction cannot be immune from those market power issues due to the linkage between the two.</p> <p>For these reasons, SCE opposes a design that would incorporate an auction or other market-based mechanisms into the MIC assignment process.</p> <p>2. Recapture and then release the unused MIC allocations</p>	<p>Your preferences have been noted.</p>

No	Comment Submitted	CAISO Response
	<p>As described by the CAISO, generally LSEs receive MIC allocations based on their load share ratio and use them in the year ahead time frame, in the month ahead timeframe or hold them for unit substitution (to avoid RA availability incentive mechanism (RAAIM) charge)[1]. The idea of recapturing and releasing unused MIC allocations would work only if those “unused” MIC allocations are truly unused. As indicated by the CAISO, it is up to the LSE on how to use their MIC allocations. If the “unused” MIC allocations are to be recaptured and released, then it should be done in a way to ensure that the LSE’s need is fully satisfied, after the LSE has already met their own RA obligations.</p> <p>[1] Presentation, at 12.</p>	
11e	<p>5. Provide your organization’s comments on the reservation of import capability and transmission for wheel-through transactions topic, as described in section 2.4:</p> <p>SCE is concerned that there are threshold questions unaddressed by the CAISO relating to the proposed scope of developing a process for requesting and reserving import capability and transmission for wheels.</p> <p>MIC is currently allocated to LSEs for the purpose of serving CAISO BAA load as an element of California’s RA program. It is a part of the counting method for how import RA is used to meet California LSEs’ RA requirements. It does not represent a right for actual transmission usage, nor represent any priority of using CAISO transmission system.</p> <p>Assigning MIC to wheels will change the purpose of MIC and make MIC a feature beyond California’s RA program. There are several fundamental questions that must be addressed:</p> <ul style="list-style-type: none"> • Why it is appropriate to reform the MIC to satisfy wheels? How does this impact the scheduling priority of CAISO BAA load relative to wheels? • Why should MIC, currently a RA program feature, be offered to outside BAAs for the purpose of serving their load? <p>Any decision that impairs or lowers scheduling priority for CAISO BAA load through the MIC allocation, which is an inappropriate and unacceptable outcome, must be avoided. Assigning MIC to wheels would also raise questions around the product definition of MIC and whether MIC would inappropriately be perceived as a transmission right or its proxy. As noted above, MIC is an RA</p>	<p>Thank you for your comments. The CAISO has decided to address the reservation of transmission service for wheeling transactions as a separate, stand alone, initiative conducted through a stakeholder process. As a result, the topic will be removed from the scope of the MIC Enhancements initiative.</p>



No	Comment Submitted	CAISO Response
	counting method and caution should apply when MIC is extended beyond its current use.	
11f	6. Provide your organization's comments on the proposed initiative schedule and EIM Governing Body role, as described in section 4:	
11g	7. Additional comments on the MIC Enhancements issue paper:	



12. Cities of Anaheim, Azusa, Banning, Colton, Pasadena, and Riverside, California (Six Cities) Submitted by: Margaret McNaul		
No	Comment Submitted	CAISO Response
12a	<p>1. Provide a summary of your organization’s comments on the Maximum Import Capability (MIC) Enhancements issue paper:</p> <p>The Six Cities appreciate the CAISO’s commitment to conduct a comprehensive review of the MIC framework. Limitations on availability of MIC have imposed increasingly significant barriers to procurement of import Resource Adequacy (“RA”) resources over the past several years. In light of the CAISO’s growing needs for reliable capacity and the shrinking pool of capacity available during the critical net peak period, it is essential to address and make every effort to resolve unnecessary restrictions on MIC. The Six Cities’ comments below include questions concerning the calculation of MIC.</p> <p>In addition, the Six Cities comments describe principles that must guide the development of a process for reserving import capacity for wheel-through transactions. Any such methodology must be consistent with the Federal Energy Regulatory Commission’s (“FERC”) recognition of priority for service to native load customers, including availability of import capability for load-serving entities (“LSEs”) within the CAISO Balancing Authority Area (“BAA”) to use for procurement of import RA resources, and include charges consistent with the level of service provided.</p>	<p>Thank you for your support and suggestions.</p>
12b	<p>2. Provide your organization’s comments on the calculation and technical studies related to MIC, as described in section 2.1:</p> <p>The Six Cities remain concerned that the approach to determining available MIC is overly conservative and unreasonably limits LSEs’ opportunities to procure import RA resources. To facilitate exploration of potential modifications to the determination of MIC availability, the Six Cities have identified a number of questions concerning the calculation of MIC. The Cities’ questions are included as an appendix to these comments, and the Cities request that the CAISO address these questions in the Straw Proposal for this initiative or in another written format.</p>	<p>The CAISO will address your questions here in and during the straw proposal phase.</p>
12c	<p>3. Provide your organization’s comments on potential transparency and trading opportunity improvements, as described in section 2.2:</p> <p>The Six Cities support efforts to improve transparency regarding MIC that may be available for trading.</p>	<p>Thank you for your support.</p>

No	Comment Submitted	CAISO Response
12d	<p>4. Provide your organization's comments on the MIC allocation and usage, as described in section 2.3:</p> <p>The Six Cities continue to support allocation of MIC to LSEs within the CAISO BAA and do not support development of an auction process, at least as a primary method for assigning MIC.</p> <p>To enhance the use of annual MIC assignments for the intended purpose of supporting import RA resources, the Six Cities request consideration of a potential modification to steps 12 and 13 of the current MIC process. Upon the completion of Step 12, but before the initiation of Step 13, LSEs that have demonstrated to the CAISO that they have existing contracts for imports that can supply RA could use up to two of their Step 13 weekly nomination requests (irrespective of any load share ratio limits) to request unassigned available import capacity ("UAIC"). This option would only be available to LSEs that have existing contracts with a duration of at least three months, and the UAIC request(s) could only be for MIC amounts less than or equal to the amount needed to match the available import RA value. Any nomination submitted during this pre-Step 13 process would erase a nomination right during Week 1 of Step 13. For example, if an LSE nominated MIC for two additional resources during this process, then that LSE would be precluded from nominating anything in the first week of the Step 13 general process, but could submit up to 2 UAIC nominating requests in weeks thereafter for remaining UAIC.</p> <p>This modification would provide an enhanced opportunity for LSEs with existing contracts for energy and capacity products (that are capable of providing RA) from resources located outside of the CAISO to secure supporting MIC for the capacity portion of those contracts. Under this proposal, participating LSEs would not have extra "bites at the apple," since they would be surrendering equivalent nomination rights in the first week of Step 13. And none of the participating LSEs would be obtaining speculative MIC awards, because they could only nominate on an intertie where they already have a contract and for an amount that matched (or at least did not exceed) the available RA associated with the contract. The proposed modification would effectively bifurcate the Step 13 UAIC requests into a two-step process, where LSEs with existing contracts receive a priority.</p> <p>In the event that two or more LSEs nominate for more UAIC at a specific Branch Group in support of pre-existing contracts, then the Six Cities propose</p>	<p>Your preferences have been noted.</p>

