



## 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 revised straw proposal that was published on March 12, 2020. 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](mailto:regionaltransmission@caiso.com). Submissions are requested by close of business on **April 2, 2020**.

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)	April 2, 2020

*The Sacramento Municipal Utility District (SMUD) provides the following comments on the CAISO's Maximum Import Capability (MIC) Stabilization and Multi-Year Allocation Revised Straw Proposal, dated March 12, 2020 (Revised Straw Proposal). SMUD currently participates in the Energy Imbalance Market (EIM) and is an active participant in the CAISO's day-ahead and real-time markets. SMUD has an interest in this initiative as we look for potential opportunities to participate as an import intertie supplier in the CAISO Resource Adequacy (RA) market in the future.*

**Please provide your organization's overall position on the Maximum Import Capability and Multi-year Allocation revised straw proposal:**

- Support
- Support w/ caveats
- Oppose
- Oppose w/ caveats
- No position

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

### 1. Maximum Import Capability Stabilization

Please provide your organization's feedback on the maximum import capability stabilization topic as described in section 4.1. Please explain your rationale and include examples if applicable.

*Given the balance needed between the commercial RA construct and reliability of the CAISO grid, SMUD appreciates the CAISO's efforts to refine and improve the MIC stabilization process. This proposal is an improvement over the current structure.*

*As SMUD has commented before in this initiative, SMUD believes using historical measurements of imports exclusively, on which to base MIC, unreasonably restricts the MIC allocation. The past is not always a good indication of the future, and the CAISO should provide for flexibility to account for changed circumstances that may arise in the future. Providing ways to increase MIC will only improve the RA market.*

*Regarding the option to use the entire physical intertie capacity to establish MIC, it is unclear how this approach would "negatively impact all CAISO ratepayers" (see page 17 of the Revised Straw Proposal). The CAISO's stated goal for this initiative is to stimulate use of, and investment in, import RA resources. If external resources are cheaper and more reliable than internal resources, this would benefit ratepayers. Accordingly, this initiative should create flexible mechanisms to encourage investment in external RA resources, respecting of course reliability of the grid. California has a looming shortfall of capacity, which the CPUC has worked to shore up with its 3,300 MW RA procurement mandate from November 2019 (R.16-02-007). However, this CPUC measure is just one of various paths needed to ensure there is adequate RA available for California LSEs. Basing MIC on physical intertie capacity is more consistent with the CAISO's stated goal to increase import RA as opposed to simply using a MIC calculation based on historical usage or other measurement of import activity.*

### 2. Available Import Capability Multi-Year Allocation Process

Please provide your organization's feedback on the available import capability multi-year allocation process topic as described in section 4.2. Please explain your rationale and include examples if applicable.

*Of the two alternatives, Alternative 1 is preferable, given the lack of a transparent market/auction for transacting MIC allocation.*

*The CAISO has decided to not address a MIC allocation market/auction mechanism in this initiative, instead deferring it to a future time. Alternative 1 provides needed certainty for LSEs to invest in long term import RA contracts. Alternative 1 respects RA contracts and will not leave a contract stranded because of load migration and re-allocation of MIC.*

*While SMUD supports Alternative 1 given the current proposal, Alternative 2 would be the better option if an efficient market/auction process existed to transact MIC allocations. Currently, without a transparent and efficient market process to buy/sell MIC allocation (and which requires LSEs release unneeded MIC allocation), it is difficult for LSEs to acquire MIC allocation. Since Alternative 2 relies on load migration, this leaves the LSE to manage their RA portfolio against risks of load shifting with LSEs. It may be difficult for an LSE to sell part of their RA contracts or acquire additional MIC allocation from other LSEs, and will likely discourage investments in external RA contracts.*

*Regarding the proposal to lock in MIC allocations with pseudo tie, resource specific dynamic schedules or other resource specific system resources, SMUD does not take a position at this time. We only note that the CPUC proceeding addressing import RA could determine aspects of this issue and the CAISO would have to change directions to stay consistent with the CPUC.*

#### **Additional comments**

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