The CAISO received comments on the topics discussed at the May 13, 2021 stakeholder meeting from the following:

1. Birch Infrastructure
2. California Community Choice Association (CalCCA)
3. California Department of Water Resources (CDWR)
4. California ISO Department of Market Monitoring (DMM)
5. Large-scale Solar Association (LSA) and Solar Energy Industries Association (SEIA)
6. Pacific Gas & Electric (PG&E)
7. Southern California Edison (SCE)
8. Six Cities
9. Southwestern Power Group (SWPG), Pattern Energy (“Pattern”) and Valley Electric Association, Inc. (“VEA”)
10. Silicon Valley Power (SVP)

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

https://stakeholdercenter.caiso.com/StakeholderInitiatives/Maximum-import-capability-enhancements

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

1. Birch Infrastructure, PBLLC
Submitted by: Bryan Bradshaw

No	Comment Submitted	CAISO Response
1a	**1. Provide a summary of your organization's comments on the Maximum Import Capability (MIC) Enhancements straw proposal:** Birch thanks the CAISO for providing an opportunity to submit comments on the Maximum Import Capability Enhancements Straw Proposal posted on May 6 and discussed during the May 13 stakeholder call. Birch Infrastructure, PBLLC and or affiliates of the company are actively developing and or pursuing assets with deliverability to the CAISO. Thus, Birch is committed to helping ensure the CAISO has sufficient generating capacity such that it can continue to reliably operate the grid. The 2020 summer events have highlighted the importance of being able to rely on imports to serve California load as the grid transitions away from predominately a thermal fleet to a renewable rich resource mix. During this transition and going forward, it will be imperative that the CAISO is able to achieve maximum reliability through ensuring the deliverability the grid can sustain is allocated in the most efficient and effective manner. As the stakeholder community embarks upon this effort to improve the overall effectiveness of import capability, having a solid understanding of how the process works today and interplays with the other elements of the CAISO system is paramount. Birch greatly appreciates the CAISO spending the time to educate the stakeholder community on how the existing maximum import capability (MIC) values are determined and allocated as well as talking through the interaction between deliverability on the interties and deliverability allocated to new resources interconnecting through the CAISO's interconnection process. Having a foundational understanding of how the overall deliverability in the CAISO market is determined and ultimately allocated for use provides for a more robust stakeholder engagement. The more detailed comments below are intended to (1) seek additional clarification and (2) spur robust discussion regarding if/how the current processes may be improved such that the value of deliverability on the CAISO grid is maximized and increases overall reliability.	Thank you for your comments.
	Birch believes developing a formalized and transparent method for establishing MIC values when a new transmission project either (1) creates a new branch group or (2) increases the transfer capability of an existing branch group is imperative. Having a transparent and established process will enable	For transparency reasons the CAISO is willing to add language to the Reliability Requirements Business Practice Manual in order to clarify its process for establishing import capacity values for new interties or increases to existing intertie capacity.

No	Comment Submitted	CAISO Response
	market participants and developers to have more information when making investment decisions regarding where to site new resources and/or which resources to contract with outside of the CAISO BAA with the intention of serving CAISO load via resource adequacy (RA) capacity. California is relying on continued significant amounts of RA import capacity, which is challenging when significant amounts of capacity is retiring across the west. As these older contracts retire, new contracts that rely on MIC can only take their place if developers and load serving entities have assurance that they will be able to get MIC upon energization of new transmission and capacity. Ideally the fixed methodology will enable MIC to be determined and allocated in a timely manner such that when the physical transmission project is energized RA imports will have corresponding MIC. Furthermore, the amount of incremental MIC that will be available should also be made transparent to stakeholders in such a manner that investment and RA contracting decisions can be made with sufficient lead time that the RA capacity becomes available nearly simultaneously with the increased transfer capability. During the stakeholder call, the CAISO described how the MIC values are set based on historical usage/flows across the interties. This implies that imports first must actually flow across a given intertie point before the CAISO will allow a portion of that intertie capacity to be used to support resource adequacy imports. Under this method, there will inherently be a lag between when a new branch group (or transmission project that increases current capacity on an intertie) will provide the benefit of accessing more RA imports sooner rather than later. For example, the Delaney – Colorado River project is anticipated to come online by December 2021 and may be modeled as a new branch group, or at a minimum, increase the transfer capability at Palo Verde. Given that this project is expected to increase deliverability of external resources into the CAISO BAA, one would also anticipate an increase in available MIC. However, unless the CAISO clearly establishes a process by which market participants are aware of how much MIC will be made available because of this project, the CAISO market may not actually realize the full benefits of accessing more import RA from those external resources for years to come. Additionally, Birch strongly encourages the CAISO to consider modifications to its overall process for allocating deliverability not only via MIC but also to new resources coming through the interconnection process. The goal of any such modifications would be to ensure the process is not stranding deliverability	There are two cases where deliverability can be made available earlier: first if the main CPUC portfolio calls for a increase due to state/federal policy reasons and deliverability exists without new upgrades then it is given out, second if the new transmission equipment increases capacity for an existing scheduling point and if deliverability exists without new upgrades then it is given out based on the same “percent usage” as the current scheduling point. The Paloverde BG is currently behind the Desert Area constraint. This constraint is fully subscribed by 8000 MW of planned generation interconnecting to the transmission system in the Desert Area, including the Delaney-Colorado River project, and has already been allocated deliverability. Therefore, an increase in transfer capability at the border (Paloverde/Delaney) may not directly result in an increase in MIC until this internal constraint is eliminated through additional upgrades.

No	Comment Submitted	CAISO Response
	(e.g., deliverability that is available but unable to be used) and allocating the deliverability in a way that its available where needed and most valued. In the end, having an allocation and deliverability study process that achieves those goals will enable the CAISO to increase reliability via increasing availability of deliverable RA capacity.	
	During the stakeholder call the CAISO explained how the MIC allocation process and deliverability studies for internal resources interact. Through this discussion, Birch is concerned that the current methodology has resulted in stranded deliverability not only on interties but also for interconnecting resources trying to achieve deliverability status. It seems that the CAISO could, in effect, increase the amount of available RA capacity via modifications to the deliverability processes without degrading the reliable operation of the grid.	Each generating resource (including intertie points) has its own "effectiveness factor" in relation to each constrain on the grid. There can be one or multiple constraints binding "deliverability" at each point in time, This is one of the main reasons the CAISO does not allow "deliverability" transfer for internal resources or interties beyond the Point of Interconnection (POI).
	For example, assume two intertie locations (A and B) each with a MIC of 1,000 MWs based on historical flows. This implies that the system can reliably manage 2,000 MWs of imports across the interties. Assuming only 800 MWs of MIC at intertie A is used to support RA imports and all 1,000 MWs of MIC at intertie B is used to support RA imports. Furthermore, assume there is an additional 200 MWs of imports at intertie B that would be available to the CAISO is sufficient MIC were available. Even though the system can reliability manage 2,000 MWs of MIC across the two intertie points, only 1,800 MWs of RA imports are provided because the 200 MWs of unused MIC at intertie A cannot be "transferred" to intertie B. If there is a way to "transfer" that capability to intertie B, it would provide for an additional 200 MWs of RA imports to serve CAISO load.	
	Another example of stranded deliverability relates to the how the MIC impacts deliverability of interconnecting resources. Using the same initial set up as the prior example, also assume there is a 200 MW resource interconnecting to the CAISO seeking deliverability. Today, the CAISO fixes the deliverability of imports at the MIC values (2,000 MWs in this example) when running its studies to determine if the 200 MWs from the internal resource can be deemed deliverable, and thus able to provide resource adequacy capacity. Also assume this resource is deemed not deliverable. Birch wonders if had the CAISO not fixed the assumed level of imports at 2,000 MWs (and potentially used 1,800 MWs to align with the used MIC) the internal resource would have been then deemed deliverable.	"Unused MIC" refers to the portion of MIC that was allocated and for which no LSE has made an RA showing. RA showings are due at T-45 (before the month). At that time all LSEs need to be RA compliant; there is no possibility to "transfer" deliverability after the showings are in, pending it will be allowed to begin with (see previous paragraph).

