January 19, 2022

The Honorable Kimberly D. Bose
Secretary
Federal Energy Regulatory Commission
888 First Street, NE
Washington, DC 20426

Re: California Independent System Operator Corporation
Docket No. ER22-_____-000

Maximum Import Capability Allocation Process Enhancements

Dear Secretary Bose:

The California Independent System Operator Corporation (CAISO) submits this tariff amendment[1] to (1) allow market participants to submit maximum import capability (MIC) expansion requests into the transmission planning process and (2) refine the available import capability allocation process to prioritize requests for unassigned available import capacity to entities with existing resource adequacy (RA) contracts. This tariff amendment also includes minor modifications and clarifications regarding the CAISO's 13-step import allocation process, to describe more accurately the existing processes for posting import allocation data.

The proposed tariff amendments create an opportunity for market participants to request an increase in maximum import capability on an intertie via the transmission planning process above historically observed levels. The CAISO will study properly submitted requests to increase maximum import capability in the transmission planning process by determining whether the existing transmission system can accommodate the requested increase on specific interties into the balancing authority area. If transmission capacity exists, the CAISO will increase the total maximum import capability for the relevant intertie. This will enhance market participants' ability to use existing transmission capacity to support resource adequacy imports.[2]

[1] The CAISO submits this filing pursuant to section 205 of the Federal Power Act (FPA), 16 U.S.C. § 824d. References to specific sections, articles, and appendices are references to sections, articles, and appendices in the current CAISO tariff and as revised or proposed in this filing, unless otherwise indicated.

[2] Notably, the maximum import capability expansion requests will not serve as an independent basis to justify CAISO transmission infrastructure expansion. The CAISO will continue to identify the need for any transmission infrastructure expansion based on current tariff-defined processes to meet reliability, economic, policy or other requirements.

In this filing, the CAISO also seeks to modify step 13 of the CAISO's existing import allocation process, which allocates unassigned available import capability on the interties. The tariff amendments would prioritize requests from load serving entities with existing resource adequacy contracts that do not receive full import allocation through the prior steps in the import allocation process.

The CAISO respectfully requests the Commission issue an order by March 21, 2022 accepting the proposed tariff revisions effective concurrently.

I. Background

A. The California's Resource Adequacy Program and the Role of Import Resources

The CAISO's RA program, which the CAISO administers jointly with the California Public Utilities Commission (CPUC) and other local regulatory authorities in the CAISO balancing authority area, seeks to secure sufficient capacity when and where needed to support the safe and reliable operation of the CAISO grid.

The CAISO's RA program requires load serving entities (through scheduling coordinators) to file annual and monthly resource adequacy plans detailing the resources they will rely on to satisfy demand and any applicable reserve margin requirements. Resources shown on the RA plans must be deliverable to load to meet RA requirements. The CAISO conducts a deliverability assessment to ensure that all fully and partially deliverable internal resources, along with the established maximum import capability, can serve the aggregate of load.[3] Although deliverability for internal resources is owned by each resource, the CAISO assigns deliverability of imports, or maximum import capability every year to load serving entities.[4]

The Available Import Capability assignment process determines the maximum import capability for each Intertie into the CAISO Balancing Authority Area. The CAISO then allocates Available Import Capability on the Interties to load serving entities. For an import to satisfy a load serving entity's RA requirements, the load serving entity must have an import capability allocation at the import Scheduling Point that is greater than or equal to the Resource Adequacy Capacity provided by the import resource.[5]

3 CAISO tariff, section 40.4.6.1.

4 CAISO tariff, section 40.4.6.2.

5 CAISO tariff, section 40.8.1.12.

B. Establishing Maximum Import Capability

The CAISO begins its annual available import capability assignment process by establishing the Maximum Import Capability on Interties into the CAISO Balancing Authority Area.[6] As part of this process, the CAISO calculates Available Import Capability for each Intertie using historical import schedule data during high load periods for the two years (of the last five) with the highest imports.[7] The CAISO selects the sample hours from these years by identifying the two hours (on different days) in the two years with the highest total import level when peak load was at least 90 percent of the annual system peak load.[8] The CAISO then adds these scheduled net import values for each intertie with unused existing transmission contract rights and transmission ownership rights, averaged over the four selected historical hours, to determine the Available Import Capability for resource adequacy purposes.[9]

The CAISO's calculation of Maximum Import Capability at its Interties serves as a basis to establish Available Import Capability for resource adequacy purposes. The data reflects feasible real-time schedules under N-1 secure operating conditions. Because the CAISO uses actual schedules, the CAISO's approach demonstrates not only that import capability is simultaneously feasible, but also that physical resources exist, are available, and have scheduled their output to serve load within the CAISO's balancing authority. The CAISO notes, however, that changes in transmission capability and system conditions occurring subsequent to the CAISO's calculation can change actual import capability levels.

On a prospective basis, if necessary, the CAISO increases maximum import capability at specific interties to meet state and federal policy goals.[10] Currently, there is no opportunity for market participants to request an increase in the maximum import capability. The CAISO ensures through deliverability studies that both the increased maximum import capability and internal generation are deliverable to the aggregate of load. If necessary to meet identified policy requirements, the CAISO approves

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6 *See generally* CAISO tariff, section 40.4.6.2. The CAISO tariff defines maximum import capability as "a quantity in MW determined by the CAISO for each Intertie into the CAISO Balancing Authority Area to be deliverable to the CAISO Balancing Authority Area based on CAISO study criteria." *See* Appendix A to the CAISO tariff.

7 CAISO Business Practice Manual for Reliability Requirements at 67-69 https://bpmcm.caiso.com/Pages/BPMDetails.aspx?BPM=Reliability%20Requirements. For Resource Adequacy year 2020 and prior years, the CAISO's calculation used only the two preceding years to establish Maximum Import Capability.

8 *Id.*

9 *Id.* The CAISO tariff defines available import capability as "the Maximum Import Capability of an Intertie into the CAISO Balancing Authority Area in MW deliverable to the CAISO Balancing Authority Area based on CAISO study criteria minus the sum in MW of all Existing Contracts and Transmission Ownership Rights over that Intertie held by load serving entities that do not serve Load within the CAISO Balancing Authority Area." *See* Appendix A to the CAISO tariff.

10 CAISO BPM for Reliability Requirements, Section 6.1.3.5.

transmission upgrades through the Transmission Planning Process (TPP).

C. The CAISO's Existing Available Import Capability Assignment Process

After establishing the Maximum Import Capability for each Intertie into the CAISO Balancing Authority Area, the CAISO conducts a 13-step process to allocate the Available Import Capability to load serving entities. The CAISO then subtracts any import capability associated with existing contracts and transmission ownership rights held by load serving entities not serving load in the CAISO Balancing Authority Area.[11]

Next, the CAISO reserves available import capability for existing contract and transmission ownership rights held by load serving entities serving load within the CAISO to establish total import capability.[12] From the remaining amount, the CAISO then assigns available import capability to load serving entities based on pre-RA import commitments and new use import commitments, respectively.[13] The CAISO then assigns the remaining import capability[14] to load serving entities based on Load Share Quantity.

The CAISO provides available import capability allocations annually for the subsequent RA year. Load serving entities can retain import capability at the intertie level based on existing contracts, transmission ownership rights, pre-RA import commitments, and new use import commitments, to the extent the Maximum Import Capability is available, for the duration of the associated contract. Load serving entities receiving an import allocation based on remaining import capability can obtain a priority on a multi-year bases for import capability at the intertie level for import capacity procured under a multi-year contract.

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11 CAISO tariff, Section 40.4.6.2.1, Step 2.

12 CAISO tariff, Section 40.4.6.2.1, Step 3.

13 CAISO tariff, Section 40.4.6.2.1, Step 4. CAISO tariff Appendix A defines "Pre-RA Import Commitment" as "Any power purchase agreement, ownership interest, or other commercial arrangement entered into on or before March 10, 2006, by a Load Serving Entity serving Load in the CAISO Balancing Authority Area for the procurement of Energy or capacity from a resource or resources located outside the CAISO Balancing Authority Area. The Pre-RA Import Commitment shall be deemed to terminate upon the expiration of the initial term of the Pre-RA Import Commitment, notwithstanding any "evergreen" or other renewal provision exercisable at the option of the Load Serving Entity. Notwithstanding the above, a contract for delivery entered under Schedule A or B of 43 USC § 619a is a Pre-RA Import Commitment, the term of which does not expire with the expiration of any contractual arrangements entered into to implement such entitlements."

14 CAISO tariff Appendix A defines "Remaining Import Capability" as "The quantity in MW of Total Import Capability assigned to a Load Serving Entity up to its Load Share Quantity after the assignment of Existing Contract Import Capability and Pre-RA Import Commitment Capability."

The CAISO provides detailed information regarding bilateral import capability transfers on its website.[15] This information provides the Commission updated data to facilitate oversight of bilateral transfers of import capability.

II. Proposed Tariff Changes

A. Request to Increase Maximum Import Capability

As stated above, the CAISO's calculation of maximum import capability at its interties is the first step in establishing available import capability for resource adequacy purposes.[16] The CAISO establishes the maximum import capability based on actual historical import schedules, which demonstrate that import capability is feasible and that physical resources exist, are available, and have scheduled their output to serve load within the CAISO's balancing authority.

In addition, the CAISO can increase maximum import capability at specific interties if necessary to meet state and federal policy goals and physically feasible. The CAISO accommodates such increases in maximum import capability by first establishing target increased maximum import capability values for each intertie sufficient to support resource adequacy deliverability for resources included in the transmission planning process base case resource portfolio. The CAISO then conducts deliverability studies to assess whether the transmission system can support the target increased maximum import capability. If the CAISO's studies show there is sufficient transmission capacity available, the CAISO increases the maximum import capability available for allocation to the load serving entities.

This process allows the CAISO to increase the maximum import capability to accommodate the transmission planning process resource portfolios, but it does not provide market participants with a similar opportunity to request an increase of the maximum import capability on a specific intertie. The CAISO's proposed tariff amendments would explicitly allow market participants to request an increased maximum import capability under certain circumstances.

Specifically, the tariff amendments would allow market participants to request the CAISO study a maximum import capability increase through the transmission planning process if they have a vested interest in increased import capability on a on an intertie. Specifically, the proposed tariff amendments allow the following entities request an increase in maximum import capability:

(a) Load Serving Entities with existing Resource Adequacy import contracts not fully accounted for as Pre-RA Import Commitment or New Use Import

15 CAISO Tariff Section 40.4.6.2.2.2.

16 CAISO Tariff Section 40.4.6.2.1, Step 1.

Commitment during the relevant study year(s) of the request;
(b) Owners of new transmission projects connecting to the ISO grid from an external Balancing Authority Area or connecting into a neighboring Balancing Authority Area immediately adjacent to the CAISO Controlled Grid; or
(c) Other Market Participants demonstrating financial commitments for serving CAISO internal load.[17]

The CAISO will define the information to be provided to support a maximum import capability increase request in the business practice manual.

Allowing requests to increase maximum import capability will enable interested parties to use existing and planned transmission capability more efficiently to deliver additional resource adequacy imports. Limiting request submissions to market participants with a vested interest in increasing the import capability available for assignment ensures the CAISO will only have to conduct the studies for those interties that will be used to import additional resources. These entities have a unique interest in maximizing transmission system availability for imports, as they either serve CAISO load or own transmission that could be used to serve CAISO load.

