



Comments on CAISO's Deliverability Assessment Methodology Revisions

LS Power appreciates the opportunity to provide these comments. We support CAISO's working on this initiative to propose revisions to the Deliverability Assessment methodology.

1) Equitable treatment for Transmission Planning Deliverability (TPD) Allocation:

CAISO's proposed change to the deliverability study methodology is expected to reduce the need for new transmission for new interconnection projects to attain deliverability. The new methodology is expected to create thousands of MWs of additional deliverability in various CAISO load pockets. If CAISO continues to use its existing rules for TPD allocation, this will inadvertently favor new interconnection applications to the disadvantage of existing "Energy Only" projects. As written, the existing CAISO rules will allocate newly available deliverability to interconnection projects that have recently entered the queue and are currently either in the study process or in parked mode; while Energy Only projects that have been in the queue longer will not be eligible for allocation of new deliverability despite their advanced status. Most of these Energy Only projects had requested Full Capacity Deliverability Status at the time they were in study process or parked mode but had to convert to Energy Only due to lack of available deliverability because of the existing deliverability methodology.

As shown in Table 1, when conducting TPD allocation, CAISO allocates deliverability to projects based on Allocation Groups. If CAISO continues to use this Allocation methodology after new deliverability becomes available, Energy Only projects that may have a LGIA executed but not yet achieved Commercial Operation will not get anything allocated, vs. a recent Cluster project which may still be in study process (or parked mode) will get 100% of the allocation. We recommend that CAISO develop an exception to the allocation rules when new deliverability becomes available such that more advanced projects have a fair chance in attaining the newly available deliverability. This one time allocation should be based on milestones a project has achieved, such as PPA, LGIA execution and not based on whether a project is in study stage/parked or if it already converted to Energy Only. We understand that the allocation rules were previously developed through another stakeholder process and we are not recommending to change these rules on a permanent basis. However, the impacts of the TPD deliverability methodology will inadvertently lead to CAISO picking winners (early development projects) and losers (advanced development projects) if this "one time" exception to the allocation rules is not developed.

Table 1: CAISO’s TPD Allocation Groups (source: CAISO BPM)

Allocation Group	Project/Capacity Status	Commercial Status	Can Build DNUs for Allocation?	Allocation Rank
1	Study/Parking Process	Executed or regulator-approved PPA requiring FCDS or interconnection customer is a LSE serving its own load	Yes	Allocated 1 st
2	Study/Parking Process	Shortlisted in a RFO/RFP	Yes	Allocated 2 nd
3 ¹	Study Process (Following Ph. II Only,) ²	Proceeding without a PPA	Yes	Allocated 3 rd
4	Converted to Energy Only, or Energy Only projects that achieved commercial operation	Executed or regulator-approved PPA requiring FCDS	No	Allocated 4 th
5	Converted to Energy Only, or Energy Only projects that achieved commercial operation	Shortlisted in a RFO/RFP	No	Allocated 5 th
6	Converted to Energy Only	Commercial operation achieved	No	Allocated 6 th
7	Energy Only	Commercial operation achieved	No	Allocated 7 th

2) Off-peak Deliverability Assessment Options:

In response to stakeholder concern that less transmission will lead to more congestion especially during Off Peak hours, CAISO proposed five options for Off Peak Deliverability assessment. CAISO is leaning towards proceeding with either Option 4 or 5.

¹ Refer to Appendix DD, Section 8.9.2.2 for specific project limitations when Group 3 is selected.

² Refer to Section 6.2.9.1(iii) for projects that previously selected balance sheet financing in their seeking TP Deliverability affidavits.

Option 4 will show Optional off-peak Local Network Upgrades (OLNU) that a project can fund as local transmission upgrades and then get reimbursed for a portion and get CRRs for the rest. While this option has some merits, it may lead to CAISO developing several local transmission upgrade solutions and will not create an opportunity to develop a robust regional solution through TPP which may be more economical & effective solution. Further, developing more projects as local solutions could potentially reduce the need for regional projects that have greater scale and can gain economic benefit from a competitive solicitation, thereby further reducing ratepayer burden. For these reasons, we do not support Option 4.

Option 5 requires CAISO to change the self scheduling priority for a few generators such that a curtailment/dispatch priority will be provided based on deliverability status. This is a huge shift from current practice where deliverability status does not come into play in CAISO's markets. The implications of this change could be very broad and this could have potentially detrimental impacts on existing generators, imports and even EIM participants. Implementation of an Option like this without understanding its impacts is not prudent. We do not support CAISO implementing Option 5.

We understand the concern some stakeholders have with additional renewable curtailment due to less transmission, but we believe this is an "economic" issue and not a "reliability" issue. We understand that there may be a need to address this issue but we believe this should be addressed only through CAISO's TPP process and not through the GIP process. Therefore, we recommend CAISO to revert to its original proposal as outlined in the Issue Paper.

3) Implementation Timeline

We recommend that CAISO work expeditiously to address the remaining issues in this initiative, including the issue of allocation of newly available deliverability and file the new deliverability methodology with FERC at its earliest such that it can be quickly implemented.

We commend CAISO staff on its efforts on this initiative and look forward to continuing to work with CAISO and stakeholders to resolve remaining issues.

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