No	Comment Submitted	CAISO Response
	There are two potential modifications the CAISO could consider that would result in increased utilization of deliverability across the grid, and thus higher levels of RA capacity made available to serve CAISO load. First, is to allow unused MIC from one branch group to be transferred to another branch group that has a higher demand for MIC. Second, consider modifying the deliverability studies such that the MIC values, which includes unused MIC, are not assumed fixed when conducting the deliverability studies for new interconnecting resources. During the stakeholder call, the CAISO continually noted that MIC is available for load serving entities. However, based on section 40.4.6.2.1 of the Tariff, Birch's understanding is that suppliers also can be allocated MIC. Specifically, the Tariff notes under step 13 that "[s]cheduling Coordinators for Load Serving Entities, Participating Generators, or System Resources may notify the CAISO of a request for unassigned Available Import Capability on a specific Intertie on a per MW basis." Thus, Birch would like the CAISO to confirm that suppliers also can be allocated MIC. Birch thanks the CAISO for consideration of these comments.	Deliverability allocations are for "fixed" points of injection into the grid and therefore non-transferable beyond POI and non-transferable from one BG to another. Resource deliverability studies must consider the entire amount of deliverability given out to imports (MIC) and they must both be deliverable at the same critical peak time. Yes, suppliers can receive MIC allocation under step 13 or through trading.
1b	**2. Provide your organization's comments on the improve transparency topic, as described in section 3.1:**	
1c	**3. Provide your organization's comments on the education regarding deliverability of imports and internal resources topic, as described in section 3.2:**	
1d	**4. Provide your organization's comments on other issues that require further exploration, as described in section 3.3:**	
1e	**5. Provide your organization's comments on the proposed initiative schedule and EIM Governing Body role, as described in section 4:**	
1f	**6. Additional comments on the Maximum Import Capability Enhancements straw proposal:**	

2. California Community Choice Association (CalCCA) Submitted by: Lauren Carr		
No	**Comment Submitted**	**CAISO Response**
2a	**1. Provide a summary of your organization's comments on the Maximum Import Capability (MIC) Enhancements straw proposal:** The California Community Choice Association (CalCCA) appreciates the opportunity to comment on the MIC Enhancements initiative. The current MIC allocation process generally works well and is preferable to an auction mechanism. However, there is significant room for improvement in the facilitation of trading opportunities. The largest obstacle hindering MIC trades is the incentive to retain MIC that is not shown for resource adequacy (RA) so that it can be used for substitution to avoid Resource Adequacy Availability Incentive Mechanism (RAAIM) charges. CalCCA encourages the California Independent System Operator (the "CAISO") to continue efforts in the RA Enhancements initiative that would remove substitution requirements for both planned and forced outages. Specifically, it is important to remove the application of RAAIM for forced outages in favor of the unforced capacity (UCAP) proposal and to provide opportunities for addressing planned outage substitution in phase 2. For example, the CAISO should continue to pursue the proposal CalCCA previously supported that would develop a planned outage reserve margin that would obviate the need for planned outage substitution.[1] Secondarily, increased transparency and a transaction mechanism where buyers and sellers voluntarily post their offers to transact MIC would better facilitate trading. The CAISO decided to separate out the wheel-through item into a separate initiative. CalCCA urges the CAISO to maintain coordination between this MIC Enhancements initiative and the new wheel-through initiative given the interdependencies between the two. [1] CalCCA Comments to the RA Enhancements Fifth Revised Straw Proposal: http://www.caiso.com/InitiativeDocuments/CalCCAComments-ResourceAdequacyEnhancements-FifthRevisedStrawProposal.pdf , and; CalCCA Comments on the September 2020 RA Enhancements Working Group: https://stakeholdercenter.caiso.com/Comments/AllComments/e0efc91f-6c4e-44be-a701-85039cefc61a	Both improved transparency and improved trading will be part of this stakeholder process. The CAISO will maintain coordination between the two initiatives.

No	Comment Submitted	CAISO Response
2b	**2. Provide your organization's comments on the improve transparency topic, as described in section 3.1:** CalCCA supports the CAISO's proposal to improve transparency, including the ownership of MIC allocations, their use, and how they are traded. These changes will help facilitate transfers of MIC among load-serving entities (LSEs) and increase the usage of available MIC. As noted above, the ongoing efforts to remove substitution obligations are needed in addition to increased transparency in order to achieve full utilization of MIC. During the stakeholder call, the CAISO asked three questions regarding specific data needed to improve transparency. CalCCA provides the following recommendations in response to those questions: • What additional data should be made available to stakeholders in order to achieve this goal? o CalCCA suggests the CAISO provide aggregated annual and monthly trades and megawatt (MW) amounts of actual usage of MIC at each intertie point after showings are validated. The CAISO should aggregate this data by intertie and not provide the data by specific entities. This data will provide entities with needed information about potential opportunities to increase the usage of MIC. • Should the data be presented only on an aggregated level or should the data be presented on a LSE by LSE level? o CalCCA recommends the CAISO provide aggregated MW amounts of available MIC at each intertie point, rather than LSE by LSE specific information. LSEs can then voluntarily choose to disclose amounts of MIC they have available to buy/sell on a bulletin board or some other trading mechanism set up by the CAISO. • What level of data transparency would be required in order to improve trading? Can both transparency and trading be improved at the same time? o Transparency and trading can be improved simultaneously. By providing aggregated data, LSEs will understand how much MIC is available for potential trades and where it is available. LSEs should then be able to post their requests to buy or sell MIC on a voluntary trading platform like a bulletin board so that buyers and sellers can connect and trade more easily. Even without such platform, knowing where MIC is available would allow for better communication of specific needs by location when conducting bilateral transactions.	Thank you for your support. Your preferences have been noted.

No	Comment Submitted	CAISO Response
2c	**3. Provide your organization's comments on the education regarding deliverability of imports and internal resources topic, as described in section 3.2:** CalCCA has no comments at this time.	
2d	**4. Provide your organization's comments on other issues that require further exploration, as described in section 3.3:** The largest MIC-related issue is the existing incentive to hold onto MIC that is not shown for RA in order to use it for substitution and avoid RAAIM penalties. As long as the CAISO maintains substitution requirements for forced or planned outages, there will be an incentive for LSEs to retain MIC beyond what is required to meet their RA obligation. CalCCA encourages the CAISO to continue to develop the UCAP and planned outage process enhancements in Phase 2 of RA Enhancements so that substitution requirements and RAAIM for both planned and forced outages can be eliminated. This, along with the transparency improvements discussed above, will go a long way to improve MIC tradability and utilization rate. In the straw proposal, the CAISO outlines several topics for consideration based on stakeholder feedback. First, some stakeholders suggested an auction mechanism could take the place of the current allocation mechanism. The current allocation process generally works well and is preferable to an auction mechanism. A method that continues to allocate MIC to LSEs responsible for paying for the costs of the transmission system and meeting RA obligations, coupled with improvements to transparency and the removal of substitution requirements and RAAIM, should result in efficient allocation and use of MIC. Other stakeholders suggested the CAISO conduct deliverability studies at the end of the RA showings process after contracts are signed and RA imports are shown. CalCCA agrees with the CAISO that this would not result in an overall improvement to the MIC or RA process given the uncertainty it would introduce for LSEs signing RA contracts with resources they are not yet certain are deliverable. The CAISO should remove this idea from the proposal given it could leave LSEs with stranded assets. Today's process of conducting deliverability studies prior to the RA showings process is appropriate and provides certainty around how much import RA can be contracted for and relied upon to meet resource adequacy needs.	Thank you for your support. Your preference has been noted. CAISO will remove this idea from further consideration.