For clarification, maximum import capability increase requests will not serve as an independent basis for transmission infrastructure expansion. The CAISO will continue to identify transmission infrastructure expansion needs through its tariff defined process, which includes identifying solutions necessary for reliability, policy, and economic purposes. The CAISO will study maximum import capability simply to determine whether transmission capacity exists on an intertie in excess of the historical flows that would otherwise establish the maximum import capability on the intertie.

B. Revisions to the Unassigned Available Import Capability Allocation Process

The CAISO proposes to modify the existing process for allocating unassigned available import capability on an intertie remaining after the first 12 steps of the import allocation process. The CAISO allocates unassigned available import capability during step 13 of the import allocation process based on requests received from load serving entities, participating generators, or system resources on a first-come-first-served basis. The CAISO proposes to change this process to give priority to load serving entities with existing resource adequacy contracts that did not receive an import allocation sufficient to provide full deliverability for the underlying resource adequacy contracts under the prior import allocation steps.

Under the proposed tariff modifications, such load serving entities will have first priority to any unassigned available import capability in step 13 over other requests received on the same day. If two or more load serving entities have eligible resource

[17] Proposed Tariff Section 24.3.5.

adequacy contracts that exceed the amount of resource adequacy import capability available on any given branch group after step 12, the available import capability will be split among the load serving entities in proportion to the eligible capacity portion of each load serving entities' applicable contract. The eligible capacity portion will be limited to the RA contract capacity not otherwise granted import allocation in prior steps of the import allocation process.

Table 1, below, provides an allocation example between two load serving entities with eligible contracts submitting an unassigned available import capability request on the same day for a branch group that does not have sufficient remaining unassigned available import capability to provide a full import allocation to both contracts.

Table 1
Step 13 Unassigned Available Import Capability Calculation

	Total Unassigned Available Import Capability on Branch Group	Eligible Contract MW	Unassigned Available Import Capability Allocation Proportion	Unassigned Available Import Capability Allocation
LSE 1	10	15	15/(15+5)=0.75	10*0.75=7.5
LSE 2		5	5/(15+5)=0.25	10*0.25=2.5

This prioritization will allow load serving entities to use unassigned available import capability more efficiently to deliver imports under contract that would otherwise qualify as resource adequacy capacity. Giving priority to load serving entities with import contracts scheduled on a particular branch group ensures that contracted resources and import capability are used efficiently to meet resource adequacy needs.

C. Additional Import Allocation Tariff Revisions

The CAISO proposes to delete existing tariff provisions requiring the CAISO to submit bilateral import capability transfers to the Commission on a quarterly basis. Instead, the CAISO will post this information to the CAISO website. The CAISO will post the bilateral import capability transfer data on at least a monthly basis.

The CAISO also proposes to delete tariff language requiring the CAISO to post information on its website regarding whether bilateral import capability transfers are related to existing contracts, pre-RA import commitments, new use import commitments, or remaining import capability. This tariff amendment is appropriate because tracking bilateral import capability transfers by type is unnecessary. The import capability categories are not commercially relevant. Instead, the tariff defined categories only help define when particular load serving entities are eligible for import allocation within the 13-step process. Once allocated to a load serving entity, the import capability category is no longer relevant for commercial purposes, because all import capability is fungible among load serving entities.

Finally, the CAISO proposes to delete tariff language that specifies the CAISO will not permit bilateral import capability transfer information received after the 20th calendar day of each month to be included in a load serving entity's resource adequacy plan in the same month. The existing language is unnecessary based on current monthly resource adequacy plan showing requirements. Monthly resource adequacy plans must be filed 45 days in advance of the month covered by the plan[18] and revisions must be submitted 30 days in advance.[19] Therefore, load serving entities cannot include a bilateral import capability transfer in resource adequacy plans for the same month as the transfer submission.

During the stakeholder process, the CAISO also proposed tariff amendments to Section 40.4.6.2.2.3 to update the CAISO website regularly with data regarding import capability holders, quantities, and import capability usage at the branch group level. These tariff amendments are not included with this filing. The CAISO will submit them to the Commission at a later date when the CAISO has systems in place to provide this additional data.

Stakeholders broadly supported these proposed revisions because they clarify how the CAISO will provide data regarding import capability information. The CAISO website will provide a central clearinghouse for all import capability information that all stakeholders can readily access.

III. Stakeholder Process

The stakeholder process that resulted in this filing included:

- An issue paper, followed by two draft straw proposals and a draft final proposal;
- Six stakeholder meetings and conference calls to discuss CAISO papers and the draft tariff revisions; and
- Six opportunities to submit comments on the CAISO proposals and draft tariff revisions.

CAISO management presented the proposals to the CAISO Board during its public meeting on November 3, 2021. The Board voted unanimously to authorize this filing.[20]

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18 CAISO Tariff Section 40.2.2.4(b).

19 CAISO Tariff Section 40.2.2.4(c).

20 Materials related to the Board's authorization to prepare and submit this filing are available on the CAISO website at http://www.caiso.com/informed/Pages/BoardCommittees/BoardGovernorsMeetings.aspx. The memorandum provided to the Board regarding the proposals in this filing is contained in Attachment C to this filing.

Stakeholders generally supported the CAISO's proposals as presented in this filing. Several parties submitted written or oral comments suggesting the CAISO consider additional maximum import capability tariff changes that are beyond the scope of this tariff amendment filing.

The CAISO's Department of Market Monitoring (DMM) recommended the CAISO modify the import capability allocation process to allocate any increased maximum import capability to entities requesting the increase. The CAISO explained it had considered and rejected this concept in prior stakeholder processes based on stakeholder feedback. Stakeholders supported continuing to allocate import capability based on the current process, which allocates import capability based on existing contracts and load share ratio. Retaining the current import allocation process also appropriately allows entities that pay for transmission—through the transmission access charge—to receive the benefits of that transmission.

DMM also recommended considering setting maximum import capability levels based on gross, rather than net, imports on a branch group. The CAISO explained that this could produce infeasible solutions because gross imports could exceed the branch group line ratings.

The Cities of Anaheim, Azusa, Banning, Colton, Pasadena, and Riverside, California (Six Cities) and a group of joint parties[21] recommended developing a process to enable entities to request to fund facilities studies and upgrades to support maximum import capability expansion. The CAISO indicated it would review potential options for such expansion requests in a subsequent stakeholder process.

IV. Effective Date

For the reasons discussed in this filing, the CAISO requests the Commission the Commission issue an order by March 21 accepting the proposed tariff provisions effective the same date.

V. Communications

In accordance with the Commission's regulations,[22] correspondence and other communications regarding this filing should be addressed to the following individuals, whose names should be placed on the official service list established by the Commission with respect to this filing:

21 Southwestern Power Group, Pattern Energy, and Valley Electric Association, Inc.
22 18 C.F.R. § 385.203(b).

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VI. Service

The CAISO has served copies of this filing on the CPUC, the California Energy Commission, and all parties with scheduling coordinator agreements under the CAISO tariff. In addition, the CAISO has posted a copy of the filing on the CAISO website.

VII. Contents of Filing

In addition to this transmittal letter, this filing includes the following attachments:

Attachment A	Clean CAISO tariff sheets for this tariff amendment;
Attachment B	Red-lined document showing the revisions contained in this tariff amendment;
Attachment C	Board of Governors Memorandum; and
Attachment D	Final draft proposal on this tariff amendment.

VIII. Conclusion

For the reasons set forth in this filing, the CAISO respectfully requests that the Commission issue an order by March 21, accepting the tariff revisions contained in this filing effective concurrently.

Respectfully submitted,

/s/ Jordan Pinjuv

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Attachment A – Clean Tariff

Maximum Import Capacity Allocation Process Enhancements

California Independent System Operator Corporation

January 19, 2022

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24.3 Transmission Planning Process Phase 1

Phase 1 consists of the development of the Unified Planning Assumptions and Study Plan.

24.3.1 Inputs to the Unified Planning Assumptions and Study Plan

The CAISO will develop Unified Planning Assumptions and a Study Plan using information and data from the approved Transmission Plan developed in the previous planning cycle. The CAISO will consider the following in the development of the Unified Planning Assumptions and Study Plan:

(a) WECC base cases, as may be modified for the relevant planning horizon;

(b) Transmission upgrades and additions approved by the CAISO in past Transmission Planning Process cycles, including upgrades and additions which the CAISO has determined address transmission needs in the comprehensive Transmission Plan developed in the previous planning cycle;

(c) Category 2 policy-driven transmission upgrades and additions from a prior planning cycle as described in Section 24.4.6.6;

(d) Location Constrained Resource Interconnection Facilities conditionally approved under Section 24.4.6.3;

(e) Network Upgrades identified pursuant to Section 25, Appendix U, Appendix V, Appendix Y or Appendix Z relating to the CAISO's Large Generator Interconnection Procedures and Appendices S and T relating to the CAISO's Small Generator Interconnection Procedures that were not otherwise included in the comprehensive Transmission Plan from the previous annual cycle;

(f) Operational solutions validated by the CAISO in the Local Capacity Technical Study under Section 40.3.1;

(g) Policy requirements and directives, as appropriate, including programs initiated by state, federal, municipal and county regulatory agencies;

(h) Energy Resource Areas or similar resource areas identified by Local Regulatory Authorities;

(i) Demand response programs that are proposed for inclusion in the base case or assumptions for the comprehensive Transmission Plan;

(j) Generation and other non-transmission alternatives that are proposed for inclusion in long-term planning studies as alternatives to transmission additions or upgrades;

(k) Beginning with the 2011/2012 planning cycle, Economic Planning Study requests submitted in comments on the draft Unified Planning Assumptions and Study;

(l) Planned facilities in interconnected Balancing Authority Areas;

(m) The most recent Annual Interregional Information provided by other Planning Regions; and

(o) Import Capability expansion requests submitted in comments on the draft Unified Planning Assumptions and Study.

24.3.2 Content of the Unified Planning Assumptions and Study Plan

The Unified Planning Assumptions and Study Plan shall, at a minimum, provide:

(a) The planning data and assumptions to be used in the Transmission Planning Process cycle, including, but not limited to, those related to Demand Forecasts and distribution, potential generation capacity additions and retirements, and transmission system modifications;

(b) A description of the computer models, methodology and other criteria used in each technical study performed in the Transmission Planning Process cycle;

(c) A list of each technical study to be performed in the Transmission Planning Process cycle and a summary of each technical study's objective or purpose;

(d) A description of significant modifications to the planning data and assumptions as allowed by Section 24.3.1(a) and consistent with Section 24.3.2;

(e) The identification of any entities directed to perform a particular technical study or portions of a technical study;

(f) A proposed schedule for all stakeholder meetings to be held as part of the Transmission Planning Process cycle and the means for notification of any changes thereto, the location on the CAISO Website of information relating to the technical studies performed

in the Transmission Planning Process cycle, and the name of a contact person at the CAISO for each technical study performed in the Transmission Planning Process cycle;

(g) To the maximum extent practicable, and where applicable, appropriate sensitivity analyses, including project or solution alternatives, to be performed as part of the technical studies;

(h) Descriptions of the High Priority Economic Planning Studies as determined by the CAISO under section 24.3.4.2; and

(i) Identification of state or federal, municipal or county requirements or directives that the CAISO will utilize, pursuant to Section 24.4.6.6, to identify policy-driven transmission solutions.

