

BAMx Comments on the CAISO's Local Capacity Technical Study Criteria Update Straw Proposal

Introduction and Stakeholder Feedback

On July 18, 2019, the CAISO held a web-conference to discuss its straw proposal (“Straw Proposal” hereafter) regarding updates to its Local Capacity Technical (LCT) study criteria. The Bay Area Municipal Transmission group (BAMx)¹ appreciates the opportunity to comment on the CAISO’s Straw Proposal on this topic that was posted on the CAISO website on July 11, 2019. BAMx continues to appreciate the efforts of the CAISO to consider the alignment of the LCT criteria with the mandatory standards. We especially appreciate the CAISO’s efforts in responding to BAMx’s comments on the Issue Paper dated June 17, 2019.² They helped to clarify many issues. In the remaining portion of these comments, we include further comments on the Straw proposal for the CAISO’s consideration.

BAMx Suggestions

Support for full alignment of the Local Capacity Technical criteria with the mandatory standards

BAMx does not agree with the CAISO’s assessment that “An overwhelming majority of comments support the full alignment of the LCR criteria with the mandatory NERC, WECC and ISO standards.”³ Three entities representing the generators and traders, i.e., Calpine, Western Power Trading Forum (WPTF) and Middle River Power (MRP) did support the full alignment of the LCR criteria with the mandatory NERC, WECC and ISO standards. However, three load-serving entities, viz. PG&E, SCE and BAMx did not oppose the alignment of the LCR criteria with the mandatory planning standards but felt the proposed changes should be evaluated as part of a broader effort to consider local capacity issues.

Need for Further Study Before Implementing the Alignment of the LCT criteria with NERC, WECC and CAISO Mandatory Standards

The Straw Proposal indicates that the existing LCT study criteria were established and included in the ISO Tariff before NERC mandatory standards were formed and it represented a subset of the NERC voluntary standards available at the time. The CPUC at that time agreed with that subset but wanted a lesser set of criteria to also be studied (Category B in addition to category C). Therefore, the need to assess the level of resources needed to satisfy multiple levels of LCR criteria has been constant from the beginning. We believe it is appropriate to do so going forward. We agree that one of the levels should be the full alignment of the LCR criteria with the mandatory planning standards proposed in the Straw Proposal. However, we do not agree that dropping the information gained from also studying the existing criteria level is appropriate at

¹ BAMx consists of City of Palo Alto Utilities and City of Santa Clara, Silicon Valley Power.

² See CAISO response to Stakeholder Comments Updates to Local Capacity Technical Criteria Issue Paper May 30, 2019.

³ Straw Proposal, p.6.

this time. We believe that the information gained from studying and reporting on the level of resources needed under both criteria levels is well worth the effort at least until the important issues outlined in the next section are considered/resolved.

Justification for Fully Aligning the LCT Criteria with NERC, WECC and CAISO Mandatory Standards

BAMx believes that the decision to provide an increased level of local resource versus building new transmission is a complicated one because those alternatives have many different characteristics. Each of them has different attributes that provide different levels of reliability depending on the technology involved and the needs for each reliability issue being addressed. Therefore, BAMx does not agree with the CAISO claim that the lack of LCT and mandatory planning criteria alignment means “it could be more challenging for regulators to direct resource procurement in lieu of the ISO advancing conventional transmission alternatives.”⁴ We believe that the CPUC can and should consider various levels of reliability as part of its procurement decision-making. The issues created by not planning a level of local resources to meet the higher level of criteria can be part of an already complicated decision making progress.

Need for a Broader Scope

In its comments on the Issue Paper, PG&E did a good job in articulating a need for a “broader scope and consider necessary changes to the local capacity planning process to support the evolving RA framework in California, the changing resource mix, and the evolving needs of the system over the coming years.”⁵ PG&E notes that “The CPUC also appears to support undertaking such a holistic review of local RA and PG&E would advocate close coordination.”⁶ Although the CAISO seems to support close coordination with the CPUC and the evolving RA framework through different and multiple venues, it seems to consider the issues raised by PG&E to be beyond the scope of the current initiative. We do not agree with the CAISO’s view on scope.

In summary, we think the CAISO needs to provide LCR needs under existing and updated criteria. Currently, the CAISO provides the local capacity needs under both the Category B and Category C conditions. So far, it appears the Category C has predominantly been used as a criterion to direct procurement. We request the CAISO to continue providing the resource level needed by the “old Category C criteria” even though it could define that level as represented by a combination of criteria under the new NERC definitions. The CAISO should also provide the local capacity needs under the full set of mandatory criteria as it has proposed.

⁴ Straw Proposal, p.6.

⁵ PG&E Comments on the Issue Paper, p.2.

⁶ “PG&E recommends a working group to specifically ‘examine the relationship between local RA requirements, RA resource obligations, changes to NQC in forward years, how RA performance i[s] assessed, and how local RA backstop procurement occurs or does not occur from uncured deficiencies.’ The Commission finds PG&E’s proposal to be reasonable, and directs Energy Division to establish a working group to evaluate improvements and refinements prior to the development of the 2021-2023 local RA requirements.” Proposed Decision of ALJ Chiv, 5/24/19, R. 17-09-020, pp. 8-9

We believe the increased efforts are fully justified, at least for a period of time, as the CAISO and CPUC continue to co-operate in finding appropriate methods to achieve the desired level of reliability in the most cost effective manner.

BAMx appreciates the opportunity to comment on the Straw Proposal and acknowledges the significant efforts of the CAISO to develop this material. Based upon our above comments, we urge the CAISO to take the time to report on the level of local resources needed for the two levels of criteria suggested above.

If you have any questions concerning these comments, please contact Paulo Apolinario (papolinario@svpower.com or (408) 615-6630).