



Stakeholder Comments Template

Maximum Import Capability Stabilization and Multi-year Allocation

This template has been created for submission of stakeholder comments on the Maximum import capability stabilization and multi-year allocation issue paper that was published on December 2, 2019. The paper, stakeholder meeting presentation, and other information related to this initiative may be found on the initiative webpage at: <http://www.caiso.com/StakeholderProcesses/Maximum-import-capability-stabilization-multi-year-allocation>.

Upon completion of this template, please submit it to regionaltransmission@caiso.com. Submissions are requested by close of business on **December 24, 2019**.

Submitted by	Organization	Date Submitted
Andrew Meditz (916) 732-6124 Martha Helak (916) 732-5071 Bill Her (916) 732-6395	Sacramento Municipal Utility District (SMUD)	12/24/2019

Please provide your organization's comments on the following issues and questions.

The Sacramento Municipal Utility District (SMUD) provides the following comments on the CAISO's Maximum Import Capability (MIC) Stabilization and Multi-year Allocation Issue Paper, dated December 2, 2019 (Issue Paper). SMUD currently participates in the Energy Imbalance Market (EIM) and is an active participant in the CAISO's day-ahead and real-time markets over the interties. SMUD has an interest in this initiative as we look for potential opportunities to participate as a supplier in the CAISO Resource Adequacy (RA) market in the future.

1. Maximum Import Capability Stabilization

Please provide your organization's feedback on the maximum import capability stabilization topic as described in section 2.1. Please explain your rationale and include examples if applicable.

SMUD supports the CAISO's effort to update its MIC allocation to maximize the import supply potential. The current MIC allocation methodology is too restrictive, as it focuses on historical usage and may underestimate the potential MIC on certain interties and it is of too short of duration (discussed further in #2, below).

As a general matter, the MIC criteria should find a balance between ensuring the reliable deliveries of supply over the interties while providing for some reasonable degree of flexibility, including allowing for exceptions based on changed circumstances. In addition, import capability fluctuates monthly, and the CAISO's use of days where peak load was at least 90% of the annual system peak load overlooks shoulder seasons where more import RA may be available. SMUD recommends the CAISO develop a seasonal (or more granular) MIC that provides more flexibility.

Please indicate any analysis and data review that your organization believes would be helpful to review on the maximum import capability stabilization topic. Please provide details and explain your rationale for the type of data and analysis that you suggest.

2. Available Import Capability Multi-year Assignment Process

Please provide your organization's feedback on the available import capability multi-year assignment process topic as described in section 2.2. Please explain your rationale and include examples if applicable.

Providing for a multi-year MIC allocation is logical because this would more likely stimulate long term investment in resources and it aligns with the CPUC's three-year RA contracting process. Moreover, for resources which may have been taken off-line (e.g., economic "lay up"), the costs of bringing the facility back into the market may require a longer-term financial commitment than just one year.

Furthermore, with a transition to a three-year MIC allocation, for efficiency, we recommend that the CAISO require an annual renomination by the LSE of its intent to use the allocated MIC capacity -- or some other mechanism to ensure the MIC is actually being utilized. Otherwise, there could be needed, but unused, MIC (for example, if a RA contract with a specific LSE expires/terminates or the RA requirement for the applicable LSE changes).

Please indicate any analysis and data review that your organization believes would be helpful to review on the available import capability multi-year assignment process topic. Please provide details and explain your rationale for the type of data and analysis that you suggest.

Additional comments

Please offer any other feedback your organization would like to provide on the Maximum import capability stabilization and multi-year allocation issue paper.

The Issue Paper highlights a MIC auction mechanism as an important component of the RA market, but the CAISO has decided to defer this for a later time. While we understand that there are added complexities and challenges with implementing an auction within a short time-frame, delaying the auction mechanism could limit the effectiveness of the CAISO's MIC proposal. SMUD supports an auction, or some other transparent

mechanism, to ensure available MIC can be identified and purchased or otherwise exchanged among LSEs. This becomes even more important under a three-year MIC allocation, as it would provide a way for an LSE that does not need the entire MIC allocation for the full three-year term to release any surplus for purchase or exchange with another LSE. This would likely avoid the loss of critical RA import supply and benefit the overall reliability of the grid.