



Comments of the American Wind Energy Association – California (AWEA-California) on CAISO’s Generation Deliverability Draft Final Proposal

October 18, 2019

Comments

AWEA-California appreciates the CAISO’s continued work on developing updates to the Generation Deliverability Assessment Methodology (“methodology” or “deliverability methodology”). CAISO appears to have carefully considered and weighed the various feedback provided by stakeholders on the previous proposal (the Straw Proposal).

AWEA-California generally supports the direction of the Draft Final Proposal as it balances the positions of various stakeholders, and appears more likely to receive approval from the Federal Energy Regulatory Commission (FERC). Below, AWEA-California offers comments on the benefits of filing the deliverability and curtailment proposal as “severable” when filed at FERC. Comments are also offered on the need to provide optionality for hybrid resources to select OPDS, regardless of the underlying size of the various resources that make up the hybrid. Finally, AWEA-California encourages CAISO to continue to consider curtailment information that can be provided and to work to translate the new deliverability methodology into new transmission constraints for the California Public Utilities Commission (CPUC) Integrated Resource Planning (IRP) process.

With the federal production and investment tax credits winding down, this is a crucial time for the CAISO to be able to accommodate incremental, clean-energy resources and it will be important for those additions to be capable of achieving Full Capacity Deliverability Status (FCDS). AWEA-California looks forward to CAISO’s expeditious implementation of new deliverability methodology, starting with the 2020 Reassessment in early 2020 and offers the following comments in support of achieving that goal.

Ultimate FERC Filing Should Provide the Option of Severing OPDS from the Deliverability Methodology, if Necessary

AWEA-California appreciates the changes CAISO has made to the Off-Peak Deliverability Status (OPDS), under which only OPDS resources would be eligible to self-schedule and, in order to receive OPDS, these resources would need to fund local, off-peak deliverability network upgrades. Under the Draft Final Proposal, rather than OPDS resources having a different penalty price, only OPDS resources would be able to self-schedule into the market on a going forward basis. This structure appears to be an improvement over the prior proposal and is more likely to receive approval from FERC.



AWEA-California understands that CAISO intends to jointly submit the new deliverability methodology and the OPDS construct in a single tariff filing to FERC. In order to ensure the deliverability proposal can move forward, and to mitigate against any risk that the OPDS portion of the proposal may require revision or take more time for consideration, AWEA-California urges CAISO to include language in the tariff filing letter indicating that the proposals are intended to work together but can be severed if FERC does not approve the portions related to OPDS.

This language would allow FERC to approve the changes in deliverability methodology even in the unlikely event that FERC rejected or required changes to the OPDS component. Providing this “backstop” option will provide greater certainty that CAISO will be able to maintain the implementation timeline for the new deliverability methodology, which will begin with the 2020 Reassessment. And, if OPDS were rejected or changes required, the new deliverability methodology could move forward while CAISO and stakeholders work to address any deficiencies FERC identified with OPDS. This scenario appears unlikely, but by specifically indicating that the proposal for deliverability and OPDS are severable, CAISO will provide additional certainty that the new deliverability methodology can be implemented quickly.

Utilizing this strategy is important because timely implementation of the deliverability methodology is critical to ensuring new resources can come online in time to meet both requirements for federal tax credits and for overall system Resource Adequacy (RA) needs.

Modification to Treatment of Hybrid Resources

The Draft Final Proposal would not allow all types of hybrid resources to qualify for OPDS. The proposal states that hybrid resources would not be OPDS eligible if *“the energy storage component of the resource is sized to eliminate intermittency of the wind or solar resource in the on-peak deliverability assessment (i.e. 4-hour discharging capacity of energy storage + HSN study amount of solar or wind \geq requested maximum output”*.

This restriction on OPDS eligibility is not logical, may raise discrimination concerns and inefficiently influence resource sizing. Therefore, CAISO should provide additional flexibility for hybrid resources and should allow all hybrid resources the option of selecting OPDS.

This flexibility is important because, it is possible the size of the underlying resource components may change over time and the hybrid resource may ultimately be OPDS-eligible under CAISO’s proposed definition, but the timing may be such that the resource could no longer become OPDS and fund the appropriate upgrades. Additionally, there may be benefits associated with allowing different types of resources to be eligible for OPDS and fund the needed upgrades to eliminate curtailment. These could include economic and reliability-based benefits. Restricting certain types of resources from being OPDS eligible would not allow resource owners and offtakers to consider those benefits in determining whether to select



OPDS or not. Finally, a proposal that only allows certain hybrid resources to be OPDS-eligible may be viewed as discriminatory and/or may inappropriately influence hybrid resource development sizing, such that resources size just below the threshold to maintain OPDS eligibility.

Therefore, CAISO's final proposal and tariff language should provide all hybrid resources an option to select OPDS, just as other resources are afforded.

Curtailement Information & Transmission Limitations

AWEA-California continues to encourage the CAISO to provide as much information as possible on expected curtailment impacts and potential mitigation solutions for curtailment that result from the Off-Peak Deliverability studies. This information will serve as an important data source for developers, off-takers and other market participants. AWEA-California points CAISO back to its previous comments in this initiative regarding curtailment information (see AWEA-California comments on the Straw Proposal page 3-4, available [here](#)).

AWEA-California also encourages the CAISO to quickly develop new transmission limitations for communication to the CPUC (for use in the IRP process). The new transmission limitations should reflect the expected changes associated with the new deliverability methodology. AWEA-California and other parties have advocated for the CPUC to relax the transmission constraints in RESOLVE during the 2019-20 IRP modeling process. As in prior comments in this initiative, we encourage the CAISO to offer support for that approach at the CPUC going forward. Allowing the IRP to begin to account for the possibility of increased accommodation of renewable resources on existing transmission will be critical to ensuring that the portfolios which come out of the IRP, and are used by the CAISO to determine the necessary area network upgrades in the TPP, are more accurate.

Conclusion

AWEA-California generally supports the Draft Final Proposal, but encourages CAISO's tariff filing to include language that would allow the new deliverability proposal to move forward in the unlikely event that there are regulatory hang-ups with the OPDS portion of the proposal. Additionally, CAISO should modify the proposed treatment of hybrid resources, allowing all hybrid resources to be OPDS eligible. CAISO should also continue to discuss curtailment-related information that can be provided and should encourage timely consideration of new transmission constraints in the IRP, which will more accurately reflect the transmission constraints under the new deliverability methodology. We look forward to working with the CAISO and other stakeholders as this initiative continues.