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Comments: Generation Deliverability Assessment Straw Proposal

Delivered via email at **regionaltransmission@caiso.com**

EDP Renewables North America LLC ("EDPR") appreciates the opportunity to comment on the CAISO Deliverability Assessment Methodology Straw Proposal ("Straw Proposal").

EDPR supports the proposed changes to the deliverability methodology because they improve alignment with the CA PUC's ELCC methodology and because of the underlying shift in the timing of the critical system need. As the CAISO is aware, the critical system resource adequacy need has greatly shifted into the evening ramp hours. The deliverability methodology should be changed, as staff has proposed in this Straw Proposal, to more accurately reflect resource dispatch and deliverability during the critical system hours.

Timing and Process:

EDPR appreciates and supports adopting the deliverability methodology change on the schedule proposed by staff in the Straw Proposal. It is critical that this stakeholder process move forward in a timely manner that will allow the deliverability methodology changes to be approved by the Board and by FERC in time for the ISO to incorporate those changes into the 2020 Transmission Plan Deliverability ("TPD") allocations. Concerns about curtailment and questions about curtailment mitigation options are important and evolving topics but should not be allowed to delay the broadly supported changes to the deliverability methodology itself. We discuss these larger issues in more detail below.

Discussion:

EDPR appreciates that the ISO is wrestling with increasing curtailments at the system, area, and local levels. These are obviously important issues for renewable energy developers and we agree that the system is evolving and changes may have to be made to address curtailment. The solutions to curtailment issues are likely to be multifaceted, coming from commercial development of storage, ISO transmission expansion, interconnection upgrades, new market rules, demand response and continued regionalization. This stakeholder process considering improvements to the deliverability methodology will not be able to fully address this complex issue. For that reason, we view any decisions made in this stakeholder process as part of an evolving discussion and market design.

Similarly, it is important to note that the deliverability methodology is not determinative of the expected curtailment in a local area. Projects that choose Energy Only will have the exact same curtailment impact as FCDS resources and so the primary question in this stakeholder process should remain whether or not a deliverability methodology that focuses on the period of critical system need (ELCC-based methodology) is a more accurate representation of deliverable capacity contribution during the critical system need.

The implications of not adopting the proposed change to the deliverability methodology are also worth considering. One implication is that less solar projects will be awarded FCDS because the current exceedance-based methodology focuses on a dispatch level and associated hours that no longer represent the period of critical system need (even though solar projects do provide some effective load carrying capability during portions of this new critical period). Less FCDS for solar decreases competition in that market and is not in the consumer's interest. From an environmental perspective, this lack of competition increases the need for obtaining RA resources from conventional resources such as natural gas power plants, which will ultimately make achieving the state's clean energy goals more difficult.

Another implication of not aligning the deliverability methodology with the ELCC measures are study results that continue to identify costly upgrades built to deliver RA during hours of peak gross consumption and greater solar generation, even though those hours no longer identify the greatest system need. This status quo is also not in the best interest of consumers.

The proposed changes to the deliverability methodology itself clearly have merit and there appears to be no debate that this proposal is a more accurate approach to assessing deliverability during critical system hours, as compared to the exceedance-based methodology. EDPR does not believe that the evolving concerns over curtailment should slow the adoption and implementation of this broadly supported change to the deliverability methodology.

Curtailment Mitigation Options:

EDPR believes that it is too early to discount the natural commercial reaction we can anticipate in response to potential increased curtailment in certain local areas. If the addition of a new generator in a specific local area is studied and shown to substantially increase curtailment in that area, that project will have a more difficult time gaining financing and will likely not proceed, regardless of what deliverability methodology is being used. Considering that nearly half of the new resources in the ISO's queue are hybrid storage resources and that storage may be added to existing resources, the ISO should also anticipate this type of natural response to increased local curtailment. For these reasons, EDPR is most comfortable at this time moving forward with the change to the deliverability methodology under Option 1, where the CAISO would conduct an "informational" off-peak deliverability assessment. If such an assessment can provide affected parties meaningful analysis of expected curtailments the industry can incorporate it into their development plans and the funding of additional upgrades.

With the following caveats, EDPR is also not opposed to moving forward with changing the deliverability methodology in tandem with some of the new concepts outlined by staff in Options 4 and 5. Our view is that solutions centered around self-scheduling ("Off-Peak Deliverability Status (OPDS)") or merchant

CRRs are less desirable. EDPR believes that solutions centered around providing additional information on expected curtailment and identifying appropriate upgrades that are reimbursable will more effectively attract the investment and market behavior necessary to mitigate curtailment in the long-run. Option 5, without the OPDS concept, is also supportable for EDPR.

Given the merits and importance of moving forward with the changes to the deliverability methodology itself in a timely manner, EDPR also would not oppose a decision from ISO staff to move forward with a OPDS. However, If the ISO does move forward with an option that includes the OPDS concept, we respectfully request the ISO do so under a filing structure that ensures the timely implementation of the deliverability methodology change, regardless of how long it takes to refine and gain approvals for the OPDS concept.

Thank you for the opportunity to comment,

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