24.3.3 Stakeholder Input – Unified Planning Assumptions/Study Plan

(a) Beginning with the 2011/2012 planning cycle and in accordance with the schedule set forth in the Business Practice Manual, the CAISO will provide a comment period during which Market Participants, electric utility regulatory agencies and all other interested parties may submit the following proposals for consideration in the development of the draft Unified Planning Assumptions and Study Plan:

(i) Demand response programs for inclusion in the base case or assumptions;

(ii) Generation and other non-transmission alternatives, consistent with Section 24.3.2(a) proposed as alternatives to transmission solutions; and

(iii) State, municipal, county or federal policy requirements or directives.

(b) Following review of relevant information, including stakeholder comments submitted pursuant to Section 24.3.3(a), the CAISO will prepare and post on the CAISO Website a draft of the Unified Planning Assumptions and Study Plan. The CAISO will issue a Market Notice announcing the availability of such draft, soliciting comments, and scheduling a public conference(s) as required by Section 24.3.3(c);

(c) No less than one (1) week subsequent to the posting of the draft Unified Planning Assumptions and Study Plan, the CAISO will conduct a minimum of one (1) public meeting open to Market Participants, electric utility regulatory agencies, and other

interested parties to review, discuss, and recommend modifications to the draft Unified Planning Assumptions and Study Plan. Additional meetings, web conferences, or teleconferences may be scheduled as needed. All stakeholder meetings, web conferences, or teleconferences shall be noticed by Market Notice;

(d) Interested parties will be provided a minimum of two (2) weeks following the first public meeting to provide comments on the draft Unified Planning Assumptions and Study Plan. Such comments may include Economic Planning Study requests based on the comprehensive Transmission Plan from the prior cycle and Import Capability expansion study requests. All comments on the draft Unified Planning Assumptions and the Study Plan will be posted by the CAISO to the CAISO Website;

(e) Following the public conference(s), and under the schedule set forth in the Business Practice Manual, the CAISO will determine and publish to the CAISO Website the final Unified Planning Assumptions and Study Plan in accordance with the procedures set forth in the Business Practice Manual. The final Unified Planning Assumptions and Study Plan will include an explanation as to the public policy requirements or directives that were selected for consideration in the current planning cycle as well as the suggested public policy requirements and directives that were not selected for consideration and the reasons therefor. The CAISO will post the base cases to be used in the technical studies to its secured website as soon as possible after the final Unified Planning Assumptions and Study Plan have been published;

(f) A public policy requirement or directive selected for consideration in a transmission planning cycle will be carried over into subsequent transmission planning cycles unless the ISO determines that such public policy requirement or directive has been eliminated, modified, or is otherwise not applicable or relevant for transmission planning purposes in a current transmission planning cycle. The ISO will post on its website an explanation of any decision not to consider a previously identified public policy requirement or directive from consideration in the current transmission planning process cycle.

24.3.4 Economic Planning Studies

24.3.4.1 CAISO Assessment of Requests for Economic Planning Studies

Following the submittal of a request for an Economic Planning Study, the CAISO will determine whether the request shall be designated as a High Priority Economic Planning Study for consideration in the development of the comprehensive Transmission Plan. In making the determination, the CAISO will consider:

(a) Whether the requested Economic Planning Study seeks to assess Congestion not identified or identified and not mitigated by the CAISO in previous Transmission Planning Process cycles;

(b) Whether the requested Economic Planning Study addresses delivery of Generation from Location Constrained Resource Interconnection Generators or network transmission facilities intended to access Generation from an Energy Resource Area or similar resource area assigned a high priority by the CPUC or CEC;

(c) Whether the requested Economic Planning Study is intended to address Local Capacity Area Resource requirements;

(d) Whether resource and Demand information indicates that Congestion described in the Economic Planning Study request is projected to increase over the planning horizon used in the Transmission Planning Process and the magnitude of that Congestion; or

(e) Whether the Economic Planning Study is intended to encompass the upgrades necessary to integrate new generation resources or loads on an aggregated or regional basis.

24.3.4.2 Selection of High Priority Economic Planning Studies

In accordance with the schedule and procedures set forth in the Business Practice Manual, the CAISO will post to the CAISO Website the list of selected High Priority Economic Planning Studies to be included in the draft Unified Planning Assumptions and Study Plan. The CAISO may assess requests for Economic Planning Studies individually or in combination where such requests may have common or complementary effects on the CAISO Controlled Grid. As appropriate, the CAISO will perform requested High Priority Economic Planning Studies, up to five (5); however, the CAISO retains discretion to perform

more than five (5) High Priority Economic Planning Studies should stakeholder requests or patterns of Congestion or anticipated Congestion so warrant. Market Participants may, consistent with Section 24.3.1 and 24.3.2, conduct Economic Planning Studies that have not been designated as High Priority Economic Planning Studies at their own expense and may submit such studies for consideration in the development of the comprehensive Transmission Plan.

24.3.5 Import Capability Expansion Requests

The following Market Participants may submit an Import Capability expansion request pursuant to Section 24.3.3(d):

(a) Load Serving Entities with existing Resource Adequacy import contracts not fully accounted for as Pre-RA Import Commitment or New Use Import Commitment during the relevant study year(s) of the request;

(b) Owners of new transmission projects connecting to the ISO grid from an external Balancing Authority Area or connecting into a neighboring Balancing Authority Area immediately adjacent to the CAISO Controlled Grid; or

(c) Other Market Participants demonstrating financial commitments for serving CAISO internal load.

Import Capability expansion requests should provide the relevant information as defined in the Business Process Manual.

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40.4.6.2 Deliverability of Imports

40.4.6.2.1 Available Import Capability Assignment Process

For Resource Adequacy Plans, total Available Import Capability will be assigned on an annual basis for a one-year term to Scheduling Coordinators representing Load Serving Entities serving Load in the CAISO Balancing Authority Area and, in limited circumstances, to Scheduling Coordinators representing Participating Generators or System Resources, as described by the following sequence of steps.

Step 1: Determination of Maximum Import Capability on Interties into the CAISO Balancing

Authority Area: The CAISO shall establish the Maximum Import Capability for each Intertie into the CAISO Balancing Authority Area, and will post those values on the CAISO Website in accordance with the schedule and process set forth in the Business Practice Manual.

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Step 13: Requests for Balance of Year Unassigned Available Import Capability: To the extent total Available Import Capability remains unassigned as disclosed by Step 12, Scheduling Coordinators for Load Serving Entities, Participating Generators, or System Resources may notify the CAISO of a request for unassigned Available Import Capability on a specific Intertie on a per MW basis. Step 12 must be completed before a Scheduling Coordinator may submit a request under this step for any remaining unassigned Import Capability. Any requests received prior to the time stated in the Market Notice issued at the completion of Step 12 will not be honored by the CAISO. Each request must include the identity of Load Serving Entity, Participating Generator, or System Resource on whose behalf the request is made. The CAISO will accept only two (2) requests per calendar week from any Scheduling Coordinator on behalf of a single Load Serving Entity, Participating Generator, or System Resource.

Load Serving Entities with existing Resource Adequacy contracts that have not otherwise received Import Capability will receive priority over other requests received on the same day. The load serving entity will only receive priority on the branch group where the existing Resource Adequacy contract is scheduled. To receive priority, the Resource Adequacy contract cannot be fully utilized as a Pre-RA Commitment or a New Use Import Commitment. If the Resource Adequacy contract is not fully utilized as a Pre-RA Commitment or a New Use Import Commitment, then the portion of the Resource Adequacy contract that is not utilized as a Pre-RA Commitment or a New Use Import Commitment shall receive priority.

If two or more Load Serving Entities request an allocation that exceeds the amount of Available Import Capability remaining on any given branch group, the assignment will be split among each Load Serving Entity with a valid request based on the following formula:

(Total unassigned Available Import Capability at the branch group divided by the sum of capacity from eligible portions of applicable Resource Adequacy contracts with priority) multiplied by each Load Serving Entity's eligible Resource Adequacy contract amount.

After addressing any priority for requests associated with Resource Adequacy contracts, the CAISO will honor timely requests in priority of the time requests from Scheduling Coordinators were received until the Intertie is fully assigned and without regard to any Load Serving Entity's Load Share Quantity. Any honored request shall be for the remainder of the Resource Adequacy Compliance Year.

The CAISO shall provide an electronic means, either through the Import Capability Transfer Registration Process or otherwise, of notifying the Scheduling Coordinator of the time the request was deemed received by the CAISO and, within seven (7) days of receipt of the request, whether the request was honored. If a request made on behalf of a Load Serving Entity is honored, it shall be the responsibility of the Scheduling Coordinator and its Load Serving Entity to notify the CPUC or applicable Local Regulatory Authority of the acceptance of the request for unassigned Available Import Capability. If the request is not honored because the Intertie requested was fully assigned, the request will be deemed rejected and the Scheduling Coordinator, if it still seeks to obtain unassigned Available Import Capability, will be required to submit a new request for unassigned Available Import Capability on a different Intertie. The CAISO will update on its website the list of unassigned Available Import Capability by Intertie in accordance with the schedule set forth in the Business Practice Manual.

This multi-step process for assignment of Total Import Capability does not guarantee or result in any actual transmission service being assigned and is only used for determining the import capability that can be credited towards satisfying the Reserve Margin of a Load Serving Entity under this Section 40. Upon the request of the CAISO, Scheduling Coordinators must provide the CAISO with information on Pre-RA Import Commitments and New Use Import Commitments as well as any transfers or sales of assigned Total Import Capability.

40.4.6.2.2 Bilateral Import Capability Transfers and Registration Process

40.4.6.2.2.1 Eligibility Registration for Bilateral Import Capability Transfers

To be eligible to engage in any bilateral assignment, sale, or transfer of Remaining Import Capability under Step 8 of Section 40.4.6.2.1 or Section 40.4.6.2.2.2 or transfer of Existing Contract Import Capability, Pre-RA Import Commitment Capability and New Use Import Commitment Capability under Section 40.4.6.2.2.2, a Load Serving Entity or other Market Participant must provide the CAISO through the Import Capability Transfer Registration Process the following information:

(a) Name of the Load Serving Entity or Market Participant

(b) E-mail contact information

The CAISO will post to the CAISO Website the information received under this Section on a monthly basis in accordance with the schedule set forth in the Business Practice Manual. Any assignment, sale, or transfer of Existing Contract Import Capability, Pre-RA Import Commitment Capability, New Use Import Commitment Capability or Remaining Import Capability may only be made by or to a Load Serving Entity or Market Participant whose information received under this Section has been posted to the CAISO Website prior to the date of the assignment, sale, or transfer of the Existing Contract Import Capability, Pre-RA Import Commitment Capability, New Use Import Commitment Capability or Remaining Import Capability. It shall be the exclusive responsibility of the Scheduling Coordinator for the Load Serving Entity or Market Participant to ensure that the information posted to the CAISO Website under this Section is accurate and up to date.

