

**SDG&E Comments on the  
CAISO’s September 27, 2019 Draft Final Proposal Paper:  
“Deliverability Assessment Methodology Revisions”**

<b>Submitted by</b>	<b>Organization</b>	<b>Date Submitted</b>
<i>Habibou Maiga</i>	<i>SDG&amp;E</i>	<i>October 18, 2019</i>

**Introduction**

SDG&E continues to support CAISO’s revisions of the on-peak deliverability assessment to test the ability of intermittent resources to deliver power during peak demand conditions that have shifted later in the day. These changes include studying output levels of renewable resources and their associated network upgrades during two critical summer scenarios when the likelihood of capacity shortage is high: the “Highest System Need Scenario” (i.e. HE18-HE22) and the “Secondary System Need Scenario” (i.e. HE15-HE17).

SDG&E also supports the modeling revisions of the off-peak deliverability assessment in the interconnection studies that aim to identify potential curtailment risks. However, SDG&E continues to believe that the treatment of network upgrades identified in the off-peak deliverability assessment should be further discussed with all stakeholders. In that regard, SDG&E offers questions in the following comments that will help stakeholders develop a better understanding of the CAISO’s proposal.

**Off-peak Deliverability Status (OPDS)**

As part of the off-peak deliverability assessment revisions, the CAISO proposes that new Interconnection Customers (ICs) have the option to elect a new OPDS status. If elected, those ICs would be required to fund reimbursable local network upgrades needed to reduce curtailment risks and would be able to self-schedule in the CAISO markets. All existing generators in the CAISO Queue, except energy only generators, will automatically be granted OPDS status. The CAISO offers the following arguments on why the reimbursement of off-peak deliverability upgrades may lead to upgrades in the ratepayer’s interest:

- *“The cost being reimbursable is a strong incentive for generators to elect OPDS and up-front fund inexpensive local upgrades.*
- *Such upgrades, due to low cost and only moving forward together with generation development, are expected to improve the market efficiency and benefit the ratepayers.*
- *Procurement processes take into account the cost of identified upgrades in their selection process of renewable generation contracts, so the combined cost of the resource and the upgrades are considered and the transmission costs are only triggered if they are in the ratepayer’s interest.”*

SDG&E agrees with the CAISO that the interconnection process should encourage the siting of new generation projects in good locations to minimize congestion and curtailment issues. The revised off-peak deliverability assessment will provide good indications if an IC's new Project will run into curtailment risks or increase the curtailment of existing generators in a certain area. SDG&E would appreciate if the proposal could clarify:

- How should stakeholders rationalize scheduling priority differences between incumbent generators and new generators?
- Given the current high level of renewable procurement and SB100 timeline, is there an urgency to accelerate more renewable integration by expediting changes such as an OPDS status today?
- For the off-peak deliverability assessment, what would be considered "*local inexpensive upgrades*"?
- How does the CAISO intend to derive the reimbursement cap for these upgrades?
- Can the CAISO provide more details to explain how local off-peak deliverability upgrades "*...are expected to improve the market efficiency and benefit the ratepayers.*"?

Finally, although the procurement processes consider the cost of identified upgrades in their selection process of renewable generation contracts, SDG&E believes it is the CAISO's role to determine if transmission upgrades can provide benefits to consumers. Using only the generation procurement process to determine which transmission upgrades are in customers' best interest can potentially lead to inefficient transmission expansion decisions since it considers the benefits of transmission only from the standpoint of each individual procurement decision, not from the collective impact of all procurement decisions. The CAISO's TPP is the place to make transmission expansion decisions that have benefits for a broad expanse of customers. SDG&E understands that this is a key reason the CAISO revised its transmission planning process several years ago such that interconnecting generators were not always obligated to fund major transmission upgrades; i.e., the CAISO's TPP could find those upgrades beneficial overall and fund the costs through the TPP process, not the generation interconnection process.

## **Conclusion**

For the aforementioned reasons, SDG&E recommends that the CAISO's presentation to the CAISO Board in November include the modeling revisions related to the on-peak and off-peak deliverability assessments, and that refinements related to the reimbursement of network upgrades identified in the off-peak deliverability assessment and the new OPDS classification be further considered and vetted prior to inclusion.