No	Comment Submitted	CAISO Response
2e	**5. Provide your organization's comments on the proposed initiative schedule and EIM Governing Body role, as described in section 4:** CalCCA supports the Energy Imbalance Market (EIM) governing body classification, as the allocation of MIC applies strictly to LSEs within the CAISO Balancing Authority Area (BAA).	Thank you for your support.
2f	**6. Additional comments on the Maximum Import Capability Enhancements straw proposal:** CalCCA has no additional comments at this time.	

3. California Department of Water Resources (CDWR)
Submitted by: Mohan Niroula

No	Comment Submitted	CAISO Response
3a	**1. Provide a summary of your organization’s comments on the Maximum Import Capability (MIC) Enhancements straw proposal:** CDWR supports CAISO efforts on potential improvements in the areas of MIC calculation, allocation, and usage provisions in this initiative. The straw proposal maintains the fundamental principle of the MIC framework that existing ownership rights, existing transmission contracts, and pre-existing RA commitments should be recognized and respected.	Thank you for your support.
3b	**2. Provide your organization’s comments on the improve transparency topic, as described in section 3.1:** The CAISO intends to move forward with changes that facilitate transparency regarding ownership of MIC allocations and their use as well as increase in LSE access to the trading of import capability. CDWR prefers that unused MIC information not be released on an LSE basis. Aggregated unused MIC after RA showings at T-45 may be made available for further process such as transfer or any new mechanism of trading. After the RAAIM goes away, unused MIC after monthly RA showing could be of no use for RA, unless planned outages are allowed to be substituted by the imports. Therefore, the utilization of unused MIC may need to be considered prior to monthly RA showing deadline.	Your preferences have been noted.
3c	**3. Provide your organization's comments on the education regarding deliverability of imports and internal resources topic, as described in section 3.2:** No comments.	
3d	**4. Provide your organization’s comments on other issues that require further exploration, as described in section 3.3:** How an LSE with unused MIC can preserve unused MIC value as well as the timeline (for trades or transfer) should be explored.	Transparency and trading improvements will be part of this stakeholder initiative.
3e	**5. Provide your organization’s comments on the proposed initiative schedule and EIM Governing Body role, as described in section 4:** No comments.	

No	Comment Submitted	CAISO Response
3f	**6. Additional comments on the Maximum Import Capability Enhancements straw proposal:** No comments.	

4. California ISO Department of Market Monitoring (DMM)
Submitted by: DMM

No	Comment Submitted	CAISO Response
4a	**1. Provide a summary of your organization's comments on the Maximum Import Capability (MIC) Enhancements straw proposal:** The ISO Department of Market Monitoring (DMM) appreciates the opportunity to comment on the Maximum Import Capability (MIC) Enhancements Straw Proposal.[1] **DMM asks that the ISO clarify whether external capacity can be used for substitution.** The ISO states that load serving entities (LSEs) may hold MIC back for unit substitution to avoid resource adequacy availability incentive mechanism (RAAIM) penalties and cites this as a key reason for why it would be challenging to require LSEs to release unused MIC.[2] The ISO also reasons that RAAIM must be eliminated before considering a process to require LSEs to release unused MIC. It is not clear to DMM whether scheduling coordinators (SCs) are allowed to use imports as substitute capacity and therefore it is unclear whether retaining excess MIC helps SCs mitigate exposure to RAAIM. The Reliability Requirements BPM Section 9.2.2.2 states "Only resources internal to ISO BAA (gen type) can be used as substitutes." DMM also looked at RA showings from May 2019 to May 2021 and found that external capacity was not used for substitution in this timeframe. However, the ISO tariff appears to allow substitution from external resources (Sections 40.9.3.6.4 and 40.9.3.6.5) under certain conditions. DMM asks that the ISO clarify whether external capacity can, in fact, be used for substitution so stakeholders can accurately assess to what extent holding MIC back for substitution may be a barrier to trading excess MIC. **The ISO should consider enhancements that would increase the ability for entities to trade unused MIC.** DMM has observed that there has been unused MIC on branch groups in months where MIC traded bilaterally at relatively high prices. Figure 1 shows unused MIC in August and September of 2019 and 2020 where there were non-	Thank you for your comments. External capacity (imports) can be used for RA substitution only for forced outages on external resources. This very limited substitution opportunity is probably why DMM research showed "external capacity was not used for substitution" in the timeframe indicated in their comment. Therefore the CAISO will propose improvements to the trading process in this initiative by providing more transparency to the participants.

[1] Maximum Import Capability Enhancements – Straw Proposal, California ISO, May 6, 2021: http://www.caiso.com/InitiativeDocuments/StrawProposal-MaximumImportCapabilityEnhancements.pdf

[2] Ibid., p. 6.

No	Comment Submitted	CAISO Response
	zero bilateral prices reported in the month on the branch group. Unused MIC in Figure 1 is derived based on monthly resource adequacy supply plans. While DMM does not have insight into the demand for MIC on these paths or what capacity was offered for sale bilaterally, Figure 1 shows that MIC was traded bilaterally at relatively high prices on certain branch groups in months where there was also unused MIC capacity on the branch group. Figure 1: Branch groups with non-zero bilateral prices and unused MIC For example, in September 2020, MIC for the PACI_MSL (Malin) branch group traded bilaterally at prices up to $7.00/kW-month while there remained about 90 MW of unused MIC capacity. DMM does not have insight into how much MIC on Malin was, in fact, offered for sale bilaterally (and perhaps did not sell). However, about 10 MW of the unused MIC on Malin was held by 16 different entities with less than 5 MW of unused MIC each, many of which held less than 1 MW of unused MIC each. If MIC sales are conducted through RFO-like solicitations today and sellers must actively seek counterparties, it may not be cost-effective for a single LSE to hold a solicitation to sell a small amount of MIC. However, the aggregate excess MIC across multiple LSEs with small positions could be valuable to an entity seeking to purchase MIC across a certain path. Additionally, the ISO tariff appears to limit bilateral MIC transfers to MW increments. The ISO tariff Section 40.4.6.2.2.2 states:	Improvements to trading will be part of this initiative.
	"Any Load Serving Entity or other Market Participant that has obtained Existing Contract Import Capability, Pre-RA Import Commitment Capability, or Remaining Import Capability may assign, sell, or otherwise transfer such Existing Contract Import Capability, Pre-RA Import Commitment Capability, or Remaining Import Capability in MW increments." DMM suggests that to better facilitate trading of excess MIC among entities, the ISO could consider developing a centralized platform for trading MIC. The ISO could also allow MIC to be traded in less than one MW increments. Lifting the MW increment restriction could be increasingly beneficial to facilitate more trading of MIC as load continues to disaggregate to smaller LSEs who receive smaller MIC allocations.	Your suggestions have been noted, all other RA allocations and transactions have two decimal places, and CAISO will need to align the MIC MW trading as well.
	DMM agrees with stakeholder suggestions that the ISO could consider incorporating actual or expected resource adequacy contracting in MIC calculations, to potentially maximize the amount of MIC allocated on	Your suggestion has been noted.

