

Stakeholder Comments Template

Subject: Regional Resource Adequacy Initiative

Submitted by	Company	Date Submitted
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This template has been created for submission of stakeholder comments on the Draft Regional Framework Proposal for the Regional Resource Adequacy initiative that was posted on December 1, 2016. Upon completion of this template, please submit it to initiativecomments@caiso.com. Submissions are requested by close of business on **January 11, 2017**.

Please provide feedback on the Regional RA Draft Regional Framework Proposal below.

The ISO is especially interested in receiving feedback that indicates if your organization supports particular aspects of the proposal. Alternatively, if your organization does not support particular aspects of the proposal, please indicate why your organization does not support those aspects.

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Thank you for the opportunity to comment on CAISO staff's *Regional Resource Adequacy Regional Framework Proposal, Dec. 1, 2016* (Framework). Public Power Council (PPC) represents consumer-owned electric utilities in the Pacific Northwest that are preference power customers of the Bonneville Power Administration (BPA). Many of BPA's preference customers are located within PacifiCorp's balancing authority area both east and west of the Cascades (PPC members). Our interest is in preserving the ability of BPA's preference customers to receive reliable power service from BPA and to continue to realize the value of their power purchases. PPC incorporates by reference into these comments its previous joint and individual comments on the CAISO's Regional Resource Adequacy (RRA) straw proposals.<sup>1</sup> PPC objects to aspects of the Framework proposal as set forth in those comments but wishes to address one aspect in particular at this juncture.

In regard to the process and rules for allocating Maximum Import Capability (MIC) in the RRA process, the CAISO's Framework proposal does not propose any changes to its previous straw proposals. Framework, p. 33. PPC appreciates CAISO staff's clarification of the operation of its tariff. *Id.*, p. 33-34.

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<sup>1</sup> All of the following were submitted in regard to RRA: PPC Comments on the Revised Straw Proposal, May 4, 2016; PPC Comments on the Second Revised Straw Proposal, June 15, 2016; PPC, NRU & WPAG Joint Comments on the Third Revised Straw Proposal, Oct. 27, 2016.

The clarification, however, does not address the fundamental issues raised by PPC and others. The problem lies in the application of the current CAISO tariff's RRA provisions to loads that are forcibly included in the CAISO, are dependent largely or wholly on long-standing, long-term imports from outside the CAISO, and are located inside constrained areas of PacifiCorp's transmission system. The CAISO implicitly concludes that PPC members' existing transmission rights (ETCs) and power supply arrangements will be protected and that ETCs or Pre-RA Commitments will ensure sufficient MIC allocations. These conclusions are erroneous as they ignore the facts at hand.

As we have previously discussed in our comments, PacifiCorp proposes to abrogate all OATT contracts that it executed with its transmission customers. The CAISO appears to wholly acquiesce to this plan. See CAISO, *PacifiCorp Contract Conversion Discussion Paper*, June 2, 2016. Thus, there would be no ETCs for the CAISO to honor in the MIC allocation process. Although we believe abrogation is unlawful,<sup>2</sup> it is inappropriate for the CAISO to ignore the effect that abrogation would have on PPC members. Because abrogation would deprive PPC members of ETCs, the CAISO tariff provides no protection to PPC members through operation of its ETC provisions. The CAISO, of course, could easily remedy this by grandfathering and honoring with roll over all transmission arrangements in effect on January 1, 2017.

The other source of protection identified by the CAISO would be to qualify the imported power supply to PPC members as Pre-RA Commitments. *Id.*, p. 33. Assuming that the power supply contracts do qualify, however, these Pre-RA Commitments must then compete for MIC against all other Pre-RA Commitments at each of the many constrained intertie points and other constrained paths inside PacifiCorp's transmission system. We previously noted to the CAISO that we have every reason to expect that PacifiCorp will also claim Pre-RA Commitments for its loads on these interties and that those asserted commitments, combined with PPC's members' Pre-RA Commitments, will exceed the MIC at some system locations. PPC has already made these points to the CAISO and demonstrated that it is not a hypothetical concern. PacifiCorp has already attempted to deny BPA rights to use the AMPS line to serve its loads despite the fact that the line was used for decades to serve those loads and BPA had a right to transmission service using the line. See e.g., BPA Complaint, FERC Docket No. EL15-13, Oct. 30, 2014. PacifiCorp's basis for that attempted denial was that it needed the AMPS line to serve loads. It asserted that BPA's need for transmission on the path could not be accommodated. *Id.*

In a resulting *pro rata* allocation, PPC's members will not receive a sufficient MIC allocation to count all of their long-term imports towards their RRA requirements. See particularly, *Joint Comments of PPC, Northwest Requirements Utilities and Western Public Agencies Group*, Oct. 27, 2016, p. 2-4. The CAISO's Pre-RA Commitment clarification assumes that, so long as the amount of MIC allocated sums to a load's forecasted needs, *regardless of which flowgates the MIC is on*, the MIC allocation will be sufficient for the load. This is incorrect because PPC members can only access imports on certain flowgates. Given the location of the generation and amounts of energy used to serve PPC members' loads under their existing contracts and the constrained nature of PacifiCorp's system, the inability to obtain MIC on certain in-demand flowgates is likely to be decisive as RIC at those points is likely to be non-existent. In other words, the current MIC allocation provisions in the CAISO tariff do not provide protections for PPC members' loads inside PacifiCorp's transmission system. The CAISO tariff provisions in fact would damage the economic value of those existing power supply contracts, increase costs to utilities and harm their consumers.

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<sup>2</sup> See Federal Power Act, sections 217 and 218.

“[T]he [CA]ISO commits to monitor the MIC process as the [CA]ISO and stakeholders gain experience with these proposed refinements in an expanded footprint and will reevaluate the need for further MIC refinements in the future.” p. 33. This is no solution for PPC members. Monitoring does not provide a clear path to redressing the immediate injury the CAISO tariff would inflict and certainly provides no assurance that any solution would be forthcoming. We believe that the problem can and should be addressed now. The CAISO should work now with the affected customers to develop tariff-based solutions to avoid a result that is not just or reasonable and is unduly discriminatory.

These and the other issues raised by PPC remain unresolved. As this is the case, the CAISO should not determine the Framework proposal to be “close to final” with the intention of closing off conversations with customers and stakeholders.