40.4.6.2.2.2 Reporting Process for Bilateral Import Capability Transfers

This Section shall apply to all transfers of Existing Contract Import Capability, Pre-RA Import Commitment Capability, New Use Import Commitment Capability or Remaining Import Capability other than that provided for in Step 8 of Section 40.4.6.2.1. Any Load Serving Entity or other Market Participant that has obtained Existing Contract Import Capability, Pre-RA Import Commitment Capability, New Use Import Commitment Capability or Remaining Import Capability may assign, sell, or otherwise transfer such Existing Contract Import Capability, Pre-RA Import Commitment Capability, New Use Import Commitment Capability or Remaining Import Capability in MW increments rounded to two decimal places. The import capability subject to each transfer shall remain on the Intertie assigned pursuant to Section 40.4.6.2.1. The Scheduling Coordinator for the Load Serving Entity or Market Participant receiving the transferred Existing Contract Import Capability, Pre-RA Import Commitment Capability, New Use Import Commitment

Capability or Remaining Import Capability must report the transfer to the CAISO through the CAISO's Import Capability Transfer Registration Process by providing the following information:

(a) Identity of the counter-party(ies);

(b) The MW quantity;

(c) The Intertie on which the Existing Contract Import Capability, Pre-RA Import Commitment Capability, New Use Import Commitment Capability or Remaining Import Capability was assigned;

(d) Term of the transfer; and

(e) Price on a per MW basis.

The CAISO will promptly post to the CAISO Website the information on transfers received under this Section.

Attachment B – Tariff Redlines

Maximum Import Capacity Allocation Process Enhancements

California Independent System Operator Corporation

January 19, 2022

* * * * *

24.3 Transmission Planning Process Phase 1

Phase 1 consists of the development of the Unified Planning Assumptions and Study Plan.

24.3.1 Inputs to the Unified Planning Assumptions and Study Plan

The CAISO will develop Unified Planning Assumptions and a Study Plan using information and data from the approved Transmission Plan developed in the previous planning cycle. The CAISO will consider the following in the development of the Unified Planning Assumptions and Study Plan:

(a) WECC base cases, as may be modified for the relevant planning horizon;

(b) Transmission upgrades and additions approved by the CAISO in past Transmission Planning Process cycles, including upgrades and additions which the CAISO has determined address transmission needs in the comprehensive Transmission Plan developed in the previous planning cycle;

(c) Category 2 policy-driven transmission upgrades and additions from a prior planning cycle as described in Section 24.4.6.6;

(d) Location Constrained Resource Interconnection Facilities conditionally approved under Section 24.4.6.3;

(e) Network Upgrades identified pursuant to Section 25, Appendix U, Appendix V, Appendix Y or Appendix Z relating to the CAISO's Large Generator Interconnection Procedures and Appendices S and T relating to the CAISO's Small Generator Interconnection Procedures that were not otherwise included in the comprehensive Transmission Plan from the previous annual cycle;

(f) Operational solutions validated by the CAISO in the Local Capacity Technical Study under Section 40.3.1;

(g) Policy requirements and directives, as appropriate, including programs initiated by state, federal, municipal and county regulatory agencies;

(h) Energy Resource Areas or similar resource areas identified by Local Regulatory Authorities;

(i) Demand response programs that are proposed for inclusion in the base case or assumptions for the comprehensive Transmission Plan;

(j) Generation and other non-transmission alternatives that are proposed for inclusion in long-term planning studies as alternatives to transmission additions or upgrades;

(k) Beginning with the 2011/2012 planning cycle, Economic Planning Study requests submitted in comments on the draft Unified Planning Assumptions and Study;

(l) Planned facilities in interconnected Balancing Authority Areas; ~~and~~

(m) The most recent Annual Interregional Information provided by other Planning Regions; and

(o) Import Capability expansion requests submitted in comments on the draft Unified Planning Assumptions and Study.

24.3.2 Content of the Unified Planning Assumptions and Study Plan

The Unified Planning Assumptions and Study Plan shall, at a minimum, provide:

(a) The planning data and assumptions to be used in the Transmission Planning Process cycle, including, but not limited to, those related to Demand Forecasts and distribution, potential generation capacity additions and retirements, and transmission system modifications;

(b) A description of the computer models, methodology and other criteria used in each technical study performed in the Transmission Planning Process cycle;

(c) A list of each technical study to be performed in the Transmission Planning Process cycle and a summary of each technical study's objective or purpose;

(d) A description of significant modifications to the planning data and assumptions as allowed by Section 24.3.1(a) and consistent with Section 24.3.2;

(e) The identification of any entities directed to perform a particular technical study or portions of a technical study;

(f) A proposed schedule for all stakeholder meetings to be held as part of the Transmission Planning Process cycle and the means for notification of any changes thereto, the location on the CAISO Website of information relating to the technical studies performed

in the Transmission Planning Process cycle, and the name of a contact person at the CAISO for each technical study performed in the Transmission Planning Process cycle;

(g) To the maximum extent practicable, and where applicable, appropriate sensitivity analyses, including project or solution alternatives, to be performed as part of the technical studies;

(h) Descriptions of the High Priority Economic Planning Studies as determined by the CAISO under section 24.3.4.2; and

(i) Identification of state or federal, municipal or county requirements or directives that the CAISO will utilize, pursuant to Section 24.4.6.6, to identify policy-driven transmission solutions.

24.3.3 Stakeholder Input – Unified Planning Assumptions/Study Plan

(a) Beginning with the 2011/2012 planning cycle and in accordance with the schedule set forth in the Business Practice Manual, the CAISO will provide a comment period during which Market Participants, electric utility regulatory agencies and all other interested parties may submit the following proposals for consideration in the development of the draft Unified Planning Assumptions and Study Plan:

(i) Demand response programs for inclusion in the base case or assumptions;

(ii) Generation and other non-transmission alternatives, consistent with Section 24.3.2(a) proposed as alternatives to transmission solutions; and

(iii) State, municipal, county or federal policy requirements or directives.

(b) Following review of relevant information, including stakeholder comments submitted pursuant to Section 24.3.3(a), the CAISO will prepare and post on the CAISO Website a draft of the Unified Planning Assumptions and Study Plan. The CAISO will issue a Market Notice announcing the availability of such draft, soliciting comments, and scheduling a public conference(s) as required by Section 24.3.3(c);

(c) No less than one (1) week subsequent to the posting of the draft Unified Planning Assumptions and Study Plan, the CAISO will conduct a minimum of one (1) public meeting open to Market Participants, electric utility regulatory agencies, and other

interested parties to review, discuss, and recommend modifications to the draft Unified Planning Assumptions and Study Plan. Additional meetings, web conferences, or teleconferences may be scheduled as needed. All stakeholder meetings, web conferences, or teleconferences shall be noticed by Market Notice;

(d) Interested parties will be provided a minimum of two (2) weeks following the first public meeting to provide comments on the draft Unified Planning Assumptions and Study Plan. Such comments may include Economic Planning Study requests based on the comprehensive Transmission Plan from the prior cycle and Import Capability expansion study requests. All comments on the draft Unified Planning Assumptions and the Study Plan will be posted by the CAISO to the CAISO Website;

(e) Following the public conference(s), and under the schedule set forth in the Business Practice Manual, the CAISO will determine and publish to the CAISO Website the final Unified Planning Assumptions and Study Plan in accordance with the procedures set forth in the Business Practice Manual. The final Unified Planning Assumptions and Study Plan will include an explanation as to the public policy requirements or directives that were selected for consideration in the current planning cycle as well as the suggested public policy requirements and directives that were not selected for consideration and the reasons therefor. The CAISO will post the base cases to be used in the technical studies to its secured website as soon as possible after the final Unified Planning Assumptions and Study Plan have been published;

(f) A public policy requirement or directive selected for consideration in a transmission planning cycle will be carried over into subsequent transmission planning cycles unless the ISO determines that such public policy requirement or directive has been eliminated, modified, or is otherwise not applicable or relevant for transmission planning purposes in a current transmission planning cycle. The ISO will post on its website an explanation of any decision not to consider a previously identified public policy requirement or directive from consideration in the current transmission planning process cycle.

24.3.4 Economic Planning Studies

24.3.4.1 CAISO Assessment of Requests for Economic Planning Studies

Following the submittal of a request for an Economic Planning Study, the CAISO will determine whether the request shall be designated as a High Priority Economic Planning Study for consideration in the development of the comprehensive Transmission Plan. In making the determination, the CAISO will consider:

(a) Whether the requested Economic Planning Study seeks to assess Congestion not identified or identified and not mitigated by the CAISO in previous Transmission Planning Process cycles;

(b) Whether the requested Economic Planning Study addresses delivery of Generation from Location Constrained Resource Interconnection Generators or network transmission facilities intended to access Generation from an Energy Resource Area or similar resource area assigned a high priority by the CPUC or CEC;

(c) Whether the requested Economic Planning Study is intended to address Local Capacity Area Resource requirements;

(d) Whether resource and Demand information indicates that Congestion described in the Economic Planning Study request is projected to increase over the planning horizon used in the Transmission Planning Process and the magnitude of that Congestion; or

(e) Whether the Economic Planning Study is intended to encompass the upgrades necessary to integrate new generation resources or loads on an aggregated or regional basis.

24.3.4.2 Selection of High Priority Economic Planning Studies

In accordance with the schedule and procedures set forth in the Business Practice Manual, the CAISO will post to the CAISO Website the list of selected High Priority Economic Planning Studies to be included in the draft Unified Planning Assumptions and Study Plan. The CAISO may assess requests for Economic Planning Studies individually or in combination where such requests may have common or complementary effects on the CAISO Controlled Grid. As appropriate, the CAISO will perform requested High Priority Economic Planning Studies, up to five (5); however, the CAISO retains discretion to perform

more than five (5) High Priority Economic Planning Studies should stakeholder requests or patterns of Congestion or anticipated Congestion so warrant. Market Participants may, consistent with Section 24.3.1 and 24.3.2, conduct Economic Planning Studies that have not been designated as High Priority Economic Planning Studies at their own expense and may submit such studies for consideration in the development of the comprehensive Transmission Plan.

24.3.5 ~~[Not Used]~~Import Capability Expansion Requests

The following Market Participants may submit an Import Capability expansion request pursuant to Section 24.3.3(d):

(a) Load Serving Entities with existing Resource Adequacy import contracts not fully accounted for as Pre-RA Import Commitment or New Use Import Commitment during the relevant study year(s) of the request;

(b) Owners of new transmission projects connecting to the ISO grid from an external Balancing Authority Area or connecting into a neighboring Balancing Authority Area immediately adjacent to the CAISO Controlled Grid; or

(c) Other Market Participants demonstrating financial commitments for serving CAISO internal load.

Import Capability expansion requests should provide the relevant information as defined in the Business Process Manual.

* * * * *

40.4.6.2 Deliverability of Imports

40.4.6.2.1 Available Import Capability Assignment Process

For Resource Adequacy Plans, total Available Import Capability will be assigned on an annual basis for a one-year term to Scheduling Coordinators representing Load Serving Entities serving Load in the CAISO Balancing Authority Area and, in limited circumstances, to Scheduling Coordinators representing Participating Generators or System Resources, as described by the following sequence of steps.

Step 1: Determination of Maximum Import Capability on Interties into the CAISO Balancing

Authority Area: The CAISO shall establish the Maximum Import Capability for each Intertie into the CAISO Balancing Authority Area, and will post those values on the CAISO Website in accordance with the schedule and process set forth in the Business Practice Manual.

