



Comments of Pacific Gas & Electric Company

Maximum Import Capability Stabilization and Multi-Year Allocation – Issue Paper

Submitted by	Company	Date Submitted
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Pacific Gas and Electric Company (PG&E) offers the following comments on the California Independent System Operator Corporation’s (CAISO) Maximum Import Capability (MIC) Stabilization and Multi-Year Allocation – Issue Paper, published December 2, 2019, and discussed in the stakeholder meeting on December 10.

PG&E’s comments can be summarized as follows:

1. PG&E requests a more complete discussion of the Maximum Import Capability and its prospective role in a renewed resource adequacy program.
2. Assuming the continued importance of the Maximum Import Capability in its current form, PG&E supports the CAISO’s efforts to review and improve its calculation.
3. PG&E cautions against possible cross-subsidization of resources that may serve the reliability needs of other Balancing Authorities.
4. Import capability should only be allocated to Load Serving Entities serving CAISO load.

1. PG&E requests a more complete discussion of the Maximum Import Capability and its prospective role in a renewed resource adequacy program.

The CAISO frames the objectives of the MIC in terms of simultaneous deliverability to aggregate CAISO load. However, the MIC has also been discussed in other venues as a proxy for determining *external capacity* available to serve CAISO load. PG&E asks that the CAISO provide a more complete discussion of 1) its historical purpose and role in the resource adequacy (RA) program; 2) its continued relevance to the RA program, particularly – from a capacity perspective – with import RA contracts being both resource-specific and non-resource specific; 3) how it accommodates non-CAISO load; and 3) its relationship to other elements of the RA program as outlined in RA Enhancements.

Additionally, the CAISO should affirm that it will be proposing multi-year RA requirements for all Load Serving Entities (LSEs) operating in the CAISO balancing area. PG&E stresses that the CAISO should coordinate and harmonize with the California Public Utilities Commission and proceed in concert with its rules for import RA.

2. Assuming the continued importance of the Maximum Import Capability in its current form, PG&E supports the CAISO’s efforts to review and improve its calculation.

Maximum Import Capability Stabilization and Multi-Year Allocation

Assuming the continued importance of the MIC, PG&E supports the CAISO's efforts to review and improve its calculation. However, PG&E has some concern that a "stabilized" value could fail to reflect actual reduced capability or capacity, when appropriate. Additionally, PG&E asks how the CAISO will, specifically, conduct a multi-year allocation with a look-back approach. Insofar as the calculation of MIC remains backward looking, PG&E suggests that a calculation that incorporates a longer look back, of perhaps five years instead of the current two, is a sensible way to produce a smoothing of the values while better approximating the available import capacity.

3. PG&E cautions against possible cross-subsidization of resources that may serve the reliability needs of other Balancing Authorities.

PG&E does not oppose the multi-year allocation of import capability. However, part of the CAISO's rationale for a multi-year allocation is to encourage the building of new resources outside the CAISO balancing area dedicated to serving its load. PG&E is concerned that California will be subsidizing build-out of capacity that will serve needs of other entities in other Balancing Authorities. The CAISO should develop mechanisms that will assure capacity built outside California to support CAISO load will be available and accessible to California on the same basis RA capacity in the CAISO balancing area is available to the CAISO.

4. 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 appears to be in line with that principle because load pays for the transmission system.