

**UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION**

**California Independent System) Docket No. ER21-1469-000
Operator Corporation)**

**MOTION FOR LEAVE TO ANSWER AND ANSWER OF THE
CALIFORNIA INDEPENDENT SYSTEM OPERATOR CORPORATION**

The California Independent System Operator Corporation (CAISO)¹ submits this motion for leave to answer and answer to the comments filed by the City of Santa Clara, California, doing business as Silicon Valley Power (SVP) and Powerex Inx. (Powerex)² in this proceeding.³ For the reasons explained below and in the Tariff Amendment, the Commission should accept the Tariff Amendment as filed.

¹ Capitalized terms not otherwise defined herein have the meanings set forth in appendix A to the CAISO tariff. References herein to specific tariff sections are references to sections of the CAISO tariff.

² The CAISO submits this motion for leave to answer and answer pursuant to Rules 212 and 213 of the Commission's Rules of Practice and Procedure, 18 C.F.R. §§ 385.212, 385.213. The CAISO respectfully moves for waiver of Rule 213(a)(2), 18 C.F.R. § 385.213(a)(2), to permit it to answer to comments. Good cause for this waiver exists here because the answer will aid the Commission in understanding the issues in the proceeding, provide additional information to assist the Commission in the decision-making process, and help to ensure a complete and accurate record in the proceeding. See, e.g., *Equitrans, L.P.*, 134 FERC ¶ 61,250 at P 6 (2011); *Cal. Indep. Sys. Operator Corp.*, 132 FERC ¶ 61,023 at P 16 (2010); *Xcel Energy Servs., Inc.*, 124 FERC ¶ 61,011 at P 20 (2008).

³ *Offer Caps in Markets Operated by Regional Transmission Organizations and Independent System Operators*, Order No. 831, FERC Stats. & Regs. ¶ 31,387 (2016) (Order No. 831), *order on reh'g and clarification*, Order No. 831-A, 161 FERC ¶ 61,156 (2017) (Order No. 831-A).

I. Background and Summary

The Tariff Amendment will revise the CAISO's available import capability allocation process to allow load serving entities to reserve import capability at the intertie level on a multi-year basis, consistent with their long-term import contracts. The CAISO will allocate multi-year import capability during each annual import capability allocation process. The CAISO requested that the Commission accept the changes proposed in the Tariff Amendment no later than May 28, 2021.

SVP did not protest the Tariff Amendment, but filed comments requesting further evaluation regarding its effect on load serving entities' ability to import energy through the CAISO system. SVP acknowledges "the ability to secure MIC to support long-term resource purchases is a positive change, and is necessary to support efforts to make incremental resources available to the CAISO market." SVP's comments should not delay the Commission's approval of the Tariff Amendment. The CAISO recommends the Commission approve the Tariff Amendment by May 28, 2021 to accommodate multi-year import allocations in the 2021 import allocation process. Furthermore, SVP's concerns primarily relate to the existing MIC allocation process, which allocates Remaining Import Capability *pro rata* to Load Serving Entities based on Load Share Quantity.⁴ Changes to that existing construct are outside the scope of the Tariff Amendment.

Powerex filed comments supporting the proposed Tariff Amendment, while cautioning against "any attempt to recast the Available Import Capability allocation framework as a mechanism for assigning physical transmission rights." The CAISO

⁴ Existing CAISO Tariff Section 40.4.6.2.1, Step 5.

agrees and affirms the scope of the Tariff Amendment is limited to improving the existing import allocation process, not establishing a mechanism to assign physical transmission rights.

II. Answer to SVP's Comments

A. The Tariff Amendment Provides Necessary Improvements to Allow Load Serving Entities to Reserve Import Capability at the Intertie Level on a Multi-Year Basis.

The CAISO's stakeholder process produced near unanimous agreement for the need to implement a process allowing Load Serving Entities to secure multi-year import reservation at the intertie level to support long-term import capacity contracts. Without a multi-year import reservation process, Load Serving Entities cannot ensure they will have sufficient import capability to support their import capacity contracts, necessary to meet resource adequacy requirements, at any specific intertie from one year to the next. If a load serving entity does not have sufficient import capability to support an import capacity contract, the contract cannot count toward meeting the load serving entity's resource adequacy requirements.

