



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 second revised straw proposal that was published on May 21, 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 **June 11, 2020**.

Submitted by	Organization	Date Submitted
Brad Van Cleve 503-318-5035	Valley Electric Association (VEA)	June 11, 2020

Please provide your organization's overall position on the Maximum Import Capability and Multi-year Allocation second 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 5.1. (Please indicate Support, Support with caveats, Oppose, or Oppose with caveats)

VEA supports the CAISO's maximum import capability stabilization proposal.

Please provide additional details to explain your organization's position and include supporting examples if applicable:

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 5.2. (Please indicate Support, Support with caveats, Oppose, or Oppose with caveats)

VEA support the import capability multi-year allocation proposal with caveats.

Please provide additional details to explain your organization's position and include supporting examples if applicable:

As VEA noted in its comments on the Revised Straw Proposal, VEA has a 20-year contract for the purchase of unbundled energy, System RA Capacity and Flexible RA Capacity, which is delivered at the Mead intertie for the life of the contract. The contract requires the supplier to identify the specific resource or resources providing System RA Capacity and Flexible RA Capacity each year prior to the annual RA Plan submission date. Therefore, the supplier can change the specified RA resource, but not the delivery point each RA year.

VEA requests that the CAISO confirm that a contract that provides for delivery of a specified resource at a fixed point of delivery qualifies as a multi-year contract for purposes of locking up 75% of an LSE's MIC allocation at the branch group level, even though the supplier is not required to specify the RA resource until the time that annual RA plans must be submitted. VEA believes this type of contract meets the policy goals of the MIC multi-year allocation proposal, because it provides for a long-term RA resource delivered at a single branch group delivery point, while providing the supplier the ability to use different, but specifically identified, RA Resources at the time of the annual showing each year. As a result of being resource specific, the actual RA product is just as firm as a contract that identifies a specific resource for a longer term. Given this firmness, it would be discriminatory to treat such a contract differently.

For these reasons, VEA requests that the multiyear MIC allocation and locking rules permit the use of long-term contracts that provide for the identification of specific RA resources on an annual basis at the time annual RA plans are due, provided that the point of delivery does not change. In recent years, the bilateral market for RA capacity has seen minimal liquidity. As a result, it is important to allow for source flexibility in long-term contracts to encourage liquidity in long-term RA markets.

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 CAISO stated in the Second Revised Straw Proposal that it is “willing to explore other viable alternatives through this on-going stakeholder process for RA year 2022 implementation along with the multi-year MIC allocation effort.”¹

VEA raised a number of issues in its comments on the Revised Straw Proposal that were not addressed in the Second Revised Straw Proposal. VEA encourages the CAISO to consider the following proposals for future implementation in this on-going stakeholder process:

- 1. The CAISO should create a process for obtaining full capacity deliverability of dynamically scheduled RA resources that are outside the CAISO, especially if they are carbon free resources. Since a dynamically scheduled resource is effectively within the CAISO Balancing Area Authority, it should have the same right to request study as fully deliverable as other generating resources within the CAISO and avoid the need for a MIC allocation. This would allow California to avoid artificially limiting the import of carbon free resources due to MIC limitations.**
- 2. The CAISO should implement a mechanism to provide for MIC allocations at intertie points that are used on an intermittent basis to import power into the CAISO. VEA has interconnections with Western Area Power Administration (WAPA) at Amargosa Substation and Mead Substation and with NV Energy at Northwest Substation and Mercury Substation. The CAISO should study whether RA Capacity can be imported at Amargosa and Mercury, as well as whether MIC import capacity at Mead can be increased.**
- 3. The CAISO should implement a forward-looking mechanism to account for changes in operations and new generation and transmission facilities to predict future import capacity, rather than simply looking at historic imports over a five-year period. The CAISO also should consider the resource plans of VEA and other small LSEs who are not represented within the TPP portfolios to mitigate the adverse impacts of its reverse looking MIC allocation methodology.**

¹ Second Revised Straw Proposal at 22.