



Comments of Pacific Gas & Electric Company on the Draft 2021 Local Capacity Requirements Criteria, Methodology, and Assumptions

Submitted by	Company	Date Submitted
Tyrone Hillman tsh0@pge.com (415-973-3764)	Pacific Gas and Electric (PG&E)	November 14, 2019

Pacific Gas and Electric Company (PG&E) offers the following comments on the California Independent System Operator’s (CAISO) Local Capacity Technical (LCT) Study Criteria and Manual that was discussed in the stakeholder call on October 31, 2019.

The CAISO’s methodology does not fully account for the changes in resource composition and could result in insufficient resources being procured to meet the minimum capacity requirement. In addition to this, the CAISO should update its Study Manual to reflect how the hourly load profiles, transmission import limits, and hourly dispatch curves up to the NQC will be used in its LCT studies.

The original purpose of the LCT Studies was to determine the minimum generation capacity that would be required to meet the local reliability requirements under a peak load condition. This has been traditionally evaluated by assessing a single peak hour “snapshot” with resources that were relatively dispatchable to a predictable output during most hours of the year. The CAISO recognizes the importance of enhancing its evaluation processes to ensure that sufficient “hourly capacity” is available to meet the reliability requirements due to the changing resource mix. With the new resource mix, it is no longer appropriate to assess local area needs based on a single hour snapshot and to apply a single capacity number as the appropriate basis for procurement of local RA for the entire year. In recognition of this scenario, the CAISO has begun including hourly load profiles of local areas but has not included a description of how this is developed or expected to be used within its LCT Study Manual. The CAISO also noted during the stakeholder call that solar resources are dispatched up to its Net Qualifying Capacity (NQC) using hourly curves and a description of this should be included within the Study Manual.

Additionally, the CAISO has included the transmission capability under constraint for the hourly profiles and does not consider the outage duration or provide a description of how this should be used. This methodology is inadequate because it assumes that the import limit determined by the most severe contingency in a local area can exceed four hours. This does not take into account the operational need to return from contingency conditions to normal conditions before reaching the four hour limit. By determining the local procurement upon the assumption that the constraint can remain at its emergency condition for more than four hours, this will result in insufficient resources being procured to return the constrained line to its normal limit. The CAISO should identify both the normal and emergency limits in the local areas to

ensure that sufficient resources are being procured to properly account for resource availability limits and transmission contingency limits.

Finally, the CAISO has added a section to its Study Manual indicating that it will consider the storage charging requirements for local resources. This is an important change and additional opportunities should be provided to stakeholders to understand the CAISO concerns and how the proposed methodology will sufficiently remedy the issue by providing adequate reliability certainty. In addition to this, the CAISO should update its Study Manual to reflect how the hourly load profiles, transmission import limits, and hourly dispatch curves up to the NQC will be used in its LCT studies.