No	Comment Submitted	CAISO Response
	<p>that the available Import Capacity be assigned in proportion to the requests as illustrated in the following example: Example: Branch Group A has 250 MW of UAIC LSE #1 nominates 100 MW at Branch Group A in support of a 100 MW RA contract LSE #2 nominates 150 MW at Branch Group A in support of a 150 MW RA contract LSE #3 nominates 250 MW at Branch Group A in support of a 250 MW RA contract</p> <p style="text-align: center;"> $UAIC/Total\ nominated = 250/500 = 0.5$ $LSE\ \#1\ receives\ 0.5 \times 100 = 50\ MW\ MIC$ $LSE\ \#2\ receives\ 0.5 \times 150 = 75\ MW\ MIC$ $LSE\ \#3\ receives\ 0.5 \times 250 = 125\ MW\ MIC$ </p> <p>An approach to increase the amount of available MIC would be for the CAISO to allow “Interim MIC” or “Short-Term MIC” up to the quantities of new internal resources shown as deliverable in the most recent deliverability analysis that are not yet in service. The CAISO has filed for FERC approval in Docket No. ER21-1536-000 changes adopted through the Market Enhancements for Summer 2021 Readiness initiative to permit temporarily grant deliverability status to new internal resources under what appears to be an approach that also could apply to MIC.</p>	<p>Thank you for your suggestion.</p>
12e	<p>5. Provide your organization’s comments on the reservation of import capability and transmission for wheel-through transactions topic, as described in section 2.4:</p> <p>The Six Cities support development of a methodology to enable reservation of import capability and transmission for wheel-through transactions. Any such methodology, however, must be consistent with FERC’s long-standing recognition of priority for service to native load customers, including availability of import capability for LSEs within the CAISO BAA to use for procurement of import RA resources and include charges consistent with the level of service provided.</p> <p>FERC’s open access transmission policy recognizes a priority for native load customers for access to the transmission network to serve their requirements. In Order No. 888,1 the Commission held that transmission providers may reserve in their calculation of available transfer capability the existing</p>	<p>Thank you for your comments. The CAISO has decided to address the reservation of transmission service for wheeling transactions as a separate, stand alone, initiative conducted through a stakeholder process. As a result, the topic will be removed from the scope of the MIC Enhancements initiative.</p> <p>A key element of the initiative will be ensuring native load needs are met in determining how much transmission capability may be available for reservation by wheeling-transactions.</p>

No	Comment Submitted	CAISO Response
	<p>transmission capacity needed to accommodate native load growth reasonably forecasted within the utility's planning horizon.² At the time Order No. 888 was issued, the Commission's holding reflected the already well-established concept that native load customers deserve priority access to their utility's available transmission capacity, because that capacity was constructed to provide service to such customers and was paid for by such customers.³ Subsequently, in Order No. 890 and its progeny,⁴ the Commission introduced a number of reforms to the open access rules, yet retained the fundamental native load priority established in Order No. 888. In Order 890, the Commission found that "the native load priority established in Order No. 888 continues to strike the appropriate balance between the transmission provider's need to meet its native load obligations and the need of other entities to obtain service from the transmission provider to meet their own obligations," and that "these protections for native load are appropriate."⁵ With respect to curtailment, however, Order No. 890 held that "if a reliability problem does arise, any curtailment of firm point-to-point transmission service must be on a nondiscriminatory and pro rata basis with the treatment of network service and native load customers . . . this treatment meets the comparability requirements enunciated in Order No. 888."⁶ Notably, for curtailment priority equal to that applicable for service to native load customers, the non-network service reservation must be firm.</p> <p>More recently, the Commission has upheld native load priority for transmission service over combined systems in the context of mergers and joint dispatch agreements. In <i>Sierra Pacific Power Co., et al. v. NV Energy, Inc.</i>,⁷ the Commission held that "Network Integration Transmission Service expressly recognizes the underlying right of the transmission provider to use its network resources to serve its native load needs, including through economic dispatch of those network resources."⁸ Similarly, in <i>Duke Energy Corp., et al.</i>,⁹ the Commission accepted a joint dispatch agreement filed by Duke Energy Corporation on behalf of its operating companies that contained provisions for the native load priority of wholesale customers. In its order on remand from a decision of the D.C. Circuit Court of Appeals requiring further explanation,¹⁰ the Commission stated that "[t]he distinction between native and non-native load recognizes the obligation undertaken by public utilities to engage in long-term system planning on behalf of certain customers in exchange for those</p>	

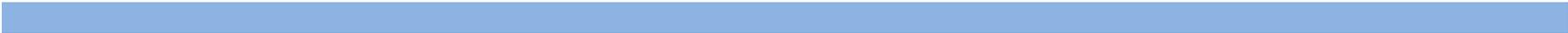
No	Comment Submitted	CAISO Response
	<p>customers taking requirements service and contributing to the fixed costs of the supplier's system.”¹¹</p> <p>Consistent with the native load priority recognized by FERC, the CAISO cannot accept reservations for wheel-through transactions over interties at which LSEs within the CAISO BAA are unable to obtain MIC allowances. The Six Cities disagree with statements by several CAISO representatives to the effect that MIC requirements only affect the RA process and have nothing to do with transmission. The suggested dichotomy is invalid. The MIC requirement and current MIC limitations impose barriers to the use of import resources to satisfy RA (capacity) requirements. If the CAISO determines that a MIC allowance is not available for a capacity resource, the resource is not eligible to satisfy RA requirements. The MIC construct applies a perceived limitation of the transmission system to deny recognition of the capacity attributes of import resources. From the perspective of FERC’s standard Open Access Transmission Tariff (“OATT”), it is the functional equivalent of rejecting a request to designate a Network Resource on grounds that the transmission network is not adequate to provide Network Service for the resource. It would be both discriminatory and a violation of the native load priority for transmission service described above to allow external entities to obtain reservations for wheel-through transactions at interties where LSEs within the CAISO BAA are unable to obtain MIC allowances to support procurement of RA capacity.</p> <p>Moreover, to support a curtailment priority equivalent to the curtailment priority applicable to RA imports, the charges for wheel-through reservations must be comparable to the costs paid by LSEs within the CAISO BAA for the same quality of service. The CAISO’s Wheeling Access Charge structure provides for wheeling customers to pay for wheeling service when it is used to flow energy through and out of the CAISO system (see, e.g., CAISO Tariff at App. F, Sch. 3 § 14.1), but it does not obligate wheeling customers to participate in funding the transmission system on an ongoing basis, and it does not include a mechanism to charge these customers for any level of reservation priority equal to or higher than service to native load.</p> <p>In addition to the above-described concerns regarding non-compliance with the FERC’s open access policies, including the prioritization of native load service, the Six Cities are concerned that, by affording wheeling customers a higher curtailment priority than native load (as is currently the case) or an equivalent priority to native load (as the CAISO proposes), the CAISO is</p>	

