

Stakeholder Comments Template

**Deliverability of Resource Adequacy  
Capacity on Interties**

Submitted by	Company	Date Submitted
Please fill in the name, e-mail address and contact number of the specific person who can respond to any questions about these comments.	California Public Utilities Commission	

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](mailto:RAimport@caiso.com) no later than the close of business on March 29, 2011.

1. Do you have any comments on the overall issue that the ISO is proposing to address? For example, has the ISO adequately framed the issue?

We appreciate the California ISO’s timely efforts in taking on this issue. Energy Division staff is aware of the increasing development of renewable resources outside the California ISO Balancing Authority Area; developers of these resources face difficulty in securing contracts and financing unless they can be deliverable to CAISO load. Energy Division staff agrees that accurate and consistent estimates of the deliverability of renewable resources in the import allocation process is very important to the overall achievement of the state’s 20% and 33% renewable energy goals in a least-cost manner.

Since the current methodology is based off of historical import scheduled data it makes the Maximum Import Capability (MIC) value at certain interties lower than the physical capabilities of the system. We agree that the current MIC methodology may impede renewable development on lines that were not traditionally loaded. We support the California ISO’s efforts to improve the MIC methodology with a more prospective assessment that will increase MIC where possible.

2. Do you have any suggestions on how this issue might be addressed and resolved? If you have a suggested approach, please describe your proposal and its perceived benefits and provide examples to illustrate your proposal.

We understand that this is a two part issue and this proposal only addresses the MIC methodology that currently limits the amount of RA capacity that can enter the ISO BAA through each intertie. However, due to the two part nature of this issue: 1.) Modifying the MIC Methodology and 2.) Maintaining deliverability of the additional import RA capacity in the ISO's transmission planning process as an element of the 33% RPS public policy objective, it is imperative to coordinate the timing of the processes so the results of one may flow into the other.

We wish also to highlight one important concern. We expect the forward-looking approach to MIC calculation to identify increased import capacity on the *existing and planned* system. For example, the completion of the Sunrise Powerlink should allow deliverability of hundreds of MW of new generation whose first point of interconnection is in the IID system. We also understand, however, that the 2011-2012 TPP may find the need for new transmission internal to CAISO to maintain the deliverability of the additional import RA capacity identified under the new MIC calculation methodology. In such cases – particularly if the identified transmission project would require a Certificate of Public Convenience and Necessity from the CPUC – it will be imperative that the ISO and CPUC weigh the cost of such transmission relative to the value of the RA capacity it would make deliverable. Such an assessment will require transparency in the methodology and assumptions that LSEs employ to ascribe capacity value to RPS projects in their least-cost, best-fit bid ranking processes. While we understand developers' desire for certainty around deliverability early in the development process for purposes of contract negotiations, the state cannot ignore its fundamental responsibility to ensure that new transmission is cost-effective and needed.

We look forward to seeing the California ISO's Straw Proposal detailing the proposed methodology to be used in determining the MIC of Interties.

3. If you have any additional comments, please provide them here.