* * * * *

Step 13: Requests for Balance of Year Unassigned Available Import Capability: To the extent total Available Import Capability remains unassigned as disclosed by Step 12, Scheduling Coordinators for Load Serving Entities, Participating Generators, or System Resources may notify the CAISO of a request for unassigned Available Import Capability on a specific Intertie on a per MW basis. Step 12 must be completed before a Scheduling Coordinator may submit a request under this step for any remaining unassigned Import Capability. Any requests received prior to the time stated in the Market Notice issued at the completion of Step 12 will not be honored by the CAISO. Each request must include the identity of Load Serving Entity, Participating Generator, or System Resource on whose behalf the request is made. The CAISO will accept only two (2) requests per calendar week from any Scheduling Coordinator on behalf of a single Load Serving Entity, Participating Generator, or System Resource.

Load Serving Entities with existing Resource Adequacy contracts that have not otherwise received Import Capability will receive priority over other requests received on the same day. The load serving entity will only receive priority on the branch group where the existing Resource Adequacy contract is scheduled. To receive priority, the Resource Adequacy contract cannot be fully utilized as a Pre-RA Commitment or a New Use Import Commitment. If the Resource Adequacy contract is not fully utilized as a Pre-RA Commitment or a New Use Import Commitment, then the portion of the Resource Adequacy contract that is not utilized as a Pre-RA Commitment or a New Use Import Commitment shall receive priority.

If two or more Load Serving Entities request an allocations that exceeds the amount of Available Import Capability remaining on any given branch group, the assignment will be split among each Load Serving Entity with a valid request based on the following formula:

(Total unassigned Available Import Capability at the branch group divided by the sum of capacity from eligible portions of applicable Resource Adequacy contracts with priority) multiplied by each Load Serving Entity's eligible Resource Adequacy contract amount.

After addressing any priority for requests associated with Resource Adequacy contracts, ~~T~~the CAISO will honor timely requests in priority of the time requests from Scheduling Coordinators were received until the Intertie is fully assigned and without regard to any Load Serving Entity's Load Share Quantity. Any honored request shall be for the remainder of the Resource Adequacy Compliance Year.

The CAISO shall provide an electronic means, either through the Import Capability Transfer Registration Process or otherwise, of notifying the Scheduling Coordinator of the time the request was deemed received by the CAISO and, within seven (7) days of receipt of the request, whether the request was honored. If a request made on behalf of a Load Serving Entity is honored, it shall be the responsibility of the Scheduling Coordinator and its Load Serving Entity to notify the CPUC or applicable Local Regulatory Authority of the acceptance of the request for unassigned Available Import Capability. If the request is not honored because the Intertie requested was fully assigned, the request will be deemed rejected and the Scheduling Coordinator, if it still seeks to obtain unassigned Available Import Capability, will be required to submit a new request for unassigned Available Import Capability on a different Intertie. The CAISO will update on its website the list of unassigned Available Import Capability by Intertie in accordance with the schedule set forth in the Business Practice Manual.

This multi-step process for assignment of Total Import Capability does not guarantee or result in any actual transmission service being assigned and is only used for determining the import capability that can be credited towards satisfying the Reserve Margin of a Load Serving Entity under this Section 40. Upon the request of the CAISO, Scheduling Coordinators must provide the CAISO with information on Pre-RA Import Commitments and New Use Import Commitments as well as any transfers or sales of assigned Total Import Capability.

40.4.6.2.2 Bilateral Import Capability Transfers and Registration Process

40.4.6.2.2.1 Eligibility Registration for Bilateral Import Capability Transfers

To be eligible to engage in any bilateral assignment, sale, or transfer of Remaining Import Capability under Step 8 of Section 40.4.6.2.1 or Section 40.4.6.2.2.2 or transfer of Existing Contract Import Capability, Pre-RA Import Commitment Capability and New Use Import Commitment Capability under Section 40.4.6.2.2.2, a Load Serving Entity or other Market Participant must provide the CAISO through the Import Capability Transfer Registration Process the following information:

(a) Name of the Load Serving Entity or Market Participant

(b) E-mail contact information

The CAISO will post to the CAISO Website the information received under this Section on a monthly basis in accordance with the schedule set forth in the Business Practice Manual. Any assignment, sale, or transfer of Existing Contract Import Capability, Pre-RA Import Commitment Capability, New Use Import Commitment Capability or Remaining Import Capability may only be made by or to a Load Serving Entity or Market Participant whose information received under this Section has been posted to the CAISO Website prior to the date of the assignment, sale, or transfer of the Existing Contract Import Capability, Pre-RA Import Commitment Capability, New Use Import Commitment Capability or Remaining Import Capability. It shall be the exclusive responsibility of the Scheduling Coordinator for the Load Serving Entity or Market Participant to ensure that the information posted to the CAISO Website under this Section is accurate and up to date.

40.4.6.2.2.2 Reporting Process for Bilateral Import Capability Transfers

This Section shall apply to all transfers of Existing Contract Import Capability, Pre-RA Import Commitment Capability, New Use Import Commitment Capability or Remaining Import Capability other than that provided for in Step 8 of Section 40.4.6.2.1. Any Load Serving Entity or other Market Participant that has obtained Existing Contract Import Capability, Pre-RA Import Commitment Capability, New Use Import Commitment Capability or Remaining Import Capability may assign, sell, or otherwise transfer such Existing Contract Import Capability, Pre-RA Import Commitment Capability, New Use Import Commitment Capability or Remaining Import Capability in MW increments rounded to two decimal places. The import capability subject to each transfer shall remain on the Intertie assigned pursuant to Section 40.4.6.2.1. The Scheduling Coordinator for the Load Serving Entity or Market Participant receiving the transferred Existing Contract Import Capability, Pre-RA Import Commitment Capability, New Use Import Commitment

Capability or Remaining Import Capability must report the transfer to the CAISO through the CAISO's Import Capability Transfer Registration Process by providing the following information:

(a) Identity of the counter-party(ies);

(b) The MW quantity;

(c) The Intertie on which the Existing Contract Import Capability, Pre-RA Import Commitment Capability, New Use Import Commitment Capability or Remaining Import Capability was assigned;

(d) Term of the transfer; and

(e) Price on a per MW basis.~~; and~~

~~(f) Whether the import capability assignment being transferred is Existing Contract Import Capability, Pre-RA Import Commitment Capability, New Use Import Commitment Capability or Remaining Import Capability.~~

The CAISO will promptly post to the CAISO Website the information on transfers received under this Section~~ except for the information received pursuant to subpart (f) of this Section~~. ~~On a quarterly basis, the CAISO shall also report to FERC the transfer information received under this Section and Step 8 of Section 40.4.6.2.1. Transfer information received in accordance with this Section after the 20th calendar day of any month shall not be permitted to be included in the Load Serving Entity's Resource Adequacy Plan submitted in the same month as the transfer submission.~~

Attachment C – Board of Governors Memo

Maximum Import Capacity Allocation Process Enhancements

California Independent System Operator Corporation

January 19, 2022

Memorandum

To: ISO Board of Governors

From: Neil Millar, Vice President of Infrastructure and Operations Planning

Date: October 27, 2021

Re: **Decision on Maximum Import Capability Enhancements**

This memorandum requires Board action.

EXECUTIVE SUMMARY

Management proposes changes to the maximum import capability process in order to accommodate requests made and supported by an overwhelming majority of participating stakeholders.

The proposed changes to the process will: provide additional transparency regarding ownership of maximum import capability allocations and their usage (after the allocation process ends); improve the CPUC policy portfolio by adding non-CPUC jurisdictional load serving entities' contractual data; allow stakeholder to make maximum import capability expansion requests; improve step 13 of the allocation process by giving same day priority to existing contracts; and align the tariff and business process manual with current practice.

Management proposes the following motion:

> ***Moved, that the ISO Board of Governors approve the enhancements to the Maximum Import Capability process, as described in the memorandum dated October 27, 2021; and***
>
> ***Moved, that the ISO Board of Governors authorizes Management to make all necessary and appropriate filings with the Federal Energy Regulatory Commission to implement the proposed revisions, including any filings that implement the overarching initiative policy but contain discrete revisions to incorporate Commission guidance in any initial ruling on the proposed tariff amendment.***

DISCUSSION AND ANALYSIS

The ISO conducted a stakeholder process to solicit proposed enhancements to the maximum import capability process. The overwhelming majority of stakeholders supported the following enhancements: additional transparency improvements regarding ownership of maximum import capability allocations and their usage (after the allocation process ends); improving the CPUC policy portfolio by adding non-CPUC jurisdictional load serving entities' contractual data; allowing stakeholders to make maximum import capability expansion requests; improving step 13 of the allocation process by giving same day priority to an existing contract; and clarifications to the tariff and business process manual reflecting current practice.

Many other items were discussed during the stakeholder process, but these received divergent comments among stakeholder classes and also within the same class of stakeholders. As a result, Management does not propose to adopt any other process changes at this time. These items could be revisited in future years, especially if the proposed improvements do not yield the expected results.

Improved Transparency:

The ISO proposes to provide additional transparency by making data publically available through a web interface (or publishing) by first identifying the most-up-to-date owners of all maximum import capability allocations at the branch group level. This data will include: load serving entity name and ID; MW quantity of allocation by branch group; period (duration) of held allocations; MW quantity available for trade by branch group; and contact data (name, e-mail, phone number) for the load serving entities holding allocations. Second, the ISO will publish aggregate usage by branch group level after validation of each month ahead and year ahead resource adequacy showing. The aggregation will show three values: total overall resource adequacy showings for all ISO internal load serving entities; totals by each branch group; and their split by CPUC jurisdictional and non-CPUC jurisdictional load serving entities.

The proposed changes will facilitate transparency regarding ownership of maximum import capability allocations and their use in resource adequacy showings. The ISO believes this will increase all market participants' access to the trading of import capability and that in turn would result in more trades.

Inclusion of contractual data from non-CPUC jurisdictional load serving entities into the policy portfolio used for maximum import capability *expansion:*

The CPUC currently provides the ISO with policy portfolios to determine the transmission needs for policy driven transmission. These portfolios contain enough new resources to meet future needs of both CPUC as well as non-CPUC jurisdictional load serving entities. Because the portfolios are mainly driven by macroeconomic and renewable data to estimate future contractual development, they may not perfectly align with actual contracts signed by load serving entities, resulting in a disconnect between the portfolios studied in the transmission planning process and the resources procured under actual contracts.

This discrepancy is exacerbated for non-CPUC jurisdictional load serving entities because the CPUC does not have direct visibility into non-jurisdictional contractual arrangements and they are reluctant to make such data available directly to the CPUC.

Per non-CPUC jurisdictional requests, the ISO will facilitate a process to collect the relevant non-CPUC jurisdictional information and provide it to the CPUC to inform the CPUC's portfolios. The ISO will collect resource data from resource adequacy contracts that are not already publically available every year in the list of existing transmission contracts, transmission ownership rights, pre-resource adequacy import commitments and new use import commitments.

The ISO will continue to work with the CPUC and all the non-CPUC jurisdictional load serving entities in order to assure the CPUC receives the data in a useful format for its policy portfolio needs from those non-CPUC jurisdictional load serving entities willing to share. The agreed upon format needs to minimize the confidentiality concerns of all involved parties.