No	Comment Submitted	CAISO Response
	<p>effectively proposing to continue to provide high priority wheeling service to wheeling customers without charging these customers a rate commensurate with the service being provided. It is critical that, to the extent the CAISO proposes to implement a reservation process for import capability to facilitate wheels and receive wheeling service on the CAISO system, the CAISO ensure that wheeling customers with reservation and/or curtailment priorities equivalent to load are paying rates that reflect this priority of service. The Six Cities look forward to engaging with the CAISO on ratemaking and cost allocation issues in this proceeding.</p> <ol style="list-style-type: none"> 1. Promoting Wholesale Competition Through Open Access Non-Discriminatory Transmission Services by Public Utilities; Recovery of Stranded Costs by Public Utilities and Transmitting Utilities, Order No. 888, FERC Stats. & Regs. ¶ 31,036 (1996), order on reh'g, Order No. 888-A, FERC Stats. & Regs. ¶ 31,048, order on reh'g, Order No. 888-B, 81 FERC ¶ 61,248 (1997), order on reh'g, Order No. 888-C, 82 FERC ¶ 61,046 (1998), aff'd in relevant part sub nom. Transmission Access Policy Study Group v. FERC, 225 F.3d 667 (D.C. Cir. 2000), aff'd sub nom. New York v. FERC, 535 U.S. 1 (2002) ("Order No. 888"). 2. Id. at 31,694. 3. See, e.g. Utah Power & Light Co., et al., 45 FERC ¶ 61,095, at 61,287, 61,291 (1988) (recognizing that a merged company could legitimately reserve from its wheeling obligations so much of its capacity as would be necessary to serve native load). 4. Preventing Undue Discrimination and Preference in Transmission Service, Order No. 890, 118 FERC ¶ 61,119 ("Order No. 890"), order on reh'g, Order No. 890-A, 121 FERC ¶ 61,297 (2007) ("Order No. 890-A"), order on reh'g, Order No. 890-B, 123 FERC ¶ 61,299 (2008), order on reh'g, Order No. 890-C, 126 FERC ¶ 61,228, order on clarification, Order No. 890-D, 129 FERC ¶ 61,126 (2009). 5. See Order No. 890 at P 107. 6. Id. 7. 143 FERC ¶ 61,144 (2013). 8. Id. at P 112. 9. 166 FERC ¶ 61,112 (2019). 10. Orangeburg v. FERC, 862 F.3d 1071 (D.C. Cir. 2017). 	

No	Comment Submitted	CAISO Response
11.	166 FERC ¶ 61,112 at P 13 (internal citations omitted).	
12f	<p>6. Provide your organization’s comments on the proposed initiative schedule and EIM Governing Body role, as described in section 4:</p> <p>This initiative focuses on CAISO policies and practices that predominantly occur outside the Energy Imbalance Market. Therefore, approval authority for the outcome of the initiative properly lies with the CAISO Board of Governors. However, in light of potential impacts on real-time operations, it is appropriate to inform the EIM Governing Body with respect to the progress of the initiative and to include their input on an advisory basis.</p> <p>The Six Cities urge the CAISO to remain flexible with respect to the timeline for this initiative. Given the urgency of the CAISO’s capacity needs, it would be desirable to implement modifications to the MIC process that could enhance access to RA imports as quickly as possible. The CAISO should be open to fast-tracking useful enhancements where possible.</p>	Your preference has been noted.
12g	<p>7. Additional comments on the MIC Enhancements issue paper:</p> <p>See attached questions regarding the calculation and usage of MIC. As noted above, the Six Cities request that the CAISO respond to these questions in its Straw Proposal in this proceeding.</p> <p>Attachments</p> <ul style="list-style-type: none"> • Att. 1 Questions_Information Requests to CAISO re MIC and Wheeling.docx <p>Attachment 1 to Six Cities’ April 1, 2021 Comments on the Maximum Import Capability Enhancements Issues Paper</p> <ol style="list-style-type: none"> 1. On Figure 1 in the March 11, 2021 Maximum Import Capability Enhancements Issue Paper, please describe what is included in “Branch Group Available MIC”? Do the Branch Group MIC amounts exclude ETCs and TORs? 2. The Business Practice Manual for Reliability Requirements describes the process for determining Maximum Import Capability (“MIC”) on a Branch Group basis. Is MIC calculated on a System-wide basis as well as a Branch Group 	<p>Branch Group Available MIC is the total of RA Imports MWs available to the CAISO LSEs including their ETCs and TORs. Rights held by non-CAISO entities are not included.</p> <p>The system wide MIC is just an addition of all the branch groups.</p>

No	Comment Submitted	CAISO Response
	<p>basis? If so, please provide a step-by-step explanation for how System-wide MIC is determined.</p> <p>3. For 2019 and 2020, by month, please provide for each Branch Group in numerical form (as opposed to a graph) (a) total MIC (including ETCs, TORs, and pre-RA commitments), (b) total MIC (including ETCs, TORs, and pre-RA commitments) allocated or assigned to LSEs, and (c) total MIC used to support showings of RA import resources for that month (including ETCs, TORs, and pre-RA commitments used to support RA showings).</p> <p>4. Does the CAISO calculate simultaneous import limits into the CAISO BAA separately from the historical analysis used to determine MIC? If so, please describe:</p> <p>a) How simultaneous import limits are determined,</p> <p>b) Whether simultaneous import limits are determined on a System or Branch Group basis,</p> <p>c) How often simultaneous import limits are determined,</p> <p>d) Whether simultaneous import limits are different under various system conditions. If so, explain how varying system conditions affect simultaneous import limits.</p> <p>5. For 2019 and 2020, provide information on the impact of any simultaneous import limits on Day-Ahead or Real-Time market schedules, including, for each occasion when simultaneous import limits were binding:</p> <p>a) the magnitude of import or wheeling schedules that had to be rejected or curtailed,</p> <p>b) the number of scheduling intervals affected by the simultaneous import limits,</p> <p>c) the Branch Groups affected by the application of the simultaneous import limits (if not applied on a system basis)</p> <p>6. Do simultaneous import limits into the CAISO BAA have any effect on the import leg of a wheeling transaction? Please explain why and how (including description of relevant circumstances or system conditions) or why not.</p>	<p>a) 2019 MIC: http://www.caiso.com/Documents/Step6-2019AssignedandUnassignedRAImportCapabilityonBranchGroups.pdf</p> <p>a) 2020 MIC: http://www.caiso.com/Documents/Step6-2020AssignedandUnassignedRAImportCapabilityonBranchGroups.pdf</p> <p>b) http://www.caiso.com/Documents/2019HoldersImportCapability.pdf</p> <p>b) http://www.caiso.com/Documents/2020HoldersImportCapability.pdf</p> <p>c) Data is not readily available (could be one item for transparency improvement).</p> <p>CAISO does not calculate simultaneous import limits into the CAISO BAA separately from the MIC process. The CAISO verifies that the Maximum Import Capability limits continue to be valid as new generation is added to the CAISO system through the annual deliverability study analysis.</p> <p>Not applicable.</p> <p>Yes the simultaneous limits, as well as all individual branch group limits, have an effect on the import leg of a wheeling transaction because the aggregate of schedules need to be within the individual and simultaneous physical limits and they are additive to the native load schedules.</p>

No	Comment Submitted	CAISO Response
	<p>7. Under currently effective tariff provisions, please identify any and all limitations on use of the CAISO transmission system to wheel the output of a resource from one external BAA to another.</p> <p>8. Under proposed tariff provisions relating to interim priority for wheeling transactions, would there be any limits on use of the CAISO system other than the proposed requirements to (a) provide notice 45 days in advance of the operating month, (b) demonstrate that the wheeling transaction is to deliver on a contract to serve load in an external BAA, (c) procure firm transmission to the CAISO border for the transaction, and (d) register an export system resource in the market?</p> <p>9. Under proposed tariff provisions relating to interim priority for wheeling transactions, does the CAISO plan to evaluate the impact of proposed wheeling transactions on deliverability of internal generation resources, any simultaneous import limits, or allocated MIC? If so, please describe the methodology for making such an evaluation.</p>	<p>Issues related to wheeling transactions and transmission scheduling priority have been moved to a new separate stakeholder process.</p> <p>Issues related to wheeling transactions and transmission scheduling priority have been moved to a new separate stakeholder process.</p> <p>Issues related to wheeling transactions and transmission scheduling priority have been moved to a new separate stakeholder process.</p>



