

**Comments of the Imperial Valley Renewable Energy Task Force
to the
California Independent System Operator Corporation
April 6 Straw Proposal: Delivery of Resource Adequacy Capacity on Interties**

April 21, 2011

I. INTRODUCTION

The Imperial Valley Renewable Energy Task Force (“IV Task Force”) appreciates the opportunity to provide comments to the California Independent System Operator’s (“CAISO”) April 6, 2011 Deliverability of Resource Adequacy Capacity on Interties Straw Proposal (“Straw Proposal”). The Straw Proposal is intended to address a flaw in the current CAISO methodology limiting some new resources in neighboring Balancing Authority Areas (“BAA”), such as those being proposed for development within the Imperial Irrigation District (“IID”) BAA, from providing Resource Adequacy (“RA”) capacity to load serving entities (“LSEs”) within the CAISO BAA. As the CAISO correctly notes, this limitation is “resulting in increased costs of procuring RA capacity and barriers to the timely development of external renewable resources due to the inability of these resources to provide RA capacity.” Straw Proposal at 3. The IV Task Force therefore generally supports the CAISO’s efforts to correct this flaw in what it calls its “Maximum Import Capability” (“MIC”) methodology outlined in the Straw Proposal.

II. BACKGROUND

The Imperial Valley represents one of the largest sources of renewable energy in the Southwestern United States. In order to assist in the development of renewable resources in the Imperial Valley, the IV Task Force was formed. The IV Task Force Steering Committee membership includes:

- 2 members of the IID Board of Directors;
- 2 members of the Imperial County Board of Supervisors;
- a representative of the Imperial Valley Economic Development Corporation (“IVEDC”);
- a representative of the IID Water Consumers Advisory Board (“WCAB”);
- and
- a representative of the IID Energy Consumers Advisory Committee (“ECAC”).

The IV Task Force is committed to the development and export of renewable energy from the Imperial Valley to other parts of California and the Southwest. The Imperial Valley is one of the most economically depressed regions in California. It has the lowest *per capita* income population in California and faces an unemployment rate of approximately 30 percent. The IV Task Force recognizes that promotion of renewable energy projects in the Imperial Valley boosts local economic development and brings much-needed, well-paying jobs to a region of California that desperately

needs them. IID looks forward to continuing to work with the State of California and other stakeholders to promote renewable energy goals in the Imperial Valley and throughout California.

The Imperial Valley has long been considered one of the richest renewable resource areas in California, including high capacity factor geothermal resources. The Renewable Energy Transmission Initiative (“RETI”) recently analyzed Competitive Renewable Energy Zones (“CREZ”) to identify transmission needs to access those CREZs with the greatest likelihood of being developed. The RETI analysis identified four CREZs within Imperial Valley with significant renewable resource potential. The Imperial Valley resources identified in the RETI analysis include the following:

- 6870 MW of Solar
- 1434 MW of Geothermal
- 119 MW of Wind
- 66 MW of Biomass.¹

The Imperial Valley resources generally scored very well in the RETI economic and environmental analysis.

IID has approximately 43 projects comprising nearly 3093 MW of renewable resources in its interconnection queue seeking to deliver to the CAISO BAA. Thus, the IV Task Force has a strong interest in supporting efforts to allow many of these projects to move forward, both in terms of their environmental benefits to the State and region and the economic boost they will provide to the Imperial Valley economy.

III. Comments

The IV Task Force generally supports the methodology for expanding the MIC outlined in the Straw Proposal, because the current methodology unnecessarily limits imports from the IID BAA to the CAISO BAA. For example, under the existing MIC methodology that is based on historic imports during peak system conditions, one of the critical interties between the IID and CAISO BAAs shows zero (0) MIC. Based on the physical characteristics of this intertie, however, there should be some capacity available for import to the CAISO under peak system conditions. Consequently, developers wishing to import to the CAISO at this point on the system cannot provide RA capacity to LSEs in the CAISO BAA. This places these developers at a competitive disadvantage within the procurement process with LSEs in the CAISO BAA. In summary, as the IV Task Force understands the solution offered in the Straw Proposal, the MIC can be expanded beyond this historical level by:

- 1) Establishing expanded MIC MW values for each intertie to support RA deliverability for the MW amount of resources included in the CAISO’s base case policy driven portfolio (as part of its Transmission Planning Process (“TPP”));

¹ Source: RETI Phase 2B Report, Table 1-1.

- 2) Conducting its TPP studies to identify any network upgrades needed on the CAISO system needed to “support” these expanded MIC values;
- 3) If necessary, seeking approval of these Network Upgrades (through the TPP) to ensure that the total amount of RA capacity resulting from these MIC values will be able to provide energy to the CAISO to meet peak load conditions; and
- 4) In the event that network upgrades are necessary to accommodate an expanded MIC, develop a multi-year plan that indicates the expected years when the target MIC amounts will become available.

The IV Task Force believes the Straw Proposal goes a long way to addressing the problem. However, the IV Task Force does note a general concern. There is both a short-term and a long-term issue regarding the imports of RA capacity from the IID BAA to the CAISO BAA. The Straw Proposal seems to address the long-term issues by providing necessary upgrades to the CAISO system through the TPP. Given that projects that are approved through the TPP and ultimately constructed may take several years, the IV Task Force is concerned that there might be short-term gaps. As the CAISO is aware, there are projects in the current IID interconnection queue that propose to come on-line in the third quarter of 2013. Many of these are being asked to enter into interconnection agreements, which carry with them financial commitments on the part of the developers. The IV Task Force understands that the portfolio analysis described in the Straw Proposal will examine realistic scenarios that include Imperial Valley generation, and may result in an expanded MIC for CAISO/IID intertie points, commencing with the 2013 RA compliance period. It is critical that the Straw Proposal address the short-term needs for expanding MIC values, in addition to a comprehensive long-term solution, to allow Imperial Valley development to move forward with some level of certainty.

IV. CONCLUSION

The Task Force greatly appreciates the CAISO’s attention to this important and necessary change to the RA MIC methodology for the interties and looks forward to working with the CAISO and stakeholders to quickly implement a solution.