

## Deliverability of Resource Adequacy Capacity on Interties

Submitted by	Company	Date Submitted
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Please submit comments (in MS Word) to [RAimport@caiso.com](mailto:RAimport@caiso.com) no later than the close of business on May 19, 2011.

*1. Do you support the ISO’s proposal?*

**PG&E generally supports the CAISO’s proposal.** The proposal clearly improved upon the current methodology for determining maximum import capability. It accomplishes two important goals

- a) Establishes increased import capability, where needed, to accommodate new RA imports on using existing intertie facilities.
- b) Establishes a process to identify upgrades and enhancements to the interties to accommodate new RA imports.

PG&E appreciates the CAISO comments at the May 12, 2011 conference call that provide some assurances regarding the stability of targets for import capability for resource adequacy. PG&E requested clarification regarding how the current methodology, which is based on historical data, would interact with the proposed methodology which establishes a target maximum import capability at selected ties. Specifically, PG&E asked if a target MIC could be affected by changes in historical schedules over time. PG&E was particularly concerned that if the schedules that feed into the historical schedule calculation were to decrease over time that perhaps the target MIC would also decrease. As PG&E understands the CAISO’s response, changes in scheduled flows over time will not affect a target MIC, and in particular, decreasing scheduled flows will not work to decrease a target MIC.

Among the principles that PG&E continues to support is long-term certainty and consistency of results regarding import capability for resource adequacy. Reducing the risk that import capability will decrease over time helps provide the certainty

needed for long-term contracting with importing resources. The CAISO's response to PG&E's clarifying question, as described above, supports this principle.

2. *What specific changes would you like the ISO to consider when preparing the draft Business Practice Manual (BPM) language for consideration in the BPM Change Management Process? Please explain your reasoning and the benefits that your proposed changes will provide.*

**PG&E supports consistent results that do not decrease over time.** PG&E supports the CAISO's responses to stakeholder comments in the final draft proposal on page 12, "The ISO understands that parties would not want to be exposed to potential reductions in MIC values from year to year."

This sentiment should be captured in the BPM language of Deliverability of Imports Section 5.1.3.6 of the Reliability Requirements BPM. As stated above, reducing the risk that import capability will decrease over time helps provide the certainty needed for long-term contracting with importing resources.

**The CAISO should address PG&E's April, 20, 2011 comments on Multiple Interties to One Targeted Resource Area.** In PG&E's comments on April 20, 2011, PG&E recommended minor adjustments to the proposed steps for allocating among multiple interties that serve a single targeted resource area. The CAISO's responses to stakeholder comments did not address this request, and no changes were made to the language in the Final Draft Proposal. Recall PG&E submitted:

**PG&E recommends a minor adjustment to Step 5c of the expanded Maximum Import Capability (MIC) calculation methodology described on page 15:**

**5. Multiple Interties to One Targeted Resource Area.** If more than one intertie electrically connects the area affected by the new expanded MIC; then the split of the expanded MIC should be done as follows:

- a) Pre-RA import commitments and available ETCs should be maintained on the same branch groups as historical data provides.
- b) The expanded target for RIC shall be split in a way that closely mimics actual flow split between the involved ties (electrically connected to this area).
- c) **Once one of these ties reaches its OTC the allocation is stopped and the remaining capacity will be split between the remaining ties in the same fashion as in (b) above.**
- d) The final split should be checked through deliverability assessment and further adjustments may be done in order to minimize the required new transmission to achieve the policy-driven goal.

Step (5c) may be inconsistent with the premise behind Step (5b). It would seem that an allocation of the remaining capacity across the remaining ties (as is proposed for Step 5c) would only be justified if the CAISO could demonstrate that the flow that is identified in Step (5c) is feasible. If that assumption is not valid (i.e., the power flows in the same manner as Step (5b) resulting in additional MWs flowing on the Operational Transfer Capability OTC-limited tie), then the allocation should stop, and transmission upgrades would be required on the OTC-limited tie before a further allocation of capacity to any of the ties (as proposed in Step (5c)).

Note that if the transmission upgrades change the electrical characteristics of the interties involved, Step (5b) should be repeated before assigning a new expanded MIC since the power flow split may change considerably.

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

**Clarity is needed on CAISO's intent with gradually making expanded MIC available.** Specifically, PG&E would like more clarity on the statement of Page 17 of the Final Draft Proposal that states:

“If the TPP deliverability studies indicate that no further network upgrades are needed to support the target expanded MIC value on a particular intertie, then the ISO will make the expanded MIC quantity available to the LSEs gradually between 2012 and 2020.”

PG&E would like the CAISO to clarify: (1) why a gradual expansion approach is needed, and (2) how will the CAISO determine the schedule of release of expanded MIC.