13. Southwestern Power Group (SWPG) Submitted by: Ravi Sankaran		
No	Comment Submitted	CAISO Response
13a	<p>1. Provide a summary of your organization’s comments on the Maximum Import Capability (MIC) Enhancements issue paper:</p> <p>Southwestern Power Group (SWPG) agrees with the areas for improvement identified in the issue paper and some of the suggested remedies. Based on the rapidly changing landscape of both Load Serving Entities (LSE’s) and the import resources they are selecting to meet their needs, the MIC allocation process needs to change to be more forward-looking and anticipatory, rather than simply based on recent years’ historical flows.</p>	<p>Your suggestions have been noted.</p>
13b	<p>2. Provide your organization’s comments on the calculation and technical studies related to MIC, as described in section 2.1:</p> <p>SWPG agrees with the suggestions for MIC calculations to incorporate liquidity or magnitude of RA showings for each branch group but suggests the CAISO go even further and adopt a forward-looking view of expected imports per branch group and give higher priority to LSE’s with RA contracts for resources that will be dynamically transferred to the CAISO.</p> <p>Remaining Import Capability (RIC) after step 4 could be assessed by target expanded MIC values using data from the LSE IRP plans’ Baseline Resources, plus any additional RA contracts shown by the LSE’s that are not included in Baseline Resources and are from dynamically-transferred resources. Note the CAISO should include not only the CPUC-jurisdictional LSE IRP plans but also those of the CAISO-connected publicly-owned utilities (POU’s) as filed with the CEC, since these POU LSE’s also have RA requirements. The CAISO could alternatively refer to the TPP portfolios as has been suggested but SWPG recommends relying upon LSE IRP plans and/or RA contracts for greater accuracy and alignment with commercial reality. Such provisions would be a significant step-change from the current process but one SWPG argues is greatly needed due to the increased demand for and value of certain types of imported resources.</p> <p>For example New Mexico wind imports have increased substantially in recent years due to their favorable evening ramp profile which mitigates the post-solar duck curve. Specifically during the August 2020 heatwaves data shows that the New Mexico wind outperformed in-state wind during the critical early evening hours with capacity factors in the 80% range, but with the current MIC</p>	<p>Thank you for your comments and suggestions.</p>

No	Comment Submitted	CAISO Response
	<p>allocations process LSE's contracting for this valuable import resource are at risk for not being able to claim the full RA value.</p>	
13c	<p>3. Provide your organization's comments on potential transparency and trading opportunity improvements, as described in section 2.2: SWPG agrees with the feedback to increase MIC allocation ownership transparency in order to facilitate LSE access through the annual and monthly trading processes. Publishing relevant contractual data for resource contracts used to lock MIC at the branch group level on a multi-year basis will also improve transparency.</p>	<p>Thank you for your support.</p>
13d	<p>4. Provide your organization's comments on the MIC allocation and usage, as described in section 2.3: While SWPG agrees that an auction or other market-based mechanism could provide stability and transparency, such mechanisms could be cumbersome to establish and maintain, and would raise other questions as to how auction revenues would be allocated. SWPG therefore prefers other alternatives such as the recommendations raised above under Section 2.1. However if the CAISO were not able to provide further means for an LSE with import RA contracts in excess of its load share to obtain the additional MIC allocation through a forward demonstration as SWPG suggests in 2.1, then SWPG would not be opposed to development of an auction-type process. Regarding the suggestion raised to recapture and release unused MIC allocations after month-ahead showings, SWPG is supportive of this concept in order to utilize latent MIC allocations where most needed, but also appreciates the logistical challenges raised.</p>	<p>Your preference has been noted.</p>
13e	<p>5. Provide your organization's comments on the reservation of import capability and transmission for wheel-through transactions topic, as described in section 2.4: SWPG does not oppose reservation of import capability and transmission for wheel-through transactions, as long as such reservations do not deprive the CAISO LSE's of import capability needed to meet their load-serving needs since the LSE's pay for the transmission system.</p>	



No	Comment Submitted	CAISO Response
13f	6. Provide your organization's comments on the proposed initiative schedule and EIM Governing Body role, as described in section 4: SWPG has no comments on the proposed initiative schedule and EIM Governing Body role.	
13g	7. Additional comments on the MIC Enhancements issue paper: SWPG has no further comments, and appreciates the CAISO's initiative in establishing this stakeholder process to implement much-needed enhancements to the MIC allocations process.	



14. Salt River Project (SRP) Submitted by: Marcie Martin		
No	Comment Submitted	CAISO Response
14a	<p>1. Provide a summary of your organization’s comments on the Maximum Import Capability (MIC) Enhancements issue paper: Salt River Project Agricultural Improvement and Power District (SRP) appreciates CAISO’s efforts to establish a long-term solution to address wheeling concerns. SRP looks forward to working with CAISO to develop a proposal that is fair, equitable and well aligned with the intent of the Open Access policies.</p>	
14b	<p>2. Provide your organization’s comments on the calculation and technical studies related to MIC, as described in section 2.1: No comments.</p>	
14c	<p>3. Provide your organization’s comments on potential transparency and trading opportunity improvements, as described in section 2.2: No comments.</p>	
14d	<p>4. Provide your organization’s comments on the MIC allocation and usage, as described in section 2.3: No comments.</p>	
14e	<p>5. Provide your organization’s comments on the reservation of import capability and transmission for wheel-through transactions topic, as described in section 2.4: SRP supports CAISO exploring a process for requesting and reserving import capability and transmission to support wheel-through transactions. As CAISO develops this proposal, SRP recommends that CAISO not unduly limit high priority wheeling transactions. Additionally, SRP strongly recommends that CAISO recognize and consider the existing e-tag framework already being used by Western entities to determine transmission priority. This framework has been successful and is currently reflected in EIM Entities’ business practices. SRP has concerns with CAISO using the MIC framework for forward transmission access. The MIC framework is inherently discriminatory because it enables CAISO Load Serving Entities priority access, before other market</p>	<p>Thank you for your comments. The CAISO has decided to address the reservation of transmission service for wheeling transactions as a separate, stand alone, initiative conducted through a stakeholder process. As a result, the topic will be removed from the scope of the MIC Enhancements initiative.</p> <p>The CAISO will consider the principles identified by SRP in developing the straw proposal.</p>

No	Comment Submitted	CAISO Response
	<p>participants have an opportunity to acquire MIC. SRP encourages CAISO to use a framework that allows all market participants – including imports, exports, and wheel-through schedules – nondiscriminatory access to use the CAISO-controlled grid and pay for their fair share. Principles for a non-discriminatory physical transmission framework include:</p> <ul style="list-style-type: none"> • All market participants should be given an equal opportunity to secure the right to utilize the CAISO-controlled grid. • Transmission capacity should be allocated based on objective, non-discriminatory criteria and principles (e.g., first-come/first-served, duration, or through an auction process). • The process of allocating and using transmission rights on the CAISO grid should not undermine the Open Access Transmission Tariff priority of adjacent transmission providers. • To the extent physical constraints require curtailment of schedules, curtailments should be implemented pro rata. 	
14f	<p>6. Provide your organization’s comments on the proposed initiative schedule and EIM Governing Body role, as described in section 4:</p> <p>SRP would like clarification on how wheel-through priority, as it is proposed in the Market Enhancements for Summer 2021 Readiness initiative (referred to as “Summer 2021 Readiness” from here on) is related this stakeholder process. As it stands, SRP understands that the MIC process is an allocation of import rights to Load Serving Entities within CAISO to enable and inform how qualifying Resource Adequacy (RA) contracts might be pursued, not a forward assignment of firm transmission rights.</p> <p>While SRP will remain engaged and committed throughout the MIC Enhancements stakeholder process, it is important to acknowledge SRP has questions regarding timing of this proposal and the wheel-through priorities of the Summer 2021 Readiness proposal. The Summer 2021 Readiness final proposal indicates its approach is in effect until 2021, which SRP assumes to mean through December of 2021. The MIC Enhancements long-term approach to enable external entities to obtain priority transmission for wheeling schedules on a forward basis, is not expected to be implemented until 2023. SRP requests CAISO provide clarification on its intent regarding the governing rules for wheel-throughs after December 31, 2021, and whether the MIC Enhancements is expected to identify the long-term wheel-through priorities. If so, how does</p>	