No	Comment Submitted	CAISO Response
	branch groups that are utilized the most to support import resource adequacy. DMM has observed that MIC on some branch groups has not been used in the past two years to support import resource adequacy. In 2020, the total MIC on these unutilized branch groups was about 510 MW. Additionally, there are branch groups where less than 50 percent of MIC was used to support import resource adequacy throughout 2019 and 2020, amounting to about 700 MW of unused MIC. This MIC was not used to support resource adequacy imports and was not traded bilaterally, suggesting that MIC on certain branch groups provided little value to LSEs in terms of meeting their resource adequacy requirements. DMM agrees with stakeholder suggestions that there could be value in the ISO evaluating whether different assumptions about available MIC based on actual or expected import contracting could lead to more efficient MIC allocations. There could be benefits to understanding whether reducing MIC on under-utilized branch groups could free up additional capacity on more highly traded interties, or increase the deliverability of internal generation.	
4b	**2. Provide your organization's comments on the improve transparency topic, as described in section 3.1:**	
4c	**3. Provide your organization's comments on the education regarding deliverability of imports and internal resources topic, as described in section 3.2:**	
4d	**4. Provide your organization's comments on other issues that require further exploration, as described in section 3.3:**	
4e	**5. Provide your organization's comments on the proposed initiative schedule and EIM Governing Body role, as described in section 4:**	
4f	**6. Additional comments on the Maximum Import Capability Enhancements straw proposal:**	

5. Large-scale Solar Association (LSA) and Solar Energy Industries Association (SEIA)
Submitted by: Susan Schneider

No	Comment Submitted	CAISO Response
5a	**1. Provide a summary of your organization's comments on the Maximum Import Capability (MIC) Enhancements straw proposal:** LSA and SEIA's proposals are a logical extension of the initiative element to offer additional education about the interaction between deliverability of imports and internal resources, to provide "a better understanding of overall deliverability determination" to "facilitate future improvements" to the MIC process. LSA and SEIA propose that the CAISO allow use of capacity reserved for deliverability of forecasted imports for Transmission Plan Deliverability (TPD) for internal resources, where the internal projects receiving such awards are advanced in the interconnection process and where potential import projects have not demonstrated viability to the same level.	Please see response to 5f below.
5b	**2. Provide your organization's comments on the improve transparency topic, as described in section 3.1:**	
5c	**3. Provide your organization's comments on the education regarding deliverability of imports and internal resources topic, as described in section 3.2:**	.
5d	**4. Provide your organization's comments on other issues that require further exploration, as described in section 3.3:**	
5e	**5. Provide your organization's comments on the proposed initiative schedule and EIM Governing Body role, as described in section 4:**	
5f	**6. Additional comments on the Maximum Import Capability Enhancements straw proposal:** These comments are related to the initiative proposal to provide additional education about the interaction between deliverability of imports and internal resources, but they take an additional, logical extension of that proposal. The Straw Proposal provides considerable helpful information about the interaction between deliverability for internal (inside CAISO) generation and that for forecasted imports. As the Proposal states, "Internal generation capacity	

No	Comment Submitted	CAISO Response
	and imports are often behind the same transmission constraints, so increasing import flows requires internal generation output to be curtailed (in the absence of additional transmission upgrades)." Similarly, increasing deliverability for internal generation requires imports to be curtailed (in the absence of additional transmission upgrades). The Proposal explains how Transmission Plan Deliverability (TPD) is preserved for forecasted imports in Transmission Planning Process (TPP) and Generator Interconnection and Deliverability Allocation Procedure (GIDAP) studies. These practices are intended to prevent new internal generation from using the deliverability "reserved" for those expected imports.	
	LSA and SEIA's proposal is motivated by the fact that, in many key renewables areas, there is simply no more TPD available for internal generation – even resources far advanced in the development process – while transmission capacity is reserved for imports that are far less mature and could be termed fairly speculative at this point. To qualify for a TPD award in the GIDAP, a CAISO-area generator must submit an Interconnection Request, pay for interconnection studies, post considerable Interconnection Financial Security (IFS) and, in most cases, have acquired or be in active negotiation to acquire a Power Purchase Agreement (PPA). All of these actions together are significant indicators of developer and project viability.	Currently a single intertie has increased "deliverability allocation" as requested by the CPUC provided portfolio. The great majority of "intertie deliverability" is established by actual energy schedules. While it is true that imports do not have to post securities, it is obvious they exist and are already built else the energy will not flow across the intertie.
	By contrast, there is no requirement that potential import resources for which capacity is being reserved meet any of these milestones, or that resources in a potential import area – individually or collectively – provide any similar indications of project viability. CAISO's modeling of import resources at specific intertie points does not even require identification of any specific transmission paths for resources to get to those points, and certainly no commitments related to specific transmission paths. Preservation of import capacity for such unidentified resources and transmission paths leads to identification of additional Network Upgrade requirements that must be financed by internal resource developers and ultimately funded by ratepayers. In many areas (e.g., Riverside County), significant import capability is being reserved for resources that may never materialize – or may not do so for many years – while TPD in these areas is now simply unavailable for new inside-CAISO resources.	Locking multi-year reservations of Remaining Import Capability at the branch group level is allowed only for new contracts with pseudo-ties and/or dynamically scheduled resources, a process similar to TPD allocation.

No	Comment Submitted	CAISO Response
	To better ensure equity between inside-CAISO resources and potential future imports, and also ensure that CAISO transmission is more fully utilized and that unneeded upgrades are not triggered, LSA and SEIA propose that the CAISO, in cooperation with the CPUC, include in its tariff provisions allowing TPD reserved for imports to be used for internal CAISO resources. This more fluid and flexible treatment could be allowed, for example, for internal resources with executed GIAs or PPAs in areas where TPD is no longer available otherwise. This potential TPD flexibility would be limited to import capacity where the resources behind the relevant interties had not yet met some comparable measure of project viability, e.g., interconnection studies completion or GIA/PPA execution. Import RA capacity associated with import resources that have met such milestones could not be used for internal resource TPD awards but would continue to be preserved for later use by those resources. LSA and SEIA recognize that the additional details of this high-level policy proposal would require further discussion, and possibly concurrence by (or at least cooperation with) the CPUC. This initiative offers an opportunity for that additional discussion and collaboration, and LSA and SEIA encourage the CAISO to accept this general proposal and seek those additional details here.	

6. Pacific Gas & Electric (PG&E)
Submitted by: Adeline Lassource

No	Comment Submitted	CAISO Response
6a	**1. Provide a summary of your organization's comments on the Maximum Import Capability (MIC) Enhancements straw proposal:** PG&E's comments can be summarized as follows: • Considering the change of the scope of the initiative (moving the wheel-through priorities discussion in a separate initiative), PG&E believes the CAISO should focus on MIC accounting and allocations that can help maintain the reliability of the CAISO BA. MIC is a foundational piece of the California RA structure designed to assure CAISO has sufficient resources available to reliably run the grid for its BA customers. CAISO should assure that any MIC granted (combined with the RA supply using the MIC) can be used in the real-time markets to support the CAISO BAs reliability needs. • CAISO should focus on reforms that enhance reliability, are easy to implement and improve the efficient trading of MIC. • PG&E supports CAISO work with stakeholders on changes that facilitate transparency regarding ownership of MIC allocations and their use. Enhancing ownership transparency of Import Capability allocations and their usage, during the calculation and allocation process, after the allocation and before RA showings and after the RA showings are in, should be the priority of the MIC Enhancements initiative.	Thank you for your support and suggestions.
6b	**2. Provide your organization's comments on the improve transparency topic, as described in section 3.1:** PG&E believes enhancing the ownership transparency of import capability allocations and their usage should be a focus of the MIC enhancements initiative aiming at improving the MIC trading. The information currently published in each of the 13 steps of the MIC allocation process could be enhanced as well as the way the information is displayed. The data could be presented on an LSE by LSE level specifying the MIC allocated and used per interties during the calculation and allocation process, after the allocation and before RA showings and after the RA showings are in. PG&E supports CAISO organize a workshop to work with stakeholder on enhancing transparency of MIC allocations and their usage.	Your preferences have been noted.