Maximum Import Capability expansion requests:

The ISO proposes to allow individual load serving entities and other stakeholders to request an increase in the maximum import capability at any given branch group to support resource adequacy import contracts.

In order to limit the amount of studies and queued requests seeking maximum import capability expansion, only requests by stakeholders with legitimate reasons and financial commitments towards serving ISO internal load will be considered.

The ISO will coordinate maximum import capability expansion requests with the policy portfolio assessments, which may result in expansion for all branch groups that do not have enough remaining import capability to cover the stakeholder requests along with the policy portfolio expansion requirements. To determine whether an expansion request can be accommodated, the ISO will conduct a deliverability study with the requested expansion. If the transmission system can accommodate the additional request, the ISO will expand the maximum import capability accordingly.

The request to study a potential maximum import capability increase does not convey the requestor any special rights to any potential expansion during market scheduling, market operation or during the annual allocation process. All expansions requests that can be accommodated will be allocated to ISO internal load serving entities based on the tariff approved methodology.

After the ISO completes its deliverability studies on the expansion requests, it will increase the available maximum import capability if and when deliverability is available. The same way internal generation can have "interim deliverability" status, import deliverability can be increased temporarily on certain branch groups before other higher queued resources become operational.

In addition, the ISO may evaluate whether to approve transmission system upgrades required to make these expansion requests deliverable. However, to approve any such transmission system upgrade, the ISO must determine it is either economic and/or required to meet other reliability or policy reasons as currently authorized by the ISO tariff. Maximum import capability expansion requests submitted by stakeholders, as a sole need, cannot justify new transmission expansion paid by all ratepayers.

If studies show that deliverability is not available, and the ISO does not find the required upgrade to be economic or otherwise needed for policy or reliability, then the expansion request for will be denied.

The ISO may further study a framework to submit requests for customer-paid transmission upgrades when maximum import capability expansion is denied. This future framework would also need to consider the rights conveyed to the paying customer related to the increase in transmission system capabilities to support transactions into and across the ISO.

Same day priority to existing resource adequacy contracts during step 13 of the Maximum Import Capability allocation process:

The proposed enhancements will give priority to load serving entities with existing resource adequacy contracts over all other stakeholder requests during step 13 (last step) of the allocation process for requests received during the same day. The priority relates only to the branch group where the existing resource adequacy contract is being scheduled.

If two or more load serving entities have resource adequacy contracts that exceed the amount left after step 12 on any given branch group, then the assignment will be split among the applicable contracts on a MWs available versus total MWs requested basis.

Tariff and Reliability Requirements Business Process Manual alignment of terms:

The ISO will update tariff and reliability requirements business process manual language to be consistent with current approved practice.

One example is language in section 40.4.6.2.2.2 that appears to limit bilateral maximum import capability transfers to full MW increments, when in fact all resource adequacy requirements, transactions and showings (including transfers) are done using two decimal places.

Another example is in the same section 40.4.6.2.2.2 of the tariff that suggest the ISO submits quarterly trading data directly to FERC when, in fact, trading data is publically posted for all stakeholders to see and use.

POSITIONS OF THE PARTIES

The ISO conducted a stakeholder process from March until October 2021, which included five rounds of papers, meetings and calls, and stakeholder comments.

There was robust stakeholder participation. After each round of stakeholder engagement the ISO received an average of about 10 sets of written comments. The proposal was directly driven by stakeholder requests and took into account input and preferences expressed by the majority of stakeholders.

At the end of the stakeholder process, the overwhelming majority of stakeholders expressed support (with caveats) for the initiative and its outcome.

Support with caveats – California Community Choice Association, California Department of Water Resources, California ISO Department of Market Monitoring, Pacific Gas & Electric, Six Cities as well as Southwestern Power Group, Pattern Energy and Valley Electric Association.

Imperial Irrigation District fundamentally opposes the existence of the maximum import capability for resource adequacy purposes, however with respect to the enhancements, they otherwise support the proposed improvements to the process. The total non-simultaneous operating transfer capability of all branch groups coming into the ISO is about 45,000 MW and the ISO control area cannot simultaneously import anywhere close to this amount. The simultaneous maximum import capability is somewhere around 15,800 MW and, as such, the ISO must account for this simultaneous limit during the resource adequacy process.

The majority of the caveats from supporting stakeholders concerned implementation details mostly related to maximum import capability expansion requests. The ISO is committed to working collectively during drafting of the tariff and business process manual language to further address their caveats. The ISO acknowledges that not all caveats may be addressed satisfactorily since some were conceptually opposed to each other.

CONCLUSION

Management requests Board approval of the maximum import capability enhancements initiative as described in this memorandum. It is critical that the ISO implement the provisions outlined in this proposal to facilitate additional transparency, improve the CPUC policy portfolio by including non-CPUC jurisdictional load serving entities' contracts, allow maximum import capability expansion requests, improve step 13 of the allocation process by providing same day priority to existing resource adequacy contracts and additional clarifications in the tariff and reliability requirements business process manual.

Attachment D – Final Draft Proposal

Maximum Import Capacity Allocation Process Enhancements

California Independent System Operator Corporation

January 19, 2022

Maximum Import Capability Enhancements

Final Proposal

October 11, 2021

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Maximum Import Capability Enhancements Final Proposal

Table of Contents

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1. Introduction

The purpose of this initiative is to explore perceived shortcomings and potential improvements to all aspects of the Resource Adequacy (RA) - Maximum Import Capability (MIC) calculation, allocation, and usage.

MIC represents the maximum simultaneous deliverability of all imports used in the RA process. It does not influence the real-time energy schedules that are driven by market energy prices. The ISO performs deliverability studies several times a year in its new Generation Interconnection Process (GIP) and in its Transmission Planning Process (TPP). These studies are conducted for the entire ISO controlled grid, to test both the deliverability of internal resources and the deliverability of imports, in order to ensure that all resources are simultaneously deliverable to the aggregate of load. Unlike the deliverability of internal resources, which is granted on an ongoing basis to the resource owner, the deliverability of imports is granted to Load Serving Entities (LSEs) on an annual basis through an assignment process. New changes to the Tariff and Reliability Requirements Business Process Manual (RR BPM), when approved, will allow LSEs to lock Remaining Import Capability (RIC) at the branch group level on a multi-year basis subject to certain conditions.

Stakeholders have requested the ISO review the MIC calculation, allocation and usage provisions. The ISO is listing herein some of the most common issues raised by stakeholders. However during this stakeholder process the ISO will also seek to explore other new issues and solutions raised during the stakeholder process itself.

1.1. Background

The ISO assesses the deliverability for imports using the established MIC calculation methodology. The ISO calculates the MIC MW amount mainly based on a historical methodology that utilizes the actual schedules into the ISO's BAA for highest net imports obtained simultaneously during peak system load hours over two years with highest imports among the last five years. The ISO examines the highest two years among the prior five years of historical import schedule data during high load periods. Sample hours are selected by choosing two hours in each year, and on different days within the same year, with the highest total import level when peak load was at least 90% of the annual system peak load. The ISO then calculates the historically-based MIC values based on the scheduled net import values for each intertie, plus the unused Existing Transmission Contract (ETC) rights and Transmission Ownership Rights (TOR), averaged over the four selected historical hours. This concept is an important fundamental principle of the MIC framework, intended to ensure that existing ownership rights and pre-existing RA commitments and contracts are recognized and respected.

MIC may be increased on a prospective basis at specific interties to meet state and federal policy goals with the completion of the related necessary policy-driven transmission upgrades. The ISO assures, through deliverability studies, that both the increased MIC and internal generation are deliverable to the aggregate of load. If necessary, through the ISO annual transmission planning process (TPP),

transmission upgrades are approved and subsequently built before the additional deliverability is made available to increased imports and new internal resources.

MIC values for each intertie are calculated annually for a one-year term and an annual 13-step process is used to allocate MIC to LSEs. MIC allocations are not assigned directly to external resources, rather they are assigned to LSEs who choose the portfolio of imported resources they wish to elect for utilization of their MIC allocations. This is also an important principle underlying the MIC framework. MIC is allocated to LSEs because LSEs pay for the cost of the transmission system as captive load and, thus, they should receive the benefits from it and choose which external resources are ultimately selected for providing RA capacity that relies on the import capability. Once the allocation process is complete, LSEs can use their MIC allocations on each intertie to support their procurement of RA capacity of external resources. The 13-step import capability allocation process is detailed further below.

Table 1 lists the 13 steps of the Available Import Capability Assignment Process.[1]

Table 1: Available Import Capability Assignment process overview

Step	Process description
Step 1	Determine Maximum Import Capability (MIC)
	- Total ETC
	- Total ETC for non-ISO BAA Loads
Step 2	Available Import Capability
	- Total Import Capability to be shared
Step 3	Existing Contract Import Capability (ETC inside loads)
Step 4	Total Pre-RA Import Commitments & ETC
	- Remaining Import Capability after Step 4
Step 5	Allocate Remaining Import Capability by Load Share Ratio
Step 6	ISO posts Assigned and Unassigned Capability per Steps 1-5
Step 7	ISO notifies SCs of LSE Assignments
Step 8	Transfer [Trading] of Import Capability among LSEs or Market Participants
Step 9	Initial SC requests to ISO to Assign Remaining Import Capability by Intertie
Step 10	ISO notifies SCs of LSE Assignments & posts unassigned Available Import Capability
Step 11	Secondary SC Request to ISO to Assign Remaining Import Capability by Intertie

[1] See Section 40.4.6.2.1 of ISO Tariff.

Step 12	ISO Notifies SCs of LSE Assignments & posts unassigned Available Import Capability
Step 13	SCs may submit requests for Balance of Year Unassigned Available Import Capability

RA showings designating import MWs to meet RA obligations across interties using either Non-Resource-Specific System Resources, Pseudo-ties, or Dynamically Scheduled System Resources are required to be used in conjunction with a MIC allocation and are considered a firm commitment to deliver those MWs to ISO at the specified interconnection point with the ISO system.

Reference for Tariff and business practice manual (BPM) as follows:

1. ISO Tariff section 40.4.6.2: http://www.caiso.com/Documents/Section40-ResourceAdequacyDemonstration-for-SchedulingCoordinatorsintheCaliforniaISOBalancingAuthorityArea-Oct1-2020.pdf

2. Reliability Requirements BPM sections 6.1.3.5, 6.1.3.6 and Exhibit A-3: https://bpmcm.caiso.com/BPM%20Document%20Library/Reliability%20Requirements/BPM%20for%20Reliability%20Requirements%20Version%2054.docx

2. Issue Paper: Maximum Import Capability Enhancements

As a result of the 2020 stakeholder process related to the Maximum Import Capability stabilization and multi-year allocation, the calculation of MIC has a more constant value across years (starting RA year 2021) and the Load Serving Entities (LSEs) are permitted to lock MIC at the branch group level based on multi-year executed RA import contracts (starting RA year 2022) under certain conditions.

During the stakeholder process last year stakeholders raised additional concerns and suggestions for improvements to the calculation of MIC as well as its allocation and tracking through the entire RA process. The ISO is opening this stakeholder process in order to explore those stakeholder concerns and suggestions. The ISO is not open to completely eliminating MIC or its allocation process, because the sum of the Total Transfer Capability (TTC) of each individual intertie is about 44,400 MW whereas MIC (simultaneous deliverability for all imports) is around 15,500 MW and the ISO control area cannot physically receive imports beyond the simultaneous limit.

