Maximum Import Capability (MIC) Enhancements

November 16, 2026

On behalf of CalCCA, BAMx, and the Six Cities



BACKGROUND

MIC is the gate that lets out-of-CAISO resources count for Resource Adequacy (RA)

1 CAISO calculates

Each year CAISO determines a MW quantity of resources outside its balancing authority area (BAA) that are simultaneously deliverable to the aggregate of CAISO load.

2 LSEs receive MIC

CAISO allocates that import capability to load-serving entities (LSEs). Allocation can be multi-year, but only once a contracted resource is one year prior to commercial operating date (COD).

3 LSEs show it for RA

LSEs depend on out-of-CAISO resources to meet RA requirements. When they show an out-of-CAISO resource as RA, they must also show MIC.

Without MIC, an import resource cannot be shown as RA

California's Reliability and GHG Planning Depend on a Functioning MIC Process

LSE AND LRA PLANNING

CPUC and non-CPUC jurisdictional LSEs are actively planning to meet long-term requirements

MIC uncertainty adds risk to including out-of-CAISO resources in their plans

CURRENT EXAMPLE

CPUC's recommended portfolio for 2027-2028 Transmission Planning Process includes:

- 19+ GW of out-of-state wind
- 3.5+ GW of out-of-state geothermal

TRANSMISSION NEED

2025 MIC totaled 16 GW

Additional infrastructure and optimal utilization of existing infrastructure are needed to support planned new resources and existing RA needs

CHALLENGE 1

MIC availability: some LSEs cannot get MIC while MIC at the same location goes unused

POTENTIAL REASONS

Insufficient MIC on popular interties

Demand for import capability exceeds what is available at the interties LSEs want to use.

Unused MIC that never reaches buyers

- A cumbersome trading mechanism
- MIC not made available, or not at a reasonable price
- MIC in a location that cannot be used

THE OUTCOME

LSEs with a need for MIC are unable to get it

- The methodology lacks pathways for LSEs to secure MIC before, or in parallel with, signing a contract
- MIC transactions occur, but are not fully effective at moving MIC to those who need it

CHALLENGE 2

Long-term contracting risk: MIC cannot be secured for resources not yet online



PPA signed

LSE contracts for an out-of-state project with a future online date

Commercial operation

Only after COD can MIC be allocated on a multi-year basis

RA lock-in

The RA contract used to lock in MIC must be active in the next RA year

THE RISK

Since June 2021, multi-year reservations have been possible, but LSEs do not have certainty at the time of procurement that they will have sufficient MIC to support projects they are contracting with.

THE CONSEQUENCE

MIC uncertainty is a barrier to LSEs moving forward with PPAs for out-of-CAISO projects.

CHALLENGE 3

MIC expansion: rules for requesting and studying MIC increases may create roadblocks

CURRENT PROCESS

Available MIC is driven by historical import volumes; expansions are largely driven by CPUC planning portfolios

LSE-requested MIC expansion studies require executed contract

CRITICAL BARRIERS

MIC expansion requests do not allow importers of new resources to obtain full MIC

MIC expansion requests do not trigger upgrades when studies identify transmission limitations, even when backed by PPAs

WHY IT MATTERS

Contracted resources may differ from modeled portfolios, leaving viable out-of-CAISO capacity unable to become deliverable

Without considering all transmission needs simultaneously (both imports and in-state deliverability), increasing MIC may decrease in-state deliverability and vice versa



RECOMMENDATION

A comprehensive review of MIC policies and practices

Long-term deliverability certainty

Improve certainty for all CAISO LSEs that rely on long-term bilateral imports.

Consider all solution types

Allow for both policy-based and infrastructure-based solutions.

1

Make the long-term MIC process work for PPAs with CODs beyond the immediate year

2

Enhance TPP process for considering all transmission needs simultaneously to assess transmission build needed to support both imports and in-state deliverability

3

Understand why MIC is not transacting enough to fully use what is available

4

Investigate whether new processes are needed to get unused MIC to those who need it