No	Comment Submitted	CAISO Response
6c	**3. Provide your organization's comments on the education regarding deliverability of imports and internal resources topic, as described in section 3.2:** PG&E appreciates the clarifications the CAISO provided on the deliverability studies for internal resources as well as imports (assumptions, studies, existing transmission constraints, deliverability protection etc.) in the Straw Proposal and at the stakeholder meeting.	
6d	**4. Provide your organization's comments on other issues that require further exploration, as described in section 3.3:** 1- Proposal to change the methodology for Calculating MIC: PG&E concurs with the CAISO and other stakeholders that this proposal potentially augmenting the MIC calculation by considering "liquidity" at certain branch group (hubs) or considering magnitude of RA showings could be further explored. PG&E agrees this proposal requires an appropriate definition of how "liquidity" is measured at each intertie and does not have a concrete proposal at this stage. 2- Recapture and then release the unused MIC allocations: PG&E is concerned with the prerequisites to move forward with this proposal. It will require changes to the RA import showings deadline. The impact of such a change needs to be further assessed, as well as the potential benefits of this option, for instance it's not clear how much unused MIC is available in the peak month and thus could be released with this proposal. 3- On the two other proposals, "conduct deliverability studies at the end of the showings process" and "incorporate an auction or other market-based mechanism into the assignment process", PG&E doesn't provide any comments and concurs with CAISO and other stakeholders there are not clear benefits of further exploring these two proposals.	Further exploration of potential improvements to the MIC calculations will be further explored. CAISO shares the same concerns. Thank you for your support.
6e	**5. Provide your organization's comments on the proposed initiative schedule and EIM Governing Body role, as described in section 4:** No comments.	

No	Comment Submitted	CAISO Response
6f	**6. Additional comments on the Maximum Import Capability Enhancements straw proposal:** No additional comments.	

7. Southern California Edison (SCE)
Submitted by: Beverly Brereton

No	Comment Submitted	CAISO Response
7a	**1. Provide a summary of your organization's comments on the Maximum Import Capability (MIC) Enhancements straw proposal:** SCE appreciates the opportunity to comment on the Maximum Import Capability (MIC) Straw Proposal. SCE offers the following comments: 1. Changes to the transparency of the MIC calculation or assignment must?not introduce adverse impacts on the use and liquidity of the interties. 2. Skewed dispersion of the input values from net schedules as inputs to the deliverability assessment can result in MIC allocations that do not closely approximate actual flows on the interties. 3. Recapture and release of unused MIC will only improve the utilization of MIC provided that the mechanism for the trading and transfer of MIC does not introduce anti-competitive behavior into the process such that utilization of the interties is further degraded.	Thank you for your comments and suggestions.
7b	**2. Provide your organization's comments on the improve transparency topic, as described in section 3.1:** SCE is supportive of improvements to transparency in the calculation, assignment, and trading of the MIC, provided that any improvements that are introduced?do not negatively impact the availability, allocation, and utilization of MIC on any of the major interties. Any adjustments in the allocation of MIC among the interties to account for the utilization patterns should be carefully evaluated to ensure that departures from historical use do not disrupt the prevailing contractual arrangements that load-serving entities have with external resources for the ongoing supply of resource adequacy (RA) imports. SCE continues to support the assignment of MIC based on the load ratio share for each load serving entity (LSE). In addition, SCE reiterates its support for greater transparency in the annual and monthly trading process ex post completion of the trading of MIC within the relevant step of the assignment process due to its potential for improving the transfer and utilization of MIC on the various interties. The CAISO may wish to consider the approach used for posting available transmission that is on short-term release on OASIS for guidance on communicating the availability of MIC for transfer and trading.	Thank you for your support. Your preferences have been noted.

No	Comment Submitted	CAISO Response
7c	**3. Provide your organization's comments on the education regarding deliverability of imports and internal resources topic, as described in section 3.2:** SCE appreciates the CAISO's efforts at educating stakeholders on?the various steps involved?in the deliverability assessment process. The tension between the deliverability of imports to?the CAISO BAA and the?internal resources on the availability of MIC within the deliverability assessment, is central to the determination of whether there is a need for expanded MIC or even maintaining the same MIC. While the differences in the assumptions for the High System Need and the Secondary System Need scenarios are understandable, the question arises whether the selection of inputs to the deliverability assessment can be affected by abnormalities in the statistical distribution of the import schedules. Use of the highest two values for two years out of five years can result in downward pressure on the average values when the quantities have significantly different levels of imports?thereby skewing?the allocation?of MIC on the interties. The current methodology works well when the values in the schedules are tightly clustered but become vulnerable when the distribution of the values in the schedules are widely dispersed and significantly skewed. The resulting calculation can have impacts on liquidity on the interties when too much or too little MIC is allocated relative to the usage patterns observed.	Thank you for your support and observations.
7d	**4. Provide your organization's comments on other issues that require further exploration, as described in section 3.3:** SCE is unsure that the use of RA showings to improve the MIC allocation will deliver significant improvement in the MIC allocation given that RA showings occur 45 days prior to the delivery month. Unless there is significant turnover in contracts in the short-term, the usefulness of RA showings to improve liquidity on the interties for MIC allocations is limited and may introduce greater uncertainty to the assignment process. SCE cannot support the ex post conduct of the deliverability assessment since there is the risk of undermining the MIC allocation and assignment process. Any process that undermines the assignment of MIC will increase the need for a more robust transfer and trading mechanism with implications for how liquid the trades can be. Further, any contemplation of an auction within the assignment process runs the risk of pushing out the RA showings deadline.	Your concern has been noted. The idea of ex post deliverability study has been dropped from further consideration.

No	Comment Submitted	CAISO Response
	Any decision to use auctions to transfer or trade the recaptured and released MIC should be very carefully approached since bid coordination, bid shading and other perverse behavior can produce anti-competitive outcomes that may provide opportunities for the exercise of market power. The CAISO should avoid introducing mechanisms that have the potential to degrade the use of its interties.	Your concerns and suggestions have been noted.
7e	**5. Provide your organization's comments on the proposed initiative schedule and EIM Governing Body role, as described in section 4:** SCE supports the CAISO Board of Governors (BOG) as the primary decision-making authority on this matter with the EIM Governing Body having an advisory role. Although there may be external market participants with Existing Transmission Contracts or Transmission Ownership Rights who may be situated in EIM balancing areas who can be allocated MIC, this matter affects, directly, the satisfaction of aggregate load in the CAISO BAA and is only used for California RA. Therefore, the primary decision should rest with the CAISO BOG.	Thank you for your support.
7f	**6. Additional comments on the Maximum Import Capability Enhancements straw proposal:** None.	

8. Cities of Anaheim, Azusa, Banning, Colton, Pasadena, and Riverside, California (Six Cities)
Submitted by: Margaret McNaul

