

## CalCCA Comments on Proposed Agnews RMR

### **There is no basis in the CAISO tariff to designate Agnews as Local RMR compared to System RMR**

While the CAISO study of need for Agnews is not in contention, the designation of Agnews as RMR for local reliability needs is. The CAISO presentation on this matter states:

While it is possible for this resource to also be needed from a system wide perspective (depending on 2022 NQC values, amount and technology of new resources and magnitude of RA imports), the CAISO considers the already established local capacity requirement to supersede any other requirement and therefore the RMR designation (and its cost allocation) will be assigned as “local”.<sup>1</sup> (emphasis added)

However, it is not evident that the CAISO tariff indicates that the local capacity need supersedes any other requirement. Indeed, section 41.3, Reliability Studies and Determination of RMR Status, states:

In addition to the Local Capacity Technical Study under 40.3.1, the CAISO may perform additional technical studies, as necessary, to ensure compliance with Reliability Criteria<sup>2</sup>

Likewise, section 40.3.1 does not provide any language that the need for local area capacity will supersede a need other than local area capacity.

### **The CAISO has previously demonstrated a need for System RMR in the designation of Midway Sunset and Kingsburg**

In its Board briefing that was also transmitted to the FERC, the CAISO noted that there was a system deficiency of capacity under a 15% PRM in the month of September exceeding 1,000 MWs.<sup>3</sup> With the sum of the Kingsburg and Midway Sunset designations representing less than 300 MWs, this system deficiency is still present at the time of the proposed RMR designation for Agnews.

While there is no disagreement that there is a local area need for Agnews, it is clear that the CAISO also has a system need for the same resource and even absent the San Jose area need would designate the resource as RMR for system needs.

### **It is appropriate to allocate costs in a manner that reflects benefits received**

The costs for local RMR are allocated to all LSE's serving load in the TAC area in which the local area is located. The costs for system RMR are allocated to all LSEs in all TAC areas since the resource serves needs across the entire system.

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<sup>1</sup> <http://www.caiso.com/Documents/PresentationPotentialReliabilityMustRunDesignationAgnewsPowerPlant-May182021.pdf> at 7

<sup>2</sup> CAISO tariff section 41.3

<sup>3</sup> <http://www.caiso.com/Documents/Apr9-2021-InformationalReport-ProposedNewRegulatoryMustRun-RMR-Kingsburg-ER19-1641.pdf> Table 2 at 8

In the case of Agnews, it is inappropriate to allocate costs only to LSEs in the local area as all customers will benefit from the reliability to the system afforded by the RMR.

**Conclusion**

For all of the reasons above, the CAISO should designate Agnews as RMR for system reliability needs and allocate costs to all customers that benefit from such provision.