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## Comments of 8minutenergy Renewables on Deliverability of Resource Adequacy Capacity on Interties Initiative

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8minutenergy Renewables, Inc. (8me) appreciates the opportunity to submit these comments on the CAISO's Issue Paper – Deliverability of Resource Adequacy Capacity on Interties ("Paper," and the discussion on the March 22<sup>nd</sup> stakeholder conference call about the Paper. As explained further below, 8me strongly supports the CAISO's initiative and hope that it will proceed expeditiously to resolve the issues identified in the Paper.

**Background:** 8me, in partnership with Gestamp Solar, is developing 355 MW of solar-energy projects in the Imperial Irrigation District (IID) area. These projects are far advanced in the development process, e.g., they:

- **Received a Mitigated Negative Declaration for the first 50MW** in June 2010;
- **Completed a final hearing for land-use entitlement for the first 50 MW** in August 2010;
- **Completed the interconnection study process**, with an August 2010 Facility Study; and
- **Will execute Generation Interconnection Agreements** in Q2 2010.

(For more information, see <http://8minutenergy.com/project-portfolio>.)

The Commercial Operation Dates (CODs) for the first of these projects is late 2013, and the others will follow soon afterward. To meet these near-term CODs, 8me (like other IID-area developers) has been seeking Power Purchase Agreements (PPAs) with CAISO-area buyers. However, completion of PPA negotiations has been confounded by two major obstacles:

- ***Lack of a clear means to obtain Resource Adequacy (RA) deliverability status for imports from IID using existing IID-to-CAISO import capability***, given the current historical basis for determining Maximum Import Capability (MIC) at the CAISO interties; and
- ***Expansion of IID-to-CAISO import capability*** to accommodate the likely high levels of new renewable-energy development in the IID area. (This issue is being addressed in the CAISO Transmission Planning Process (TPP), where the draft 2010/2011 comprehensive plan contains key upgrades that will be needed as IID-area generation development (and exports into the CAISO) increase.)

The Paper would initiate a reform of the MIC methodology; the new methodology, and its application, would not change the current:

- Annual nature of the intertie RA allocations;
- Inter-LSE RA allocation methodology for the intertie MICs; or
- MIC ratings for other interties (because LSEs have relied on those figures, which have remained very stable from year to year, in their procurement-contracting activities).

The CAISO said on the conference call that the methodology would likely be ready in time to apply in the 2013 RA process.

**8me comments:** This CAISO initiative has the potential to remove the first major existing obstacle to PPAs with CAISO-area LSEs – lack of ability to offer RA credit to meet buyer obligations. We look forward to working with the CAISO on the new methodology but have two concerns:

- ***“Grandfathered” MIC:*** The CAISO stated on the conference call that application of the new methodology would not be allowed to reduce existing intertie MICs – e.g., if both an intertie point that would otherwise receive a new/higher MIC under the new methodology and another intertie point flow into the same transmission path.

We understand the CAISO’s desire to avoid impinging on the status of already-existing procurement contracts. However, keeping all established MICs at existing levels could:

- **Grant priority RA capability access to suppliers behind those other intertie points**, now and in the future, regardless of whether they currently have contracts with CAISO-area LSEs, or are even built or operating (or have even submitted interconnection requests); and
- **Reserve even unused MIC capability at those other intertie points.** RA MIC that is not now being used, if any, would be preserved, even if reducing the MIC to that extent could increase it elsewhere.

**Recommendation:** The CAISO should preserve existing MIC at intertie points that would otherwise be reduced under the new methodology only to the extent that it is tied to existing procurement contracts, and only for the life of the existing agreement. This would place all new suppliers importing across all interties on a more equal footing.

- **Timing:** The CAISO stated on the conference call that the new methodology would probably not be ready to implement before the 2013 RA compliance year. That timing, which would require the new MICs in early 2012, would meet the planned CODs of 8me projects in the IID area.

However, as noted above, IID-area suppliers are now seeking PPAs with CAISO-area LSEs, in order to meet those CODs. They need some indication, as soon as possible, of the likely magnitude of the MIC designations at the import points into the CAISO.

**Recommendation:** Even if the new MICs cannot be ready in time to use for the 2012 RA compliance year, the CAISO should apply the new methodology as soon as possible this year, in order to produce an advisory figure that can be used for PPA discussions. The earlier-developed IID-area plants may be able to use existing capacity before the upgrades recommended in the 2010-2011 transmission plan are constructed (which could take 36 months) ,but they need to know how much could be available for that purpose in their contracting activities right now.