No	Comment Submitted	CAISO Response
8a	**1. Provide a summary of your organization's comments on the Maximum Import Capability (MIC) Enhancements straw proposal:** The Six Cities observe at the outset that, while they appreciate the CAISO's further explanation of certain elements of its MIC methodology, the Straw Proposal does not include any actual proposals that are responsive to stakeholder concerns regarding the calculation and allocation of MIC. Stakeholders, including the Six Cities, have been advising the CAISO for years that the existing methodology used by the CAISO to calculate the available MIC and to allocate it to CAISO load-serving entities ("LSEs") does not enable CAISO LSEs to make full use of available imported resources – some of which may already have been procured – for purposes of satisfying Resource Adequacy ("RA") requirements. Although the amendments adopted through the MIC Stabilization and Multi-Year Allocation initiative are helpful with respect to some of the allocation issues that CAISO LSEs and other stakeholders had identified, the Six Cities are concerned that the focus in this initiative appears to be on reiterating the CAISO's view that the existing MIC methodology should not change (for reasons that remain unclear to the Six Cities) and with a lack of engagement by the CAISO on the problems that stakeholders are identifying. For example, although the CAISO specifically invited stakeholders to submit proposals for addressing issues in response to the Issue Paper in this initiative, the Six Cities were disappointed to observe that no mention of or discussion regarding the Six Cities' proposals were included in the Straw Proposal. Likewise, other stakeholders, such as Valley Electric Association and the Southwestern Power Group ("SWPG") provided the CAISO with specific proposals in their comments, which the CAISO largely did not address. Whether it means to or not, by insisting on rigid adherence to the existing, backward-looking methodology for deriving MIC, the CAISO is making a policy choice to cap the level of RA imports at a fixed level. Unless the CAISO grapples with the MIC construct as a barrier to import RA procurement, the CAISO may well find itself short of RA resources at peak and net-peak time periods. Given the tightening in bilateral capacity markets – for example, certain of the Six Cities have issued solicitations to purchase quantities of RA capacity during August and September 2021 without success – choosing to maintain a policy that effectively means no additional RA imports above the	CAISO was forthcoming and openly informed stakeholders that it does not have a "better" or an alternative that will result in "additional" MIC and asked stakeholders to present their own method if it exists. Starting this year the LSEs have an opportunity to obtain a multi-year branch group reservation based on New Use Import Commitments, however they must secure Remaining Import Capability first at the intertie of their choice. In the past, any LSEs that choose to secure import long-term RA contracts was willingly exposing themselves, and as such accepted the risk, that their contracts will be cut by the yearly allocation methodology without the possibility of branch group reservation. Proposal to improve step 13 allocation process will be included in the Revised Straw Proposal. CAISO believes the current method provides the highest level of import deliverability. Furthermore increasing import deliverability beyond the current levels is done through TPP and at this time, as explained in the stakeholder call, increase in deliverability from most important interties (like COI, Mead or Paloverde) requires transmission upgrades.

No	Comment Submitted	CAISO Response
	level of pre-established MIC are necessary or beneficial for CAISO reliability seems shortsighted and risky. While the Six Cities certainly understand the CAISO's need to ensure that internal RA resources and RA imports are deliverable to the CAISO, the Six Cities do not understand the CAISO's reluctance to consider or evaluate alternatives to the current MIC construct that may increase the amount of MIC available to all LSEs, up to and including the approval of cost-effective transmission projects that may enable additional RA imports.	Transmission upgrades required for MIC increase at each individual intertie and on aggregate bases are evaluated in the TPP.
8b	**2. Provide your organization's comments on the improve transparency topic, as described in section 3.1:** The Straw Proposal does not include any proposals for improving transparency. Rather, the Straw Proposal states, in a conclusory fashion, that additional transparency would be beneficial; for example, the Straw Proposal states, without proposing anything, that added transparency would improve transfer and efficient use of MIC and claims that the existing multi-step process for allocating MIC is already transparent. It does not propose any measures to address these areas. The Six Cities included with their comments on the Issue Paper a number of questions regarding MIC, including requests for information about amounts of MIC used to support RA showings by month. The CAISO stated that this information is not available. If the CAISO is unable to determine how much MIC is being used to support RA showings, at which interties, and by type, how can the CAISO meaningfully evaluate if additional MIC may be needed? If the CAISO never evaluates simultaneous import limits separate from the historically-based MIC process, how can the CAISO assess if its current MIC framework is reasonable? On the topic of transparency, most stakeholders now understand the mechanics of the CAISO's existing, thirteen-step methodology. What is not well understood, as evidenced by the questions during the stakeholder meeting on the Straw Proposal, is how the MIC process interrelates with the CAISO's Transmission Planning Process and deliverability studies, and how the CAISO evaluates if additional projects may be needed to expand the ability of CAISO LSEs to access external RA resources. The Six Cities urge the CAISO to spend additional time on these topics.	CAISO conclusion was based on stakeholder comments received after the publication of the Issue Paper. CAISO purposely did not come up front with a proposal in order to allow stakeholders to propose their version of improvement to transparency. CAISO will have a clear proposal in the next round, bases on stakeholder-received feedback. The CAISO has shown the available MIC and its usage by branch group during August and September of 2020. The same data is not readily available for the rest of the months; however, it is not meaningful to the discussion since most months the RA import showings are far below the overall MIC limit and below the individual branch group limit. This topic will be included in the revised straw proposal.

No	Comment Submitted	CAISO Response
8c	**3. Provide your organization's comments on the education regarding deliverability of imports and internal resources topic, as described in section 3.2:** The CAISO's discussion of deliverability in section 3.2 was helpful, although there may still be a need for further discussion on how the deliverability studies and the Transmission Planning Process interrelate with the methodology for determining how much MIC is available. One approach that would inform the stakeholder discussions in this proceeding would be for the CAISO to evaluate the impacts on internal and external resource deliverability if MIC at certain branch groups, such as, for example, the groups with the highest RA showings in relation to allocated MIC in August/September 2020 (see Straw Proposal at 4), were increased to allow additional RA imports. What would the impacts on deliverability be? What transmission projects might be needed to address any adverse impacts on deliverability? What would be the cost of those projects, and how would those increased costs translate into additional quantities of available MIC? Similarly, it could be informative for the CAISO to specify their valid RA contracts at Step 4 of the CAISO's existing MIC methodology, and then for the CAISO to run an import feasibility assessment to determine if the total amount of these proposed schedules is reasonable and does not unduly impair internal resource deliverability. Unless the CAISO is willing to evaluate alternatives, including the cost, for increasing amounts of available MIC, it is difficult for stakeholders to make a judgment about whether adopting alternatives would be reasonable. Right now, stakeholders do not have a frame of reference for comparing the existing MIC structure against potential alternatives, because the CAISO has never evaluated any alternative approaches. Finally, as discussed in response to question no. 2 above, the Six Cities generally agree with the identified "asymmetry" as between the CAISO's approach toward examining deliverability for internal and external resources that is described in more detail in comments submitted on behalf of the SWPG in response to section 3.2 of the CAISO's Straw Proposal. As a general matter, addressing this data asymmetry, which results in an incomplete picture of import RA resource procurement hampers the ability of the CAISO to ensure that its MIC methodologies align with LSEs' portfolio needs. While the Six Cities do not, at this time, take any position on the solutions to this problem that	This topic will be included in the revised straw proposal. All current Pre-RA Import Commitments are included in the MIC calculation and have reserved "deliverability" at the branch of their choice. CAISO is evaluating alternatives for increasing the available MIC as dictated by the state/federal policy reasons through TPP. CAISO will provide additional clarifications to the process of increasing "deliverability" at any given intertie. CAISO acknowledges that improvements to the CPUC portfolio can be achieved by including contractual data of non-CPUC jurisdictional LSEs.

No	Comment Submitted	CAISO Response
	SWPG outlines in response to question no. 4 of its comments, these are the types of options that the CAISO should nonetheless evaluate as a part of this initiative so that the CAISO and stakeholders are able to make meaningful policy choices concerning the costs, benefits, and tradeoffs of changing the MIC methodology versus leaving the existing methodology intact.	
8d	**4. Provide your organization's comments on other issues that require further exploration, as described in section 3.3:** In connection with the Transmission Planning Processes, the Six Cities understand that the CAISO uses the policy portfolio supplied by the CPUC as a basis for identifying if additional policy-based transmission projects are needed, including projects that would increase available MIC. Setting aside the question of whether potential increases in available MIC represent policy projects or are appropriately evaluated as economic projects, the Six Cities observe that, in connection with this study effort, the CAISO does not attempt to obtain information from non-CPUC jurisdictional LSEs regarding the external resource procurement plans. The CAISO instead advised in response to stakeholder comments that it believes the "CPUC portfolio accounts for all loads including non-CPUC jurisdictional entities. The CPUC mapping of future RA resources are … purely driven by environmental/economic factors and they are not currently coordinated with the actual RA plans of non-CPUC jurisdictional LSEs." (Response to Stakeholder Comments at 62.) Although the CAISO concedes that a process improvement would be to factor in this information, once again the Straw Proposal does not include any proposals to do this. In addition to the detailed information Valley Electric Association provided regarding its needs for additional MIC at specified locations, certain of the Six Cities also have existing contracts for resources that, but for a lack of assigned MIC, could be used as part of the City's RA portfolio. It strikes the Six Cities as needlessly myopic (albeit probably more convenient) to rely solely on the CPUC's hypothetical resource portfolio and assume that the CPUC portfolio represents the expected procurement of non-CPUC LSEs without considering these entities actual resource portfolios and expected needs.	CAISO will evaluate what additional steps are required in order to achieve a more refined portfolio that includes contractual data of non-CPUC jurisdictional LSEs.
8e	**5. Provide your organization's comments on the proposed initiative schedule and EIM Governing Body role, as described in section 4:**	