No	Comment Submitted	CAISO Response
	<p>CAISO foresee addressing any perceived timing gaps between the conclusion of the Summer 2021 Readiness interim proposal (presumed to be December 31, 2021) and the implementation date of this proposal? In agreement with what commenters indicated during the March 18 stakeholder meeting for the MIC Enhancements, SRP encourages CAISO to carve out the wheel-through portion of the MIC Enhancements initiative and accelerate its implementation. SRP requests the EIM Governing Body have an advisory role for elements of this initiative associated with reservation of import capability and transmission for wheel-through transactions. SRP expects this initiative to result in changes to rules governing use of CAISO transmission; therefore, resulting changes would affect participation in EIM.</p>	
14g	<p>7. Additional comments on the MIC Enhancements issue paper: SRP strongly requests that CAISO implement any material changes to its market through modifications to its tariff, rather than Business Practice Manuals (BPM). Long-standing FERC precedent dictates that provisions that “significantly affect rates, terms, and conditions” of service must be included in the tariff. SRP believes that changes associated with the reservation of import capability and transmission for wheel-through transactions should be included in CAISO’s tariff.</p>	



15. Silicon Valley Power (SVP) Submitted by: Paulo Apolinario		
No	Comment Submitted	CAISO Response
15a	<p>1. Provide a summary of your organization’s comments on the Maximum Import Capability (MIC) Enhancements issue paper:</p> <p>The current MIC allocation process, which uses Load Share Quantity, to allocate MIC is based on a LSEs coincident annual peak demand. This allocation is in total misalignment with the current methodology the CAISO uses to receive payment for use of the HV Transmission system that provides Maximum Import Capability.</p> <p>SVP is not opposed to an auction process and has provided some high level principles and concepts for consideration in Section 4.</p> <p>SVP has also provided comments related to CAISO currently inactive stakeholder process Transmission Access Charge structure enhancements in Section 7 that would better align MIC allocation with LSEs payments towards HV TRR.</p>	<p>The MIC allocation is aligned with the magnitude of RA responsibility for each LSE. The RA responsibility follows the peak load and not the total energy.</p>
15b	<p>2. Provide your organization’s comments on the calculation and technical studies related to MIC, as described in section 2.1:</p> <p>No comment at this time.</p>	
15c	<p>3. Provide your organization’s comments on potential transparency and trading opportunity improvements, as described in section 2.2:</p> <p>It would be useful to include entity contact information in the CAISO publication of MIC allocation results.</p>	<p>Thank you for your suggestion.</p>
15d	<p>4. Provide your organization’s comments on the MIC allocation and usage, as described in section 2.3:</p> <p>SVP believes the current MIC Allocation process is flawed. Currently the Load Share Quantity used in the allocation process favors low load factor LSE’s over high load factor LSE’s, and disproportionately allocates MIC to LSEs in a manner that is not aligned with their payments for the use of the facilities that provide MIC.</p> <p>Extreme Example: LSE 1 has 1 MW of load at the time of the CAISO coincident annual peak, and zero load in the remaining 8,759 hours of the year. LSE 2 has 1 MW of load during all 8760 hours of the year.</p>	<p>The MIC allocations are released to LSEs because they pay for transmission, however the allocations are proportional with the LSEs RA responsibility not with the actual HV TRR payment.</p> <p>In your example both LSEs have the RA responsibility of buying about 1 MW of RA and they both need access to MIC in the same magnitude order.</p>

No	Comment Submitted	CAISO Response
	<p>In this scenario, LSE 1 contributes \$13.59/year towards the HV TRR, and LSE 2 contributes \$119,048.4/year. From a Load Share Quantity allocation perspective LSE 1 and LSE 2 will receive equivalent allocations of MIC, but their contributions towards paying for the transmission facilities that provide the MIC are drastically different.</p> <p>A more just and reasonable MIC allocation process would be to allocate based on the LSEs historical or forecasted HV TAC or WAC payments, rather than the current Load Share Quantity determined at time of CAISO coincident peak. Additionally, LSEs with ETCs typically have some payment that flows to the PTO that could be included as contributions towards the HV TRR recovery which could be incorporated into the MIC allocation process.</p> <p>Potential auction process for LSE participation high level principles/concepts:</p> <ol style="list-style-type: none"> 1. All MIC allocations (Pre-RA Import, ETCs or other allocations) should contribute some payment towards the HV TRR. 2. Somewhere in the allocation step process LSEs with annual MIC allocation should have the opportunity to return MIC allocation quantities on a monthly basis to better align RA needs with the annual MIC allocation. 3. The remaining quantities, after the return process above, could be auctioned by the CAISO with sufficient time for LSE to show on monthly RA supply plans any procured MIC through an auction. 4. It may be prudent to have a floor price in the auction to ensure some contribution by procurement entities to reduce the HV TRR. 5. ETC right holders may already contribute towards the HV TRR by payments made to the PTOs 	
15e	<p>5. Provide your organization’s comments on the reservation of import capability and transmission for wheel-through transactions topic, as described in section 2.4:</p> <p>No comments at this time.</p>	
15f	<p>6. Provide your organization’s comments on the proposed initiative schedule and EIM Governing Body role, as described in section 4:</p> <p>No comments at this time.</p>	
15g	<p>7. Additional comments on the MIC Enhancements issue paper:</p>	



No	Comment Submitted	CAISO Response
	<p>SVP believes approval of the current inactive Transmission Access Charge structure enhancements Draft final proposal, expected to go to the Board of Governors and EIM Governing Body in 2021, would address SVPs perceived flaws in MIC allocation. In this Draft final proposal a portion of the HV TRR would be collected from LSEs based on coincident peak demand, and as such would better align MIC allocation to those entities that pay for the transmission facilities that provide MIC.</p>	



