# Allocation of the Flex Requirement



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# CAISO's Cost Causation Methodology

➤ Tariff requirements (40.10.2.1):

The CAISO will calculate the Local Regulatory Authority's allocable share of the Flexible Capacity Need as the average of the sum of its jurisdictional Load Serving Entities' change in load, minus the change in wind output, minus the change in solar PV output, minus the change in solar thermal output during the five highest three-hour net-load changes in the month.

# CAISO Allocation Driven by Solar

**Table 2: Contribution to Maximum 3-hour Continuous Net load Ramp for 2019**

| Month | Average of Load contribution 2019 | Average of Solar contribution 2019 | Average of BTM Inc contribution 2019 | Average of Wind contribution 2019 | Total percent 2019 |
|---|---|---|---|---|---|
| January | 32.67% | -59.39% | -6.08% | -1.86% | 100% |
| February | 42.28% | -48.61% | -6.58% | -2.53% | 100% |
| March | 35.82% | -60.34% | -5.37% | 1.53% | 100% |
| April | 38.04% | -70.43% | -4.41% | 12.88% | 100% |
| May | 23.41% | -66.81% | -5.97% | -3.82% | 100% |
| June | 20.34% | -59.89% | -2.83% | -16.94% | 100% |
| July | 18.57% | -75.70% | -8.43% | 2.70% | 100% |
| August | 7.97% | -80.65% | -10.34% | -1.04% | 100% |
| September | 22.25% | -71.27% | -6.17% | -0.31% | 100% |
| October | 20.58% | -67.65% | -7.48% | -4.28% | 100% |
| November | 36.76% | -54.90% | -3.30% | -5.04% | 100% |
| December | 36.30% | -53.61% | -3.77% | -6.32% | 100% |

# CPUC Allocation Methodology

➤ CPUC allocates flexible requirement to jurisdictional LSEs based on peak load ratio share

➤ D.16-06-045 considered cost causation

– Saw logic in aligning requirements with cost causation but concerned about free ridership

# Cost-Causation for Allocation

➢ Long-term solar contracts are largely held by IOUs but load rapidly shifting

– Contracts were made on behalf of all load but do not follow migrating load

– Adopting cost-causation would leave responsibility for flexible capacity with bundled customers

– Should flexible capacity allocations be a collective responsibility (e.g., similar to the manner in which we allocate local capacity)?