SVP's comments acknowledge the need for a process to secure long-term import reservations, and SVP does not protest the Tariff Amendment. However, SVP argues "the underlying Load Share Quantity allocations need to be addressed in subsequent modifications."⁵ Under the existing tariff, the CAISO allocates Remaining Import Capability based on each Load Serving Entities' Load Share Ratio, up to its Load Share Quantity. In this Tariff Amendment, the CAISO does not propose to change the Load Share Quantity calculation or the use of Load Share Ratio to allocate Remaining Import

⁵ SVP at 5.

Capability. SVP's comments recognize the need for the current Tariff Amendment, while advocating for additional changes to existing tariff provisions in a subsequent stakeholder process. As such, SVP's comments are outside the scope of the current Tariff Amendment.

The current import allocation methodology uses Load Ratio Share, which is based on a one hour coincident peak demand determination, to allocate Remaining Import Capability. SVP asserts this methodology "is not consistent with the manner in which LSEs are charged for transmission access."⁶ Instead, SVP argues the import allocation should be based on "LSEs historical or forecasted high voltage transmission access payments," *i.e.*, a volumetric energy usage basis rather than the current capacity based allocation. Although the CAISO is not proposing to change this methodology in the Tariff Amendment, it notes that the current import allocation methodology is consistent with the process for determining load serving entity resource adequacy requirements. This consistency is necessary because the purpose of an import allocation is to meet load serving entity resource adequacy requirements. Regardless, the CAISO is not proposing to change its use of Load Share Ratio to allocate Remaining Import Capacity, and SVP's concerns should not delay the Commission's review and approval of the Tariff Amendment.

B. The Tariff Amendment Appropriately Limits a Load Serving Entity's New Use Import Commitments Based on Load Share Quantity.

⁶ *Id.* at 6.

The Tariff Amendment provides a load serving entity's New Use Import Commitment cannot exceed its Load Share Quantity.⁷ SVP asserts this limit creates a disconnect, because import allocations under Tariff Amendment Section 40.4.6.2, Step 4.b. for New Use Import Commitments, are not tied to Load Share Quantities. SVP expects to have a New Use Import Commitment that exceeds its Load Ratio Share, which it asserts will reduce the value of the resource underlying the New Use Import Commitment.⁸

The CAISO's Tariff Amendment appropriately balances the need for stability in long-term import contracting with the potential for future load migration between load serving entities. California's load serving entity landscape is rapidly changing, as community choice aggregators serve an increasingly larger portion of CAISO load. The CAISO's proposal allows these new and/or expanding entities to secure resource adequacy imports commensurate with their resource adequacy obligations.

Allowing load serving entities to lock in long-term import reservations based solely on contracted resources, as SVP proposes, would favor entities able to contract with import resources now, without regard to whether such entities need those resources for resource adequacy obligations. Capping New Use Import Commitments based on Load Share Quantity maintains a nexus between import allocations and resource adequacy obligations. In its stakeholder process, the CAISO considered, and rejected, a proposal similar to SVP's because it did not address changes in Load Share Ratio or formation of new load serving entities. The majority of stakeholders, including

⁷ Transmittal letter for Tariff Amendment at Attachment A, proposed tariff section 40.4.6.2.2.4.

⁸ SVP at 5.

California Public Utilities Commission staff, supported the CAISO's current proposal because it ensures load serving entity could not lock import allocation in excess of its Load Share Ratio.⁹

⁹ See California Public Utilities Commission Staff June 10, 2020 stakeholder comments at 1: <http://www.aiso.com/InitiativeDocuments/CPUCEnergyDivisionComments-MICStabilization-Multi-YearAllocation-SecondRevisedStrawProposal.pdf>.

III. Conclusion

For the foregoing reasons and for the reasons explained in the Tariff Amendment, the Commission should accept the Tariff Amendment as filed.

Respectfully submitted,

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Dated: April 23, 2021

CERTIFICATE OF SERVICE

I hereby certify that I have served the foregoing document upon all of the parties listed on the official service list for the above-referenced proceeding, pursuant to the requirements of Rule 2010 of the Commission's Rules of Practice and Procedure (18 C.F.R. § 385.2010).

Dated at Folsom, CA this 23rd day of April, 2021.

/s/ Jacqueline Meredith
Jacqueline Meredith