16. Valley Electric Association (VEA) Submitted by: Brad Van Cleve		
No	Comment Submitted	CAISO Response
16a	<p>1. Provide a summary of your organization’s comments on the Maximum Import Capability (MIC) Enhancements issue paper:</p> <p>1. Background</p> <p>VEA is a rural electric distribution cooperative based in Pahrump, Nevada, which serves approximately 6,849 square miles of service territory in southern Nevada and a small portion of California. VEA has approximately 19,500 member-consumers, and a peak load of about 140 MWs. VEA is the only CAISO LSE located outside of California. VEA joined the CASIO balancing authority area (BA) and became a load serving entity (LSE) in the CAISO in 2013, pursuant to the terms of a Transition Agreement with the CAISO, which was accepted by the Federal Energy Regulatory Commission on December 14, 2011. Cal. Indep. Sys. Operator Corp., 137 FERC ¶ 61,194 (2011).</p> <p>VEA owns no generating resources, and it traditionally has served its load through long-term power purchases delivered at WAPA’s Mead 230 kV Substation. In recognition of this fact, the Transition Agreement provided that the CAISO would allocate 150 MWs of Mead RA import capability to VEA for a period of ten years as “Pre-RA Commitments” under the resource adequacy import allocation rules provided in Section 40.4.6.2 of the CAISO Tariff. VEA’s peak System RA obligation for 2021 is approximately 153 MWs. Under the terms of the Transition Agreement, VEA’s Mead import rights expire on January 3, 2023, the tenth anniversary of the Transition Date provided in the Transition Agreement.</p> <p>Since joining the CAISO, VEA generally has continued to rely on long-term contracts delivered at Mead to provide the energy and capacity to serve its load, as well as meet its RA requirements. However, VEA also has delivered power at its interconnection points with Western Area Power Administration and NV Energy at Amargosa, Mercury and Northwest substations, when the Mead delivery point was constrained or unavailable.</p> <p>On June 19, 2019, VEA entered into a 20-year contract for the purchase of unbundled energy, System RA Capacity and Flexible RA Capacity. VEA understands from the supplier that it intends to supply the RA from a solar plus battery storage project under development adjacent to the Mead substation in the WAPA BA. VEA plans to use both the contract described above, as well its long-term contracts for federal hydropower from Hoover Dam, the Parker Davis</p>	

No	Comment Submitted	CAISO Response
	<p>System, and the Colorado River Storage Project to meet its System and Flexible RA requirements. In 2020, VEA entered into an agreement with the CAISO to allow dynamic scheduling of its Hoover allocation into the CAISO.</p> <p>2. State of the RA Market</p> <p>In recent years, and particularly in 2021, the RA market has become extremely illiquid, and prices have exceeded reasonable levels. One of the reasons for this is that the level, availability and lack of use of maximum import capacity (MIC) has effectively stranded available RA resources, including carbon neutral RA resources, outside the CAISO. In addition, the available MIC at Mead is extremely limited. Currently, there is no Remaining Import Capacity at the Mead 230 intertie after accounting for Pre-RA Import Commitments and existing ETC. After VEA's Pre-RA Import rights expire in 2023, the CAISO projects that there will be only 25 MWs of Remaining Import Capacity to allocate among all LSEs importing at Mead.[1] This shows that the CAISO's planning process is not expanding MIC to keep pace with the need for MIC for both loads additions and generation retirements within the CAISO. In addition, the market for purchasing MIC at Mead is illiquid, and MIC is generally unavailable for purchase.</p> <p>As the CAISO noted in the MIC enhancements Issue Paper (Issue Paper), "the sum of the Total Transfer Capability (TTC) of each individual intertie is about 44,400 MW whereas MIC (simultaneous deliverability for all imports) is around 15,500 MW and the CAISO control area cannot physically receive imports beyond the simultaneous limit." Issue Paper at 3. This shows that only 35% of the physical import capability of the interties is being used to import RA, presumably due to deliverability issues on the CAISO Grid.</p> <p>The CAISO must find ways to increase the amount and utilization of MIC in the Mead area to improve RA liquidity through more RA imports. The Issue Paper states that:</p> <p>MIC may be increased on a prospective basis at specific interties to meet state and federal policy goals with the completion of the related necessary policy driven transmission upgrades. The CAISO assures through deliverability studies that both the increased MIC and internal generation are deliverable to the aggregate of load. If necessary, through the CAISO annual transmission planning process (TPP), transmission upgrades are approved and subsequently built before the additional deliverability is made available to increased imports and new internal resources. Issue Paper at 1.</p>	

No	Comment Submitted	CAISO Response
	<p>CAISO Tariff. Otherwise, a large portion of VEA's RA resources will be stranded outside the CAISO. While it is theoretically possible that VEA could purchase MIC allocations at Mead from third parties, as noted above that market is illiquid, and MIC rights at Mead are held by a small number of LSEs. Another problem is that each year some MIC allocations go unused resulting in artificially low RA imports at Mead. In addition, as noted above, the total available MIC at Mead will decrease substantially when VEA's pre-RA import allocation expires, because the CAISO calculates MIC by adding Pre-RA Import Commitments to the historically determined amount of available MIC.</p> <p>Finally, VEA is dynamically scheduling Hoover and is considering obtaining the ability to dynamically transfer some of (or all of) its other external RA Resources into the CAISO BA. The CAISO should revisit whether a process could be established to apply for full capacity deliverability of dynamically transferred RA resources, especially if they are carbon free resources. This would allow California to avoid artificially limiting the import of carbon free resources due to MIC limitations.</p> <p>4. Necessary MIC Enhancements</p> <p>As part of this stakeholder initiative, the CAISO should explore the following potential solutions to the MIC issues identified above.</p> <p>a. The CAISO should include in its TPP study the base portfolio provided by the CPUC, as well as the resource plans of those CAISO LSEs not included in the CPUC's base portfolio.</p> <p>The CAISO already has established mechanisms for such a prospective study. The Reliability Requirements Business Practices Manual (BPM) describes the process to which the Issue Paper refers.</p> <p>The process starts in the TPP, where the ISO will first establish target Expanded MIC MW values for each intertie that will be sufficient to support RA deliverability for the MW amount of resources that will utilize each intertie for scheduling imports into the ISO BAA and that are included in the base case resource portfolio that will be used in the current TPP cycle for identifying policy-driven transmission additions and upgrades.[2] Reliability Requirements BPM at 68.</p> <p>This Reliability Requirements BPM calls for the CAISO to establish MIC for the base case portfolio. Further, as indicated above, the Issue Paper recognizes that MIC may be increased on a prospective basis at specific interties to meet state and federal policy goals with the completion of the related necessary</p>	<p>Thank you for your suggestions.</p>

No	Comment Submitted	CAISO Response
	<p>policy driven transmission upgrades and that the CAISO assures through deliverability studies that both the increased MIC and internal generation are deliverable to the aggregate of load. In fact, the CAISO's Transmission Plans have for several years, for example, noted an intended plan to add over 700 MWs of MIC from Imperial Irrigation District's service area given expected development of RA sources in that region.</p> <p>However, this mechanism while seeking to confirm MIC needs for CPUC-jurisdictional CAISO participants, currently does not address VEA's needs or the needs of other non-CPUC jurisdictional entities. VEA, given its size, location and type of organization, does not submit Integrated Resource Plans to California or federal agencies to inform the TPP portfolios. VEA recommends that the CAISO confirm MIC feasibility for all its LSEs and not for only those who file IRPs with the CPUC. Otherwise, VEA and other similarly situated small LSEs seem to be disadvantaged by the MIC assessment process, because their resource needs and planned supplies are not considered as part of the CAISO's planning studies. This warrants either inclusion of these additional resource plans in the CAISO's study or direct CAISO consideration of resource plans of VEA and other small LSEs who are not represented within the TPP portfolios. VEA is subject to CARB's GHG import policies. Additionally, consistent with other CAISO utilities, VEA is transitioning to renewable resources as the local regulatory/planning authority for its service area, which is consistent with state and federal policies. Therefore, the CAISO should recognize and support these goals in implementing the TPP. This will become even more important as the CAISO continues to expand its footprint outside of California.</p> <p>The CAISO should demonstrate expanded MIC availability or otherwise consider whether policy driven TPP upgrades are warranted to increase the MIC capacity at Mead, given the base case portfolio as well as the resource plans of VEA and other LSEs who are not included in the CPUC's base portfolio and the potential renewable resources that can be accessed through Mead. VEA expects that significant renewable RA resources will be developed in the area near Mead.</p> <p>VEA requests that the CAISO study the availability of MIC values at Mead for the combined CPUC base case portfolio plus the resource plan of VEA.[3] Doing so will allow the CAISO, in accordance with its Reliability Requirements BPM, to demonstrate that sufficient MIC exists to accommodate the resource</p>	