No	Comment Submitted	CAISO Response
	The Six Cities do not have comments on this aspect of the Straw Proposal at this time.	
8f	**6. Additional comments on the Maximum Import Capability Enhancements straw proposal:** In the absence of a substantive response by the CAISO to either of the proposals that the Six Cities included in their comments on the Issue Paper, the Six Cities will re-state those proposals here. 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. 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.	The CAISO will include the submitted proposal for improvements to step 13 in the Revised Straw Proposal.

No	Comment Submitted	CAISO Response
	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 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 UAIC/Total nominated = 250/500 = 0.5 LSE #1 receives 0.5 x 100 = 50 MW MIC LSE #2 receives 0.5 x 150 = 75 MW MIC LSE #3 receives 0.5 x 250 = 125 MW MIC 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.	

9. Southwestern Power Group (SWPG), Pattern Energy ("Pattern") and Valley Electric Association, Inc. (VEA)
Submitted by: Ravi Sankaran

No	Comment Submitted	CAISO Response
9a	**1. Provide a summary of your organization's comments on the Maximum Import Capability (MIC) Enhancements straw proposal:** Southwestern Power Group ("SWPG"), Pattern Energy ("Pattern"), and Valley Electric Association, Inc. ("VEA") (the "Joint Parties") appreciate the ongoing efforts of CAISO staff to improve the MIC allocations process. The comments submitted herein largely pertain to the sufficiency of MIC for future, planned RA import resources for LSEs to meet policy objectives and the changes needed to ensure such sufficiency including MIC expansion. Understanding that MIC expansion and any associated policy-driven upgrades are longer-term solutions, our comments also include more near-term procedural changes such as those raised in the May 6 Straw Proposal, the previous March 11 Issue Paper and the comments submitted by other parties on April 1, 2021. The Joint Parties listed above also invite other stakeholders who have similar needs and interests regarding MIC to collaborate with us on future comment rounds in this stakeholder process.	Thank you for your comments.
9b	**2. Provide your organization's comments on the improve transparency topic, as described in section 3.1:** The Joint Parties commend the CAISO on the additional transparency that will be provided when it begins publishing relevant contractual data for resource contracts used to lock MIC at the branch group level on a multi-year basis. The Joint Parties also support efforts to provide additional transparency during the annual and monthly trading process and the actual usage after the showings are submitted and validated.	Thank you for your support.
9c	**3. Provide your organization's comments on the education regarding deliverability of imports and internal resources topic, as described in section 3.2:** The Joint Parties appreciate the explanations provided in section 3.2 on deliverability determination and note several striking differences between how deliverability is assessed for internal resources compared to imports. As described on p. 9, the deliverability of internal resources is assessed through either the GIDAP or the DG Deliverability study process, whereas deliverability of imports is assessed through the TPP deliverability studies of resources	The deliverability of imports and internal resources are assessed the same in all the studies. ISO believes the Joint Parties perceived "difference" to be related on how an increase in current deliverability is assessed through different studies.

No	Comment Submitted	CAISO Response
	identified as FCDS (fully deliverable). These separate assessment tracks create an asymmetry of data quality between planned internal resources and imports in the following ways: a. Since planned import resources do not have a resource-specific study process similar to the GIDAP, they do not get assessed with the same granularity. The TPP portfolios do not contain specific planned import resources other than those included as Base Resources in the CPUC's TPP portfolios, a very limited subset of near-term projects which an LSE has specifically shown in its latest annual CPUC IRP filing, compared to internal projects studied through GIDAP which can be several years forthcoming. The resulting deliverability assessments are based on a disproportionately higher volume of planned internal resources compared to imports. b. The CPUC IRP Base Resources that feed into the TPP portfolios do not include any planned import projects from non-CPUC jurisdictional LSEs which further increases the asymmetry. VEA stated in its Issue Paper comments that approximately 10% of CAISO load is not included in the CPUC's TPP portfolios and is therefore excluded from TPP MIC analysis, to which CAISO responded that the non-CPUC LSE's loads are included in the CPUC portfolios but not their actual RA resource plans. As a real-time example of this asymmetry, the TPP portfolios adopted for the CAISO's 2021-22 TPP show 0 MW of New Mexico wind additions until 2030 while wind developer Pattern Energy has announced construction of its 1,050 MW Western Spirit New Mexico wind projects with December 2021 in-service date, the majority of which are planned for CAISO delivery but none of which are included in the TPP or being studied for deliverability impacts[1]. In contrast, there are internal GIDAP queue projects included in the deliverability assessment with in-service dates far beyond 2021. As a result, the CAISO is not assessing whether the current MIC is sufficient to support these "missing" import projects or whether any policy-driven upgrades are warranted. The Joint Parties propose ideas to remedy this situation which we describe in our subsequent responses to section 3.3. [1] SWPG and Pattern Comments on PD Transferring Electric Resource Portfolios to CAISO for 2021-2022 TPP, January 27, 2021, at p. 3.	CAISO will evaluate what additional steps are required in order to achieve a more refined portfolio that includes contractual data of non-CPUC jurisdictional LSEs.

No	Comment Submitted	CAISO Response
9d	**4. Provide your organization's comments on other issues that require further exploration, as described in section 3.3:** The Joint Parties provide their comments on each respective sub-topic of section 3.3 below: Changes in methodology for calculating MIC The Joint Parties offers several proposed changes to the MIC calculation methodology: a. Due to the aforementioned problem of asymmetry of deliverability assessment between internal resources and imports, and the resulting under-representation of the latter in the TPP, the Joint Parties propose creation of a process through which specific import projects and/or their power purchasers can request inclusion of such projects in the TPP deliverability studies. Projects could be limited to those that would be pseudo-tied or dynamically-scheduled into the CAISO from a neighboring balancing authority (BA) and have a transmission service agreement (TSA) or comparable arrangement with the neighboring BA. Such a process would avoid unintended but significant omissions in the imports studied in the TPP such as the previously mentioned 1,050 MW Western Spirit wind projects. Import projects could be included in the deliverability assessment in the following ways: i. Insert a step in the TPP plan development whereby developers or LSEs can propose specific import projects to be included in a given TPP study plan that are not accounted for in the CPUC TPP portfolios. ii. Create an import project deliverability study process similar to GIDAP. The request for such deliverability study could be initiated by the import project owner, a CAISO LSE who has a contract with the import project, or the neighboring BA upon request by the project owner. These proposed changes would provide transparency and visibility to planned import RA projects which currently does not exist, and more importantly would allow the CAISO to assess more accurately the need for MIC expansion and policy-driven upgrades to accommodate planned imports. These planned imports would in turn enable the CAISO and its LSEs to meet carbon reduction and reliability policy objectives. The proposed changes above are consistent with those proposed by VEA in their April 1 Issue Paper comments at 3. "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	Thank you for your detailed proposal. The CAISO will evaluate it along with additional steps required in order to achieve a more refined portfolio that includes contractual data of non-CPUC jurisdictional LSEs.

