



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. Submissions are requested by close of business on **April 2, 2019**.

Submitted by	Organization	Date Submitted
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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.

The Six Cities do not support the CAISO's proposal to continue to use a historical methodology for establishing MIC as proposed in Section 4.1 of the Revised Straw Proposal. Please refer to the Six Cities' additional comments below.

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.

As stated in their prior comments, the Six Cities support the proposal for multi-year allocation of MIC, agree that allowing load-serving entities using MIC for import resource adequacy ("RA") resources to retain their allocated MIC over a multi-year period will achieve stability, and agree that it is reasonable to conclude that such stability will help facilitate longer-duration RA contracts. The Six Cities also support the CAISO's proposal to continue allocating MIC to load-serving entities ("LSEs"), to defer consideration of an auction proposal, and to provide transparency by making available public information related to LSE holders of MIC and locked MIC amounts and expiration by branch group.

Of the two alternatives included in the Revised Straw Proposal for the Step 5 allocations of remaining import capability, the Six Cities support Alternative 1. Under this approach, LSEs that enter into RA contracts on a long-term basis may continue to rely on those contracts, even if deviations in load subsequently occur. In general, the Six Cities support the concept of LSEs having the ability to lock in MIC allocations for a reasonable period of time. To address load migration, the Six Cities do not oppose permitting LSEs to transfer MIC allocations to another LSE in conjunction with assignment of an RA contract, but it would be impractical for the CAISO to impose this as a requirement.

With respect to the CAISO's proposal to require that new contracts used to lock in MIC allocations should be associated only with pseudo-tied resources, resource-specific dynamically scheduled system resources, or other resource-specific system resources, (see Revised Straw Proposal at 20), the Six Cities note that issues relating to eligibility for import resources to provide RA to LSEs within the CAISO are pending in the RA Enhancements initiative. The requirements for MIC eligibility should match – and should not be either more or less stringent than – the requirements applicable to import RA resources in the RA Enhancements initiative.

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.

The Six Cities continue to urge the CAISO to expand the availability of MIC beyond the currently-effective limitations based on historical energy schedules. As discussed below, the limited discussion in the Revised Straw Proposal does not justify continuing to limit the availability of MIC based on historical energy schedules during peak periods. To the contrary, the information provided in the Revised Straw Proposal supports expansion

of MIC availability or, alternatively, elimination of the requirement for RA imports to demonstrate a supporting MIC allowance.

The currently-effective approach of basing MIC availability on historical energy schedules for imports is inherently circular and precludes adaptation to changing grid and market conditions. As the Revised Straw Proposal recognizes at page 2, historical import schedules have been affected by market conditions and resource limitations that will not necessarily be applicable in future periods. Moreover, basing MIC availability on historical schedules for energy ignores the fact that the sole purpose for MIC allowances is to assess deliverability for RA capacity from resources external to the CAISO grid. Limiting MIC availability to historical energy imports both ignores and impedes the potential development of capacity resources outside the CAISO Balancing Authority Area (“BAA”) that could be committed to meet CAISO BAA load.

In response to previous suggestions by the Six Cities and other stakeholders that MIC availability be based on the physical capabilities of interties rather than historical energy schedules, the Revised Straw Proposal observes at page 17 that “the total of physical capability of each intertie totals about 44,400 MW and the highest net import the CAISO has ever seen is around 12,500 MW.” The magnitude of the differential between intertie transfer capability and the highest level of historical import schedules does nothing to justify the limitation of MIC allowances to historical energy schedules. To the contrary, the amount of headroom in unused intertie transfer capability compels the conclusion that limiting MIC allowances to historical energy schedules is unduly restrictive.

The Revised Straw Proposal expresses the CAISO’s view that “maintaining unused deliverability on interties would be to the detriment of new internal resources inside the CAISO (connected close to the same nodes where imports are scheduled).” But the converse is more compelling: maintaining unused deliverability for potential new internal resources precludes the use of available capacity resources external to the CAISO BAA (both existing and potential) for RA purposes and unreasonably discriminates against external RA resources. Given the nearly 32,000 MW differential between total intertie transfer capability and maximum historical schedules, there is a great deal of room to substantially increase MIC allowances without unreasonably impairing deliverability for potential new internal resources. This is particularly the case if the CAISO requires MIC allowances to be locked in through demonstration of capacity contracts, an element of the Revised Straw Proposal that the Six Cities support.

In fact, the magnitude of the differential between total intertie transfer capability and historical maximum energy schedules supports the conclusion that MIC limitations and allowances are unnecessary and simply could be eliminated without any significant risk to reliability. If CAISO LSEs had the ability to enter into RA contracts with external, physical capacity resources for delivery at specified interties without having to pre-establish a MIC allowance, such RA commitments would be included in RA showings and would be subject to evaluation in the CAISO’s portfolio sufficiency analysis. If the portfolio sufficiency test identified impediments to deliverability of the external RA capacity under specified system conditions, then the CAISO could address the impact of any such deliverability concerns through the collective deficiency process. This approach also would be more consistent than the current MIC construct with the CAISO’s objective of

minimizing differences in treatment between internal and external resources for RA purposes.

The assessment of import RA deliverability under the portfolio sufficiency analysis should respect Transmission Ownership Rights (“TORs”), Existing Transmission Contracts (“ETCs”), and delivery requirements for pre-RA grandfathered capacity contracts, as occurs now in the MIC process. To the extent the portfolio sufficiency analysis identifies impediments to delivery of any non-grandfathered import RA resources under some conditions, the CAISO as a first step should work with the contracting parties for the affected resources to identify any viable work-around (*e.g.*, evaluating the possibility of modifying the delivery point for an affected resource to a less crowded intertie Scheduling Point). If a work-around is not feasible, then necessary derating of import RA showings should occur on a last-in/first-out basis, and additional capacity necessary to address the impact of the derating should be treated as a collective deficiency. To enable LSEs to avoid contracting for new RA import capacity at Scheduling Points at risk of being over-loaded, the CAISO should post on a monthly basis the total RA import capacity identified with each Scheduling Point and the anticipated transfer capability for that Scheduling Point. Finally, to the extent specific Scheduling Points are unable to support desired RA imports to a significant degree, in terms of magnitude and persistence of deliverability impediments, the CAISO should consider transmission upgrades as part of the Transmission Planning Process.