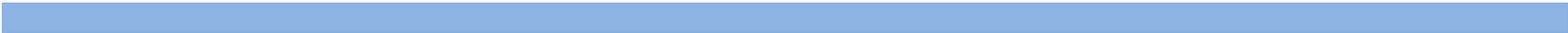
No	Comment Submitted	CAISO Response
	<p>plan reliability resources, and if necessary, provide the requisite policy upgrades to ensure that the system can provide the import capability (MIC) needed for the planned resources.</p> <p>VEA would expect that in doing so deliverability would be available for VEA's dynamically scheduled RA resources and other resources that are consistent VEA's resource plan.</p> <p>b. VEA Supports an Auction Mechanism to Increase the Liquidity and Utilization of MIC.</p> <p>The CAISO should take steps to improve the liquidity of the RA market, by improving the ability to trade MIC rights, or by implementing an auction mechanism. VEA encourages the CAISO to consider creating an Auction Revenue Right (ARR)-type mechanism in which LSEs would be allocated "Auction Revenue MIC Rights" or (ARMRs). The ARMRs could be allocated using a process similar to what is in place today. After the allocation of MIC, the CAISO would then conduct an auction. LSEs could "self-schedule" their ARMRs into the auction (essentially submitting a price-taker bid) to ensure they received back the MIC capacity they were allocated in the allocation process; or an LSE could submit its indifference price for the MIC, thereby yielding it to another LSE if another LSE valued it more. Similarly, LSEs could acquire MIC beyond their load share in this manner by placing bids into the ARMR auction. Such a mechanism would ensure that the value of the MIC was maximized for those LSEs interested in valuing their allocated MIC or seeking to acquire additional MIC. VEA envisions that this ARMR auction would be conducted annually. Potentially there would be benefit from conducting residual auctions monthly as well.</p> <p>c. Other VEA Recommendations</p> <p>To avoid stranding valuable RA resources outside the CAISO, the CAISO also should consider the following additional measures:</p> <ul style="list-style-type: none"> The CAISO should create a process for obtaining full capacity deliverability of dynamically transferred RA resources that are outside the CAISO, especially if they are carbon free resources. Since a dynamically transferred resource is effectively within the CAISO Balancing Area Authority, it should have the same right to request to be studied as fully deliverable as other generating resources within the CAISO and avoid the need for a MIC allocation. This would allow California to avoid artificially limiting the import of carbon free resources into the CAISO due to MIC limitations. 	

No	Comment Submitted	CAISO Response
	<ul style="list-style-type: none"> • The CAISO should explain the relationship between its study of the feasibility of MIC needed for the base portfolio and its allocation policy which relies upon past peak flow days to determine MIC. Given the description of how MIC is tested in the TPP, it is unclear to VEA how this relates to the CAISO only offering MIC at intertie points where past scheduled flows occurred, and at levels corresponding to these flows, during the designated maximum flow days. VEA requests that the CAISO consider the following potential solutions to this issue: <ol style="list-style-type: none"> 1. b. The CAISO should consider all of the branch groups used to import RA into California from the Mead area as one aggregated MIC allocation point, similar to what it has proposed to do for the two IID interties into southern California. Any path that delivers into CA from the Mead area should be combined in order to maximize RA import capacity. 2. b. VEA seeks a means to obtain MIC allocations at intertie points that are used on an intermittent basis to import power into the CAISO. VEA has interconnections with Western Area Power Administration (WAPA) at Amargosa Substation and Mead Substation and with NV Energy at Northwest Substation (through GridLiance) and Mercury Substation. The CAISO should study whether RA capacity can be imported at Amargosa, Northwest, and Mercury, as well as whether MIC import capacity at Mead can be increased. To effectively solve this problem, VEA requests that the CAISO define Mead MIC as being inclusive of deliveries at Mead, Amargosa and/or Northwest. [4] VEA understands that the limiting factors for MIC are constraints for delivery within the bulk system, suggesting that such a Mead-area MIC should not harm other CAISO LSEs or place any additional burden on the grid. <ul style="list-style-type: none"> • Similarly, VEA would expect that the TPP study of the portfolio would be forward-looking to account for changes in operations and new generation and transmission facilities needed in the future to import RA capacity, rather than simply looking at historic imports over a five-year period. Otherwise, MIC will likely be insufficient to import the resources being developed. <p>[1] http://www.caiso.com/Documents/AdvisoryestimatesoffutureResourceAdequacyImportCapabilityforyears2021-2030.pdf</p>	

No	Comment Submitted	CAISO Response
	<p>[2] For example, if the adopted policy mandate for identifying policy-driven transmission in the TPP is the state's 33 percent renewable portfolio standard, the ISO establishes the resource portfolio in collaboration with the CPUC, and this portfolio includes renewable resources that will be sufficient to meet the state mandate of 33% renewable energy on an annual basis by 2020.</p> <p>[3] It would be reasonable for the CAISO to include the resource plans of other CAISO LSEs who do not file IRPs with the CPUC. VEA is particularly vulnerable from being excluded given that it is located at the boundary of the CAISO and is a member of AEPCO with historical predominant supplies outside of the CAISO.</p> <p>[4] Such a mechanism of viewing the Mead-area import paths collectively is especially important during periods when the CAISO requires VEA to reschedule its imports away from Mead and into Northwest or Amargosa.</p>	
16b	<p>2. Provide your organization's comments on the calculation and technical studies related to MIC, as described in section 2.1: Please see VEA's response to question 1, item 4.a.</p>	
16c	<p>3. Provide your organization's comments on potential transparency and trading opportunity improvements, as described in section 2.2: Please see VEA's response to question 1, item 4.b.</p>	
16d	<p>4. Provide your organization's comments on the MIC allocation and usage, as described in section 2.3: Please see VEA's response to question 1, items 4.a and 4.b.</p>	
16e	<p>5. Provide your organization's comments on the reservation of import capability and transmission for wheel-through transactions topic, as described in section 2.4: If the CAISO implements MIC allocations that allow for wheeling through transactions, it should do so in a manner that does not reduce the MIC available for importing RA.</p>	
16f	<p>6. Provide your organization's comments on the proposed initiative schedule and EIM Governing Body role, as described in section 4: VEA has no comments on the proposed schedule at this time.</p>	



No	Comment Submitted	CAISO Response
16g	7. Additional comments on the MIC Enhancements issue paper: VEA has no additional comments.	



