



March 10, 2014

Steve Berberich
California ISO
250 Outcropping Way
Folsom, CA 95630

RE: MIC Values from IID to the CAISO

Dear Steve,

As you recall, in 2011, several stakeholders including the Imperial Irrigation District (IID), CAISO and CPUC identified potential issues with the way the Maximum Import Capability (MIC) was calculated between the IID Balancing Area Authority to the CAISO Balancing Area Authority. Through changing the CAISO Reliability Business Practice Manual, by developing a forward looking MIC calculation methodology, and associated work with the California Public Utilities Commission that resulted in the Assigned Commissioner Ruling (ACR) of Commissioner Ferron on July 7, 2011. In that ACR, the Maximum Import Capability from the IID Balancing Area Authority to the CAISO was determined to be 1,400 MW consistent with resource development projections in IID. The ACR specifically stated it would be unreasonable for CPUC jurisdictional load serving entities to assume less than the 1,400 MW of MIC for procurement calculation purposes.

Since the 2012 transmission planning report (2011-2012 TPP), CAISO has been including a Maximum Import Capability (MIC) value table showing Maximum Import Capability from IID to CAISO for the ten year planning horizon. This MIC value table has been used by load serving entity (LSE) procurement staff in RFO bid evaluations for IID projects and are using it to assign Resource Adequacy values to IID projects. Project lenders also use the MIC value table in their project evaluation. As such, this MIC value table is of paramount importance to projects in IID, LSE procurement staff, and project lenders for successful completion of renewable projects in IID service territory.

This year, in 2013-2014 Transmission Plans, CAISO has indicated zero deliverability of IID projects to CAISO and deleted the MIC value table, citing issues such as SONGS retirement and de-rates of a 230 kV line in San Diego service territory.

In Section 3.2.2, Page 196 of the 2013-2014 ISO Transmission Plan, it is stated as *“With SONGS retired and the new Suncrest-Sycamore 230 kV emergency line ratings, no renewable generation can be accommodated in the Imperial zone until considering the reliability mitigations being proposed in this transmission plan”*. Further clarifications are warranted in this section of the report that the deliverability analysis presented in this plan is relevant only to the year 2023. However, the way the section is written, it is easy to reach an erroneous conclusion that all deliverability out of the IID service was lost upon the retirement of SONGS and de-rates of Suncrest-Sycamore 230 kV transmission line.

The major issue with 2013-2014 Transmission Plans is how IID project deliverability is characterized, as it is important to the commercial viability of the resources in the Imperial Valley that are seeking Power Purchase Agreements and are currently in negotiations for 2013 RFO bids. It is stakeholders' understanding that CAISO is committed to honoring the MIC values through its annual TPP. As SONGs retirement is a new development, several transmission projects that affect the future targeted MIC values for the IID/CAISO branch groups have already been considered and proposed for approval by CAISO.

We are concerned CAISO with the underlying policy assumptions that are determining the allocation of deliverability between the IID Balancing Authority and other balancing authorities out of state, and believe further public discussion is in order regarding these policy assumptions which appear to unfairly allocate the reduction in MIC capacity to IID alone, while preserving the MIC allocation to out of state balancing authorities. This implicit policy decision fails to recognize or respect the economic and environmental value of strategically important renewable resources available from IID.

In the light of above discussion, and the need for public discussion and stakeholder input, we strongly recommend that CAISO make no modifications to MIC values from IID to the CAISO at this time, and the MIC values presented in the past CASIO transmission plans should remain in effect, pending further analysis and public discussion. We hope and expect that these issues should be more clearly stated in the final 2013-2014 TPP provided to the CAISO Board for possible approval in the next Board meeting.

Sincerely,



V. John White
Executive Director

CC: Karen Edson
Ashutosh Bhagwat
Robert Foster
Angelina Galiteva
Richard Maullin
David Olsen