The following are descriptions of some of the stakeholder suggestions during the previous initiative.

2.1. Technical issues related to MIC

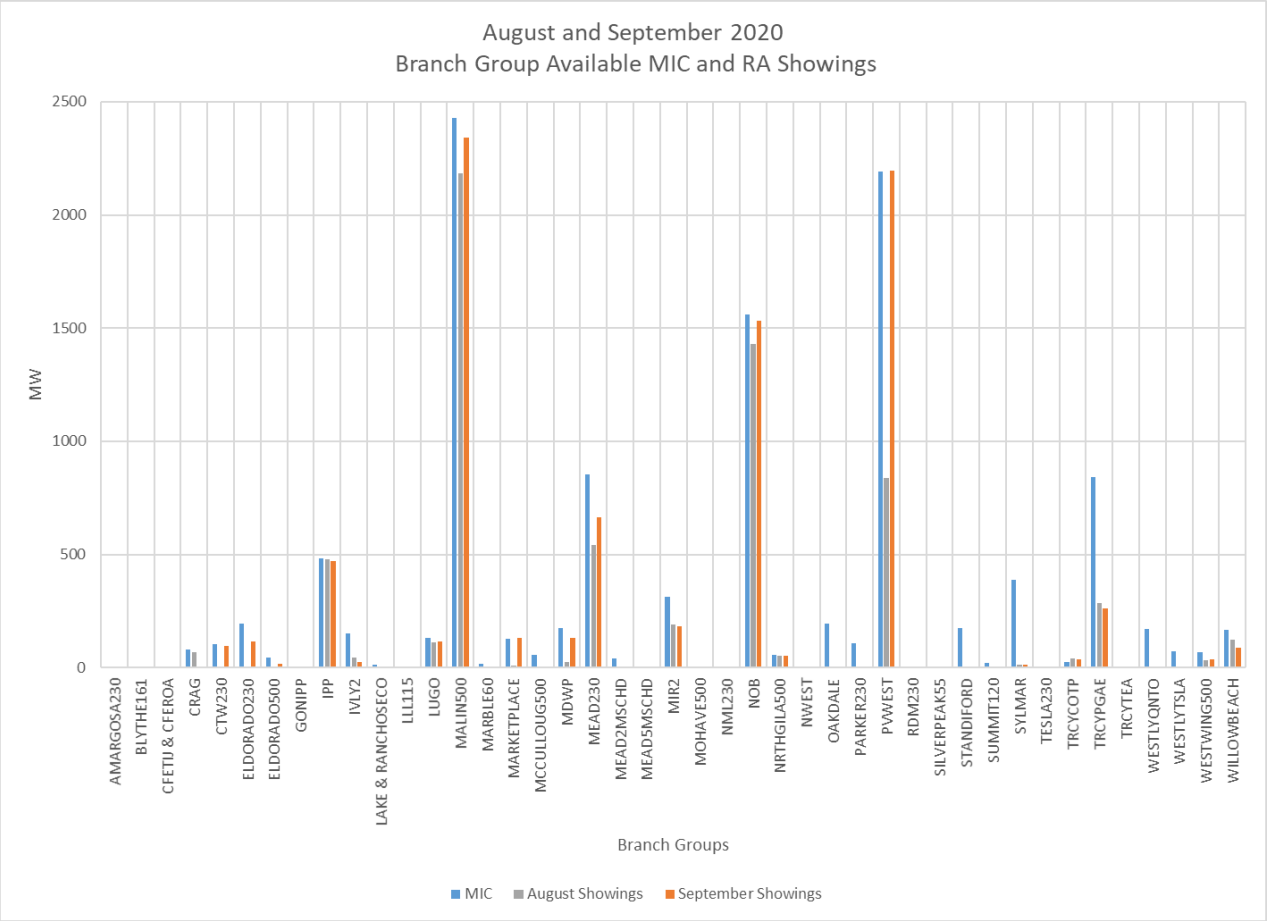
Change in methodology for calculating MIC:

Stakeholders suggested that there may be ways to improve the calculation by considering “liquidity” at certain branch groups (hubs) or considering the magnitude of RA showings. For example, branch groups

with high liquidity or high RA showings would be given additional MIC allocations in the next RA year and branch groups with low liquidity or low RA showings would have their allocations reduced in the next RA year. Figure 1 is a visual representation of the RA showings for the months of August and September 2020 in relation to the maximum import capability for each individual branch group and the discrepancy in RA showings usage between branch groups.

Challenges would arise from the fact that MIC is limited and if the allocation on a certain branch group is going up, another has to go down. Furthermore most branch groups have already reached their own deliverability limit, due to other ISO internal resources interconnecting in the same general area.

Figure 1: Highest RA showings in relation to MIC allocated to ISO internal LSEs



Conduct deliverability studies at the end of the RA showings process:

In order to avoid the MIC allocation process and to first allow LSEs to procure whatever RA imports they can, certain stakeholders suggested that the ISO should run deliverability studies at the end of the RA process after all RA import contracts are known.

Challenges would include leaving LSEs with stranded assets, requiring far more time for year-ahead showings validation and possibly having high ramifications on CPM back-stop costs allocations regarding

system RA. It is not possible to do these proposed deliverability studies in the month ahead process because deliverability studies take over one month to conduct.

2.2. Improve transparency

Enhance ownership transparency of Import Capability allocations and their usage as well as the provisions for reassignment, trading, or other forms of sales of Import Capability among LSEs:

The ISO remains open to changes that facilitate transparency regarding ownership of MIC allocations and its use, as well as increase LSE access to the trading of import capability.

The current process is transparent on each of the 13 steps of the MIC allocation process. The step by step data, including final allocation and bilateral trading, are published here:

http://www.caiso.com/planning/Pages/ReliabilityRequirements/Default.aspx

New Tariff language, as a result of the "Maximum Import Capability stabilization and multi-year allocation" stakeholder initiative, will also provide additional transparency by publishing relevant contractual data for resource contracts used to lock MIC at the branch group level on a multi-year basis.

Where transparency can be improved the most is during annual and monthly trading process and the actual usage after the showings are submitted and validated.

Improving the trading and usage aspect of the process may be necessary to better facilitate the transfer of Import Capability among LSEs and improve the efficient utilization of Import Capability.

2.3. MIC allocation issues

Incorporate an auction or other market based mechanism into the assignment process:

Stakeholders suggest that the ISO incorporate an auction or other market-based mechanism into the Available Import Capability Assignment process. They assert that this will provide alternatives or additional opportunities for LSEs to procure import capability greater than their pro-rata load ratio share of MIC on any given branch group/intertie to support a particular RA contract. Alternative mechanisms could allow for more efficient procurement of import capability by LSEs that place a greater value on the Import Capability for various reasons. The ISO could allocate all, or only a portion of the remaining Available Import Capability through a mechanism similar to the current process, but the ISO could retain all, or a portion of the remaining Available Import Capability, to be auctioned to or otherwise procured by LSEs. Additional auction revenues could potentially be used to reduce the TAC Transmission Revenue Requirement, or allocated back to LSEs on a pro-rata load share basis.

Challenges include the diminishing availability of year ahead Available Import Capability that needs to be allocated to LSEs after each LSE potentially exercises their right to lock multi-year Remaining Import Capability at the branch group level due to new RA contracts as established per last year's stakeholder

process. Furthermore, there are significantly higher start-up and maintenance costs associated with such auctions as well as challenges regarding allocations of auction revenues.

Recapture and then release the unused MIC allocations:

Each LSE receives MIC allocations commensurate with their load share ratio and currently LSEs get to use them as they see fit. Some use them in the year-ahead timeframe, some in the month-ahead timeframe and some hold it for unit substitution (avoid RAAIM penalty).

Certain stakeholders suggest that unused allocations (after the month-ahead showings) should be recaptured and released to other LSEs.

Challenges arise from the fact that MIC is a traded commodity and a right that, once allocated, deserves just compensation. Additionally, some LSEs will not be able to avoid RAAIM. Furthermore, all LSEs need to be RA compliant by T-45 days (monthly showing), and LSEs will have an incentive to come short (be deficient in the monthly showing) in order to see if MIC gets released; otherwise a new timeline for all RA showings needs to be considered when time is set aside for the release of MIC every month before the showings are final.

2.4. Reservation of import capability and transmission for wheel-through transactions

The ISO initially considered exploring development of a process for establishing market scheduling priorities in the market through this initiative. However, after further consideration and stakeholder feedback, the ISO decided to remove this initiative and has launched a new initiative titled "*External Load Forward Scheduling Rights Process"* to develop a long-term framework for establishing market scheduling priorities for load, wheel through transactions, and exports.

Other stakeholder proposed changes and improvements:

Please provide other suggestions related to the calculation of MIC or its allocation and tracking through the RA process.

Stakeholder Comments Received on the Issue Paper Topics

The ISO has received comments from Bonneville Power Administration (BPA), Brookfield Renewable Trading and Marketing LP (BRTM), California Community Choice Association (CalCCA), California Municipal Utilities Association (CMUA), California Department of Water Resources (CDWR), California ISO Department of Market Monitoring (DMM), Imperial Irrigation District (IID), Morgan Stanley Capital Group Inc. (MSCG), Pacific Gas & Electric (PG&E), Powerex Corp., Southern California Edison (SCE), Six Cities, Southwestern Power Group (SWPG), Salt River Project (SVP), Silicon Valley Power (SVP), Valley Electric Association (VEA) and Vistra Corporation.

The majority of comments are related to the import transmission scheduling priorities and wheel-through issues. Based on stakeholder feedback received, the ISO has started a new initiative titled "External Load Forward Scheduling Rights" to develop a long-term framework for establishing scheduling priorities in the market for different types of transactions.

Comments received for the Resource Adequacy Maximum Import Capability allocation process itself can be split into two groups.

First the majority of stakeholders agree that it would be beneficial to have additional transparency during the allocation and trading process and especially to the ownership and usage (after the allocation process ends). Furthermore there were general requests for education regarding the deliverability process in general and specifically regarding import deliverability and its interaction with deliverability of internal resources.

Second where the received comments diverge among stakeholder classes and also diverge even within the same class of stakeholders. These items include (improvements to trading of MIC allocations, potentially augmenting MIC calculation to account for "liquidity", potential release of MIC allocations if not used in the month ahead process (assuming RAAIM is eliminated), etc.).

3. Straw Proposal: Maximum Import Capability Enhancements

The ISO intends to move forward immediately with MIC items where the majority of comments are aligned including additional transparency during the allocation and trading process, and particularly regarding ownership and usage (after the allocation process ends) as well as additional education related to deliverability of imports and its interrelation to the deliverability of internal resources.

The ISO also intends to further explore other items that have received divergent comments among stakeholder classes and also divergent comments even within the same class of stakeholders. For these, the ISO currently does not have a specific proposal. The intent is to allow stakeholders to rally their efforts behind certain improvement suggestions that can later have enough stakeholder support in order to become concrete proposals.

3.1. Improve transparency

Enhance ownership transparency of Import Capability allocations and their usage as well as the provisions for reassignment, trading, or other forms of sales of Import Capability among LSEs:

The ISO will move forward with changes that facilitate transparency regarding ownership of MIC allocations and their use as well as increase in LSE access to the trading of import capability.