17. Vistra Corporation (Vistra) Submitted by: Cathleen Colbert		
No	Comment Submitted	CAISO Response
17a	<p>1. Provide a summary of your organization’s comments on the Maximum Import Capability (MIC) Enhancements issue paper:</p> <p>Vistra appreciates the opportunity to engage with the CAISO in its new Maximum Import Capability (“MIC”) Enhancements initiative. Vistra views the MIC as inherently a component of the Resource Adequacy (“RA”) framework to establish a limit on the amount of external supply that can be counted to meet California RA needs. The MIC is an element of the forward RA planning horizon and should not be conflated with design explored focused on day-ahead and real-time market operations. Vistra respectfully requests the CAISO move the transmission reservation element (Section 2.4) from this effort to a dedicated initiative, expand its scope to include a forward transmission reservation system to reserve forward transfer capability for all intertie transactions, and approach it from a non-RA perspective. See our response to question no. 5 for more details. Focusing solely on the MIC elements, Vistra supports the CAISO exploring MIC allocation and trading process improvements.</p> <p>Vistra requests the CAISO issue a revised Issue Paper that includes a clear description of the issues in addition to the list of potential solutions. On review of the issue paper, it appears the CAISO has included an initial solution set among which the initiative could select one or more solutions from that set to pursue in future proposal but did not include a robust description of the issues first.</p> <p>On face, the straw proposals should not be included in at the Issue Paper stage since there is not yet consensus building complete on the issues. We do like the CAISO approach of summarizing asks that have been made of the CAISO related to MIC in the current sections 2.1-2.4. Respectfully, the solution set options, description, and pros and cons discussion should be moved to Section 3. We respectfully request the CAISO move the solution set to Section 3 “Straw Proposal”.</p> <p>In Section 2, the CAISO should clearly describe the identified issues. It is imperative for stakeholders and CAISO to quickly and collaboratively proceed in this process that the CAISO includes a summary of the issues it has identified with the current MIC allocation and trading processes. It would be ideal if the CAISO provides examples and associated data for specific issues that stakeholders are experiencing as well as any issues that CAISO Staff faces</p>	<p>Thank you for your comments. The CAISO recognizes the importance, impact, and complexity of this topic and thus has decided to address the reservation of transmission service for wheeling transactions as a separate, stand alone, initiative conducted through a stakeholder process. As a result, the topic will be removed from the scope of the MIC Enhancements initiative.</p>

No	Comment Submitted	CAISO Response
	<p>under these processes. For example, our understanding is that there is a single issue that has been identified that in practice the trading processes are not being used – in a manner the MIC allocation is being hoarded. This should be explicitly stated, and any other issues clearly identified alongside it. Whether or not the “issues” described are desired design outcomes needs to be a focus of this initial phase. To further that end, we appreciate the CAISO attempt to sprinkle throughout the document “key concepts” and believe it can be enhanced to help ground the process in key principles. Vistra respectfully requests that the CAISO propose in its revised Issue Paper these key concepts in a single list of proposed market design principles and seek stakeholder feedback.</p>	
17b	<p>2. Provide your organization’s comments on the calculation and technical studies related to MIC, as described in section 2.1: Vistra understands this is a discussion of a potential solution that could be pursued to resolve an identified issue. We request the CAISO detail the identified issues in Section 2 and move this potential solution discussion to Section 3. Vistra will provide input on the solution set after a revised Issue Paper has been released, key principles have been adopted, and ideally a stakeholder workshop is held to explore the potential solution set.</p>	
17c	<p>3. Provide your organization’s comments on potential transparency and trading opportunity improvements, as described in section 2.2: See Vistra response to question no. 2.</p>	
17d	<p>4. Provide your organization’s comments on the MIC allocation and usage, as described in section 2.3: See Vistra response to question no. 2.</p>	
17e	<p>5. Provide your organization’s comments on the reservation of import capability and transmission for wheel-through transactions topic, as described in section 2.4: Vistra is convinced that the complexity of ensuring that FERC Order 888 open access rules are maintained in the CAISO market design when differentiating priorities for wheel-throughs, imports, and exports cannot be done in a back of the envelope manner. It must be done through a robust stakeholder process.</p>	<p>Thank you for your comments. Due to the complexity of the topic and the number of elements for consideration outside of MIC, the CAISO has decided to address the reservation of transmission service for wheeling transactions as a separate, stand alone, initiative conducted</p>

No	Comment Submitted	CAISO Response
	<p>Vistra respectfully requests the CAISO remove this element from the MIC Enhancements project. CAISO should launch an initiative dedicated to exploring the forward reservation of wheel-through, import, and export transfer capability in advance of the day-ahead markets. The initiative should not consider the reservation system as connected to RA design.</p> <p>The CAISO is subject to FERC Order 888 requirement for all public utilities to file open access non-discriminatory transmission tariffs that contain minimum terms and conditions of non-discriminatory service. CAISO Tariff Section 23 detailing the categories of transmission capacity specifies that there are four types of transmission categories under the current tariff and the scheduling priority for curtailment purposes (i.e. curtailment priority) today is a function of transmission service with which the transaction is associated. Transactions associated with transmission capacity that must be reserved for firm Existing Rights, may be allocated by the CAISO for conditional firm Existing Rights, and may remain non-firm Existing Rights for which the Responsible PTO has no discretion over whether to provide such non-firm service are prioritized using penalty prices significantly higher than the penalty prices for transmission constraints and power balance. Market awards receive their allocation of CAISO transmission service (“i.e. new firm uses”) through its binding energy dispatch instruction and in part pay for that “new firm use” through congestion management charges.</p> <p>A short-term solution should not be pursued that could result in discriminatory access to transmission system for certain types of intertie transactions over others where the transaction has not paid for a higher priority treatment. The most appropriate and efficient way to prioritize intertie transactions access to the transmission system is based on forward procurement of a higher priority transmission service with which the bid-in intertie transactions are associated. This is how MISO and PJM approach this prioritization. Based on our experience in these markets, selling of transmission reservations allows for prioritization of the transfer capability to those transactions that have paid to reserve the higher priority service.</p> <p>CAISO considering adopting and supporting a transmission service reservation system can be done and would result in non-discriminatory prioritization for exports, wheel throughs, and imports. Respectfully, open access is foundational to well-functioning, competitive markets and short cuts to ensuring open access will likely harm overall market health both in CAISO and</p>	<p>through a stakeholder process. As a result, the topic will be removed from the scope of the MIC Enhancements initiative.</p>

No	Comment Submitted	CAISO Response
	<p>the wider WECC. We support the CAISO launching a comprehensive process to establish forward transmission service reservations or the equivalent to be used for scheduling prioritization for all intertie-transactions.</p> <p>However, we are concerned that by including it in the MIC Enhancements initiative the CAISO is burying this important topic within a larger effort that should be narrowly focused on the use of MIC to identify the maximum amount of external supply that can count towards meeting RA goals. The issue of determining reservation priority and curtailment priority for clearing the CAISO day-ahead or real-time markets is not a RA planning issue. This content refining how the day-ahead market and real-time market can clear consistent with various levels of priorities across intertie transactions is not an element of the RA framework and should not be conflated with RA. The transmission reservation concept is separate from RA framework and should be available to any market participant that chooses to forward procure transmission reservations to support future intertie transactions. The CPUC and CAISO can in a separate proceeding or initiative respectively add RA import rules that require use of the forward transmission reservation system. Generally, we believe it is best for the RA import rule to use the forward transmission reservation system to be proposed by the CAISO in a CPUC RA proceeding for formal inclusion in the CPUC's RA framework. That process does not need to be a part of the initiative establishing that forward transmission reservation system, and if included will confuse the discussion.</p> <p>We respectfully request moving this element to its own initiative, expanding it to a forward reservation system for all intertie transactions, and approach it from a non-RA perspective.</p>	
17f	<p>6. Provide your organization's comments on the proposed initiative schedule and EIM Governing Body role, as described in section 4:</p> <p>None at this time – Vistra reserves our comments on this until at least the scope is finalized but ideally after the straw proposal phase.</p>	
17g	<p>7. Additional comments on the MIC Enhancements issue paper:</p>	