No	Comment Submitted	CAISO Response
	resources. This would allow California to avoid artificially limiting the import of carbon free resources due to MIC limitations.”	
	b. Allow LSEs with RA contracts for existing or planned carbon free resources to reserve MIC for both the amounts and multi-year durations commensurate with such RA contracts regardless of the LSE’s load-share ratio. This change would build upon the multi-year allocation changes from the 2020 MIC stakeholder process. Specifically, in the new Step 4b in the tariff Section 40.4.6.2.1, where an LSE can obtain New Use Import Commitment Capability for a new import resource, we would propose eliminating or modifying the load-share limitation in 40.4.6.2.2.4, with the reason being that load-share ratio alone should not inhibit an LSE from securing resources needed to meet policy objectives. Removing the cap on load-share ratio could increase the likelihood of having over-requested interties as anticipated in Step 4b and if so the methodology contained in that section to address such events would apply. However, this emphasizes the need to implement the changes proposed under a) above which would anticipate MIC expansion needs in advance and trigger any necessary policy-driven upgrades.	This item was specifically discussed last year during the MIC stabilization and multi-year allocation. The original CAISO proposal was not bound by load-share ratio, however during the stakeholder process it become clear that the great majority of LSEs and stakeholder desired that load share ratio continue to be used in order to assure financial fairness of MIC allocations vs. payed transmission costs.
	The Joint Parties also support the changes proposed by Six Cities in their April 1 Issue Paper comments at 4. where Six Cities propose that a new step be inserted between Steps 12 and 13 for an LSE to request unassigned available import capacity for an existing RA import contract up to the amount of such contract. The Joint Parties support this proposed change but in addition to the proposed change earlier in the MIC allocation process at Step 4b. Here also the LSE should also be able to “lock” such MIC allocation for the term of the RA contract per the multi-year allocation changes.	Improvements to step 13 will be included in the Reviser Straw Proposal.
	<u>Conduct deliverability studies at the end of the RA showings process</u> The Joint Parties have no comments on this proposed change other than to note that if the changes proposed above in response to item 3 above are implemented any need to conduct deliverability studies at the end of the RA showings should be greatly reduced.	CAISO will not discuss this item in future iterations since it is not an improvement to the existing process.
	<u>Incorporate an auction or other market-based mechanism into the assignment process</u> The Joint Parties are in favor of auctions or other market-based mechanisms to increase liquidity and utilization of unused MIC. However, we agree with the CAISO that an auction would not address the bigger problem of diminishing	Your preference has been noted.

No	Comment Submitted	CAISO Response
	availability of year-ahead Available Import Capability to be allocated. Therefore, we would place much higher priority on the MIC calculation and allocation changes described earlier. Recapture and then release the unused MIC allocations Similar to the auctions, the Joint Parties are supportive of methods to recapture and release unused MIC allocations after month-ahead showings but believe such processes would be more of a “band-aid” on the bigger problem of insufficient MIC to be allocated.	Your preference has been noted.
9e	**5. Provide your organization’s comments on the proposed initiative schedule and EIM Governing Body role, as described in section 4:** The Joint Parties support the proposed initiative schedule with the goal of presenting proposed changes to the CAISO Board of Governors in November 2021.	Thank you for your support.
9f	**6. Additional comments on the Maximum Import Capability Enhancements straw proposal:** The Joint Parties have no further comments on the straw proposal and look forward to collaborating with the CAISO staff and other stakeholders on this important initiative.	

10. Silicon Valley Power (SVP) Submitted by: Paulo Apolinario		
No	**Comment Submitted**	**CAISO Response**
10a	**1. Provide a summary of your organization's comments on the Maximum Import Capability (MIC) Enhancements straw proposal:** Silicon Valley Power (SVP) appreciates the CAISO's commitment to improve the MIC allocation process. Engaging with several different Stakeholders will provide the CAISO with the information needed to determine the best way to improve the MIC allocation process. SVP continues to believe that adherence to the principle articulated by the CAISO in the MIC Enhancement Issue Paper "MIC is allocated to LSEs because LSEs pay for the transmission system and, thus, they should receive the benefits from it…" is not being achieved through the current and proposed allocation process.	Thank you your comments.
10b	**2. Provide your organization's comments on the improve transparency topic, as described in section 3.1:** Improving transparency throughout all aspects of the MIC allocation process as described in the Straw Proposal will assist LSEs by understanding the availability of MIC at each branch group. This will better facilitate the transfer of Import Capability among LSEs.	Thank you for your support.
10c	**3. Provide your organization's comments on the education regarding deliverability of imports and internal resources topic, as described in section 3.2:** No comment at this time.	
10d	**4. Provide your organization's comments on other issues that require further exploration, as described in section 3.3:** An alternative to the previously discussed Auction approach would be to simply establish a base rate to all allocated MIC. For instance, if the CAISO was to assign a rate of $1.00/kw-month to any entity that requests and receives an allocation of MIC, and the proceeds of such a rate is applied to the HV TRR, all LSEs would receive the benefit through reduced HV TAC/WAC payments of any MIC allocation. In this scenario, all LSEs would receive a benefit of allocated MIC based on their proportional share of costs associated with the High Voltage TAC/WAC rate, and it would eliminate the need of performing the load share quantity calculation currently embedded in the allocation process.	Thank you for your detailed suggestion. An auction or some other tiebreaker would be required for oversubscribed branch groups. With enough stakeholder support, the CAISO may consider this proposal in future iterations of this proposal.

No	Comment Submitted	CAISO Response
	Assuming the entire 15,500 MW of MIC was allocated, and paid for in this manner, it would generate $186,000,000/year. In the example above the MIC credit represents the application of a $1.00/kW-month rate that could be applied, and the corresponding reduction to the HV TAC/WAC ($12.6683/MWh vs. $13.6152/MWh). This process improvement eliminates the need for an LSE to seek an allocation of MIC, and subsequent remarketing of the allocation, to recover the costs embedded in the current HV TRR for which the LSE is currently required to pay for.	
10e	**5. Provide your organization's comments on the proposed initiative schedule and EIM Governing Body role, as described in section 4:** SVP supports the proposed schedule with the goal of presenting the proposal to the CAISO Board of Governors at November 2021 meeting.	Thank you for your support.
10f	**6. Additional comments on the Maximum Import Capability Enhancements straw proposal:** SVP appreciates the CAISO's response to SVPs comments on the MIC Enhancements Issue Paper. SVP agrees with the CAISO in their highlighting that an important principle underlying the MIC framework is the allocation of MIC to LSEs as stated in the Background section of the Issue Paper. "MIC values for each intertie are calculated annually for a one-year term and a 13-step process is used to allocate MIC to LSEs. MIC allocations are not assigned directly to external resources, rather they are assigned to LSEs who choose the portfolio of imported resources they wish to elect for utilization of their MIC allocations. This is also an important principle underlying the MIC framework. MIC is allocated to LSEs because LSEs pay for the transmission system as captive load 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." SVP's comments focused on the allocation process and the adherence to the CAISO stated principle underlying the MIC framework. SVP strongly agrees with this principle and believes the MIC allocation process should go to those that pay for the transmission elements that provide MIC Capability. While a	Thank you for your support. MIC allocations need to be done a year in advanced of the actual month, therefore the actual HV TRR payment is not known and some LSEs are not even formed (therefore without historical data), making the SVP proposal hard if not impossible to implement.

No	Comment Submitted	CAISO Response
	LSE's RA Obligation is based on coincident peak demand this is not the current methodology used to pay for transmission. Instead, transmission is paid for based on an LSE's energy usage and until the CAISO implements the recommended final proposal that was developed in the TAC Structure Enhancement stakeholder initiative, a more reasonable allocation would be based upon an LSE's HV TRR payment. SVP's prior comments to the issue paper and example intended to highlight the nonconformance of the allocation process and the stated principle articulated in the CAISO issue paper.	