

Stakeholder Comments Template

**Resource Transitions**

*Resource Adequacy Deliverability Assessment  
for Resources Transitioning  
from Outside to Inside the ISO Balancing Authority Area*

Submitted by	Company	Date Submitted
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Sempra Generation appreciates this opportunity to provide comments on the Resource Transitions Straw Proposal issued by the CAISO on March 24, 2011. Sempra Generation believes that the Straw Proposal is on the right track, in that it proposes to adopt the “Option 3” approach to grant permanent delivery status for capacity associated with historically demonstrated imports during RA import delivery assessment hours. In the comments below, Sempra Generation seeks certain clarifications regarding the Straw Proposal.

- **Timing of the “Lookback” for Historically Demonstrated Imports**

The Straw Proposal provides that, in order to determine the amount of the resource’s capacity to which deliverability will be assigned, the CAISO will conduct an assessment of historical deliveries based on (1) tags and metered output data, or (2) if tags are not available or clear, the power purchase agreement and metered output data. The Straw Proposal further provides that the amount of energy delivered by the resource into the CAISO grid during the deliverability hours used to establish RA deliverability will determine the amount of the resource’s capacity that qualifies for deliverability status.

The CAISO should clarify the timing of the two-year historical “lookback” that establishes the resource’s capacity that qualifies for deliverability status. Based on the Straw Proposal, it is unclear when this historical review would occur. That is, it could occur at the point in time when the boundary has actually changed (i.e., when the physical change to the existing balancing authority area (BAA) has been completed), or it could occur at the point in time when the boundary change has been initiated (i.e., with the submittal of the request initiating the boundary change process).

The CAISO should confirm that the two-year historical review period will occur as of the date when the boundary change process is initiated. The fundamental concept of deliverability is based on the premise that a given resource's *early* deliveries (i.e., deliveries that occurred before those from other resources that began deliveries at a later point in time) establish that given resource's deliverability. Waiting until the point in time when the boundary change has actually been implemented – such as when any physical changes have been put into place to change the resource's BAA – would likely lead to a less accurate assessment of the resource's deliverability. More importantly, any physical changes that may need to occur would in large part be outside of the resource's control, and – even if relatively minor – could take some time to complete. As such, it would be appropriate for the “lookback” to be triggered as of the date when the boundary change process is initiated, such as with the submittal of the request that results in the boundary change.

- **Resource Transition Eligibility Requirements**

The Straw Proposal provides that it applies to reconfiguration of existing substations at the BAA boundary, which can result from: (a) a change of ownership of buses or bays, (b) a change of BAA designations of buses or bays, or (c) the addition of buses or bays. The Straw Proposal goes on to note that “small reconfigurations to existing transmission lines are allowed since they may be required in order to physically change the existing BAA boundary, as long as they have an insignificant effect on the system impedance and they effectively do not change the flow patterns from the existing ISO boundary towards the main ISO system.”

Sempra Generation agrees with the CAISO that “small” reconfigurations to existing transmission lines in order to effectuate a BAA boundary change should be permissible, with the caveat that such changes have an “insignificant effect on the system impedance and effectively do not change the flow patterns from the existing CAISO boundary towards the main CAISO system.” In fact, such insignificant effect on system impedance and lack of change in flow patterns should define what is considered to be a “small” reconfiguration. Moreover, Sempra Generation agrees that, where resources make a BAA change by means of “new interconnections or new substations” and thereby cause a significant effect on system impedance and change in flow patterns, it would be inappropriate for such resources to be eligible for the resource transition benefits.

However, the Straw Proposal did not articulate any basis, rational or otherwise, for distinguishing between the permissible “small” reconfigurations (which may include “the addition of buses or bays”) required to accomplish a BAA change, and the impermissible “new interconnections or new substations” that would lead to the same result. The benefits of resource transition should be afforded in both cases, so long as the CAISO's stated criteria are met (i.e., any physical changes must have an “insignificant effect on system impedance and effectively do not change the flow patterns from the existing CAISO boundary towards the main CAISO system”). Otherwise, by denying the resource transition benefits in such a case, the CAISO would run the risk of a party asserting that the CAISO is arbitrarily discriminating among similarly-situated customers.

Taking a “case-by-case” approach for such resources would be inappropriate as well. There would be no reason to subject a resource to such discrimination and the open-ended delays that would likely be associated with a case-by-case approach if the physical changes necessitated by the resource’s move into the BAA otherwise met the CAISO’s above-stated criteria.

Accordingly, the Straw Proposal must be clarified to provide that new interconnections that result in changes that have an insignificant effect on the system impedance and effectively do not change the flow patterns from the existing CAISO boundary towards the main CAISO system will qualify for the resource transition benefits.