

**Comments of the California Wind Energy Association on the
CAISO Straw Proposal on Deliverability of Resource Adequacy Capacity on Interties**

April 20, 2011

The California Wind Energy Association (CalWEA) appreciates the opportunity to comment on the California ISO (CAISO) Straw Proposal on Deliverability of Resource Adequacy Capacity on Interties dated April 6, 2011. Several CalWEA members are operating or developing renewable resources in neighboring BAs and are very interested in attaining full deliverability status for imports into the CAISO BA so that their California LSE off-takers can claim the RA capacity credit for them. The areas of particular interest to our members are interties to IID, Arizona, Southern and Northern Nevada and the Pacific Northwest.

From the straw proposal and the ensuing presentation on April 13, 2011, it appears to us that the only mechanism and condition under which the Maximum Import Capability (MIC) and, as a result, the Remaining Import Capability (RIC) on an intertie would be expanded beyond the current historically calculated value is if and when renewable resource development in the external BA across from that intertie is determined to be desirable on policy level, presumably by the California Public Utilities Commission (CPUC).¹ We shall refer to imports from such resources as policy-driven imports. We assume that the declaration of a policy-driven import would be made in at least one of the CPUC-developed renewable resource development portfolios – please clarify if this assumption is incorrect. Furthermore, we understand that policy-driven imports across an intertie will establish newly expanded Target MIC/RIC values for that intertie and the CAISO will perform a standard deliverability assessment for the Target MIC/RIC for the intertie to identify any policy-based transmission expansion necessary to achieve the Target MIC/RIC values. These transmission upgrades, once approved by the CAISO Board of Governors and constructed, will allow the Target MIC/RIC to be established for the intertie and then allocated to the LSEs according to CAISO Tariff Section 40.4.6.1. Finally, we understand that, if CAISO determines that no transmission upgrades are needed, the Target MIC/RIC will be assigned to the intertie upon the completion of the CAISO deliverability assessment. However, if a need for transmission upgrades is identified, the Target MIC/RIC will not be assigned by the CAISO until all identified upgrades are in service. The wait time for such an outcome is likely to be several years away, more if greater permitting complexities are associated with the identified upgrade.

Unfortunately, given the conservative methodology that CAISO uses for its deliverability assessments, we believe that it is likely that expanding the MIC/RIC values on any intertie to their target levels will trigger transmission upgrades. Hence, we believe the expansion of the MIC/RIC on all existing interties can be several years away. We, therefore, recommend that the CAISO slightly modify its straw approach, based on the approach presented below, to allow for some interim expansion of MIC/RIC while the identified transmission expansion necessary to allow Target MIC/RIC levels is going through its planning and development processes.

¹ Of course the RIC for an intertie can increase due to expiration/reduction in ETC rights or expiration/reduction in Pre-RA Import Commitments

CalWEA Proposal to Modify CAISO Straw Proposal:

CalWEA recommends that the CAISO use a three-step process for processing the MIC/RIC expansion for an intertie.

- **Step 1:** Identify and study the highest MIC/RIC value that could be accommodated on the intertie based on the available transmission capacities in the system. This maximum import value, if greater than zero, would then be added to the historically calculated MIC/RIC for that intertie. The approach to implement this step is essentially the same method that the CAISO recently adopted for its partial deliverability analysis for transition cluster Phase II projects as presented in the CAISO Technical Bulletin on the same topic on August 30, 2010 (<http://www.aiso.com/2802/2802860e49b50.pdf>).
- **Step 2:** Implement temporary operational measures (including SPS) that can be expeditiously accomplished in the interim to expand the MIC/RIC on an intertie towards their target values. We believe this interim solution would be most applicable for those conditions when deliverability for the Target MIC/RIC values cannot be reached under the N-2 study condition. We understand the expanded MIC/RIC would be in place as soon as the interim and temporary measures have been implemented.
- **Step 3:** This step is essentially the CAISO straw proposal which involves upgrading transmission to attain the Target MIC/RIC values.

Fundamental Overhaul of the Current Historical Approach for MIC/RIC Calculation:

CalWEA recommends that the CAISO consider fundamentally addressing the underlying reasons that have caused the calculation of MIC/RIC to be conducted based on historical schedules. It may be more economical and more expeditious to identify and deploy solutions that partially or fully eliminate the simultaneous import limits into the CAISO footprint so that the maximum import capabilities on interties more closely track with their OTC limits. While we are not confident that reasonable cost solutions exist for this purpose, we believe that such an analysis is warranted as the outcome might still be less onerous than one which would involve expanding the grid to allow all policy imports to attain deliverability. Finally, it is critical that the CAISO update all the simultaneous import limits into the entire or parts of the CAISO footprint by accounting for all the major transmission upgrades have been recently deployed or are under development in California.

Expanding MIC/RIC across Interties with No Identified Policy-Driven Imports

The process of identifying policy-driven imports from an external BA can be somewhat arbitrary and unclear causing this process to fail particularly in those cases where significant development activities are taking place in an external BA but no policy-driven import is assigned to that BA. CalWEA recommends that the CAISO consider defining the circumstances for expanding MIC/RIC on certain interties that may not be carrying policy-driven imports.