

Stakeholder Comments Template

**Deliverability of Resource Adequacy
Capacity on Interties**

Submitted by	Company	Date Submitted
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This template is for submission of stakeholder comments on the topics listed below, covered in the *Deliverability of Resource Adequacy Capacity on Interties* Issue Paper posted on March 15, 2011, and issues discussed during the stakeholder conference call on March 22, 2011, including the slide presentation.

Please submit your comments below where indicated. Your comments on any aspect of this initiative are welcome. If you provide a preferred approach for a particular topic, your comments will be most useful if you provide the reasons and business case.

Please submit comments (in MS Word) to RAimport@caiso.com no later than the close of business on March 29, 2011.

CalEnergy comments to the conference call of March 22, 2011 addressing Deliverability of Resource Adequacy Capacity on Interties:

CalEnergy supports the CAISO initiative to explore changes for calculating the Maximum Import Capability (MIC) for Resource Adequacy purposes that currently prevent renewable developers from negotiating contracts for energy and capacity from projects outside the CAISO balancing authority areas (BBA). This is a significant first step in a multiple step process needed to ensure that California renewable generation is treated comparably in the transmission planning and utility procurement processes. California resources can provide reliable low cost renewable power; however, some valuable resource areas are currently penalized solely because of the regulatory definition of their transmission system and process.

Specifically, the Imperial North–A zone was identified in the Renewable Energy Transmission Initiative (RETI) process as the fourth most valuable zone out of 60 zones evaluated with one of the least environmental impacts. It is critical that the CAISO and the CPUC work together to ensure that generation in this region, whether connected directly to the CAISO or the IID transmission system, are treated comparably in the 2011 procurement process. Currently, resources connected to the IID system have been penalized in the procurement process because of the current application of resource adequacy which assigns little to no resource adequacy attributes to generation connected to the IID.

This has occurred even through CalEnergy alone provides approximately 340 MWs of renewable geothermal energy to CAISO utilities with a capacity factor of 95%.

Specifically to ensure that implementation can occur to support current generation development in the Imperial Valley of geothermal and other renewable generation, CAISO would need to implement the necessary policy changes in May 2011 to support full business practice implementation by August 2011. This timing is critical to align with the 2011 utility procurement process announced by the California Public Utility Commission (CPUC).

While CalEnergy, supports this process, we do have a concern that implementation of this process alone will not provide the utilities the certainty they need to assign resource adequacy Maximum Import Capability (MIC) for projects which go into service past the one (or next) year look contemplated in this process. I.e. we understand that a 2011 assessment will not provide a MIC assessment for any years past 2012, etc.

In order to complement this process, we request the CAISO to work with the CPUC to provide the certainty utilities need to assign MIC to resources through power purchase agreements which are connected to neighboring balancing authorities for commercial operation in years past 2012. Specifically;

- i. The CAISO can provide this certainty by approving the requisite transmission projects and upgrades to ensure targeted MIC is realized. The CAISO stands in a unique position through their recently approved Revised Transmission Planning Process (RTPP) to ensure that MIC necessary to unlock valuable resource areas in California is realized through approval of policy-driven transmission projects. This process should start with the board approval of Western Electricity Coordinating Council Path 42 upgrades from the Imperial Valley area in its May 2011 project approval process.
- ii. We also request the CAISO work with the CPUC to provide a guidance document (such as an advice letter) to connect the assumptions utilized in the CPUC-jurisdictional 2011 utility power procurement process with the forward-looking MIC assignment process contemplated in this proposal.

CalEnergy commends the CAISO staff in their efforts to take this initial step and stands ready to support this process by participating in stakeholder initiatives as necessary.