The current process is transparent in each of the 13 steps of the MIC allocation process. The, step by step data, including final allocation and bilateral trading are published here:

http://www.caiso.com/planning/Pages/ReliabilityRequirements/Default.aspx

New Tariff language, proposed under the MIC stabilization and multi-year allocation initiative, will provide additional transparency by publishing relevant contractual data for resource contracts used to lock MIC at the branch group level on a multi-year basis.

Transparency can be improved the most during annual and monthly trading process and the actual usage after the showings are submitted and validated.

Improving the trading and usage aspect of the process may be necessary to better facilitate the transfer of Import Capability among LSEs and improve the efficient utilization of Import Capability.

3.2. Education regarding deliverability of imports and internal resources

A better understanding of overall deliverability determination can facilitate future improvements:

Stakeholders suggest that providing additional insight into the deliverability process and the interaction between internal resources and imports will support future improvements to the MIC process.

The ISO will provide details regarding its deliverability methodology through this stakeholder process.

Deliverability is an essential element of any resource adequacy assessment. LSE compliance with resource adequacy procurement obligations will be affected by the ability of their procured supplies to serve load under peak conditions. Therefore, an effective deliverability study is essential in resource planning so that LSEs are able to 'count' their resources to determine if they are satisfying the required Reserve Margins. The deliverability of generation (internal and external) to the aggregate of load measures the capability of the transmission system to deliver power output from a particular generator (or import) to load in the ISO control area during peak demand conditions. Any resource (internal or external) whose output is not fully deliverable will have the capacity that it may offer for resource adequacy purposes reduced. Internal generation capacity and imports are often behind the same transmission constraint therefore increasing import flows would require the internal generation output to be curtailed to maintain system reliability and compliance with mandatory reliability standards.

Consequently, ISO has developed a deliverability study[2] to assess deliverability of generation to serve load in the ISO control area. This deliverability assessment of generation (internal and external) to the aggregate of load is performed through both annual assessments to measure general system changes and for new generating facilities through the Generator Interconnection Deliverability Allocation Procedures[3].

[2] http://www.caiso.com/Documents/On-PeakDeliverabilityAssessmentMethodology.pdf

[3] http://www.caiso.com/Documents/AppendixDD-GeneratorInterconnectionDeliverabilityAllocationProcedures-asof-Sep9-2020.pdf

Deliverability assessments conducted by the ISO:

- Generation Interconnection Deliverability Allocation Procedures (GIDAP)
    - Phase I
    - Phase II
    - Operational deliverability assessment including annual NQC study
- Transmission Planning Process (TPP)
    - Policy study
- Distributed Generation Deliverability (DGD)

The GIDAP and DG Deliverability studies focus on internal generation. During these studies the deliverability of imports, as available per latest MIC calculation, is preserved. If it is found that there is insufficient transmission to support both the internal generation deliverability and the deliverability for imports then either new transmission upgrades are proposed, new internal generators will not receive their requested deliverability status, imports will be reduced, or NQC cuts are imposed.

The TPP deliverability assessment tests the deliverability of portfolio resources identified as FCDS. The deliverability of imports could be expanded if the current MIC is not sufficient to support out-of-state renewable resources in the portfolio. If it is found that the transmission is insufficient to support the base portfolio deliverability for both internal and external resources then policy-driven upgrades could be identified.

Deliverability assessments methodology study assumptions:

- Highest system need (HSN) scenario (peak sale) HE18 ~ HE22 in the summer

Load	1-in-5 peak sale forecast by CEC
Non-Intermittent Generators	Pmax set to QC
Intermittent Generators	Pmax set to 20% exceedance level during the selected hours (high net sale and high likelihood of resource shortage)
Import	MIC data with expansion approved in TPP.

The net schedules obtained from the MIC calculation plus approved expansion is enforced in the deliverability assessment by branch groups and since these are schedules, the actual flows (per Ohm's law) on the branch groups won't match perfectly however the total import on all branch groups matches the preserved deliverability very well.

Unused ETC/TOR for each branch group is represented as a generator at the tie point. Under normal conditions this generator "un-used ETC/TOR" does not inject power, however during contingency conditions the deliverability software turns it on if it is located within the 5% effectiveness region, exactly the same way it turns on all the other ISO internal resources (not already previously on-line in the initial base case).

- Secondary system need (SSN) scenario (peak consumption) HE15 ~ HE17 in the summer

Load	1-in-5 peak sales forecast by CEC adjusted by the ratio of highest consumption to highest sale
Non-Intermittent Generators	Pmax set to QC
Intermittent Generators	Pmax set to 50% exceedance level during the selected hours (high gross load and likely of resource shortage), but no lower than the average QC ELCC factor during the summer months
Import	Import schedules for the selected hours

Currently known transmission impacts for deliverability of both internal resources and imports:

Deliverable capacity for both internal resources and imports is often behind the same transmission constraint. Increasing either import flows or internal generation output will require a curtailment from the other in order to maintain system reliability and compliance with mandatory reliability standards

Transmission Constraint	Branch Group	Generator Zone inside ISO
Desert Area Constraint: Lugo - Victorville, Lugo - Eldorado, Lugo - Mohave 500kV line overloads	NOB_BG SYLMAR-AC_MSL Lugo-Victorville_BG ELDORADO_MSL LAUGHLIN_BG MCCULLGH_MSL MEAD_MSL PARKER_BG PALOVRDE_MSL	VEA & GLW Mountain Pass Big Creek and Ventura
Desert Area Constraint: Valley - Alberhill - Serrano 500kV and West of Devers 230kV line overloads	PALOVRDE_MSL BLYTHE_BG IID-SCE_BG	Riverside East Palm Springs
Delevan 500KV Area constraint	COI_BG CASCADE_BG	North of Greater Bay Area PGE generation
Delevan 500KV Area constraint, Rio Oso and Davis Area Constraints	SUMMIT_BG	North of Greater Bay Area PGE generation
East of Miguel	PALOVRDE_MSL IID-SDGE_BG NGILABK4_BG	Imperial Arizona Baja Riverside East
Encina-San Luis Rey	CFE_BG PALOVRDE_MSL IID-SDGE_BG NGILABK4_BG	San Diego Arizona Baja
Imperial Valley transformer	IID-SDGE_BG	Imperial

San Luis Rey-San Onofre	CFE_BG PALOVRDE_MSL IID-SDGE_BG NGILABK4_BG	San Diego Arizona
San Diego Internal	CFE_BG IID-SDGE_BG	San Diego
Silvergate-Bay Boulevard	CFE_BG IID-SDGE_BG	San Diego Baja

Deliverability retention:

Deliverability is only maintained for internal resources and imports commensurate with their capability to serve aggregate of peak load. The deliverability retention is limited in duration.

Internal resources (3 years +):

A generating unit must operate or be capable of operating at the capacity level associated with its rated deliverability to retain its deliverability rights. To the extent a generating unit becomes incapable of operating at this level for any consecutive three-year period, the generating unit will lose its deliverability priority in an amount reflecting the loss of generating capability. The holder of the deliverability priority may retain its rights after the expiration of the three-year period if it can demonstrate that it is actively engaged in the construction of replacement generation to be connected at the bus associated with the deliverability priority. Under such circumstances, the generating unit developer and ISO will identify specific milestones to preserve the deliverability priority. The holder of the deliverability priority will retain only such rights that are commensurate with the size in megawatts of the replacement generation, not to exceed the amount associated with the prior generating unit's deliverability priority.

Import deliverability (up to 5 years):

The current methodology for calculating MIC at the branch group level uses two years, with the highest import scheduled data, among the last five.

3.3. Other issues that require further exploration

Change in methodology for calculating MIC:

No specific stakeholder suggestion has been received that improves the calculation by, for example, the consideration of "liquidity" at certain branch groups (hubs) or considering the magnitude of RA showings. In order to move forward, a relative agreement should be reached on how "liquidity" is measured at each intertie and how it may be superior compared to the current use of "actual energy schedules". Otherwise, a methodology may be proposed to look at actual RA showings for each branch group vs. the MIC allocations available on that same branch group and how would that be superior compared to the current use of "actual energy schedules".

Conduct deliverability studies at the end of the RA showings process:

Stakeholder opinions are divergent on this issue even within the same stakeholder group.

Based on experience, the ISO tends to agree with certain stakeholders comments that, due to the length of studies required for RA validation and the financial challenges presented, including leaving LSEs with stranded assets and having high ramifications on CPM back-stop costs allocations regarding system RA, this change will not result in an overall improvement of the RA process.

Incorporate an auction or other market based mechanism into the assignment process:

Stakeholders' opinions are divergent regarding the incorporation of an auction or other market based mechanism into the Available Import Capability Assignment process.

The auction could provide alternatives or additional opportunities for LSEs to procure import capability greater than their pro rata load ratio share of MIC on any given branch group/intertie to support a particular RA contract in possibly more efficient and transparent manner. However its challenges are high and include the diminishing availability of year-ahead Available Import Capability that needs to be allocated to the LSEs (after each LSE may exercise its right to lock multi-year Remaining Import Capability at the branch group level), significant start-up and maintenance costs as well as allocations of auction revenues.

Recapture and then release the unused MIC allocations:

Most stakeholders agree that unused MIC allocations should be released or otherwise made available to other LSEs that want to use them. However, there is no stakeholder agreement of when and how the unused MIC allocations are released or made available and how another LSE may receive and use them.

Challenges, to be solved, arise from the fact that MIC is a traded commodity and a right that, once allocated, deserves just compensation. Furthermore, in the context of unused MIC that may be released to other parties, the implementation could only happen after the elimination of RAAIM and will require a new, longer than T-45, timeline for at least the RA import showings (if not all RA showings), else the released MIC allocations will be of no use to any other LSE. Nevertheless, there may be an opportunity for LSEs holding MIC to further consider making MIC available for bilateral trading to the extent they do not plan to fully utilize their MIC in particular monthly RA showings. The ISO can consider ways of further facilitating the ability of parties to identify and make available their MIC for bilateral trading.

Other stakeholder proposed changes and improvements:

Please provide other suggestions related to the calculation of MIC or its allocation and tracking through the RA process.

Stakeholder Comments Received on the Straw Proposal Topics

The ISO has received comments from Birch Infrastructure, California Community Choice Association (CalCCA), California Department of Water Resources (CDWR), California ISO Department of Market Monitoring (DMM), Large-scale Solar Association (LSA) and Solar Energy Industry Association (SEIA), Pacific Gas & Electric (PG&E), Southern California Edison (SCE), Six Cities, Southwestern Power Group (SWPG), Pattern Energy (Pattern) and Valley Electric Association (VEA) as well as Silicon Valley Power (SVP).

The majority of stakeholders agree that it would be beneficial to have additional transparency during the allocation and trading process and especially to the ownership and usage (after the allocation process ends). Furthermore there were general requests for education and potential improvements regarding expansion of maximum import capability (import deliverability) overall and at the branch group (BG) level. Stakeholder have also proposed improvements to step 13 of the allocation process as well as clarifications and clean-up of language in the Tariff and Business Practice Manual regarding the use of two decimal points for all RA requirements, transactions and showings.

Comments received regarding potentially augmenting MIC calculation to account for "liquidity" where mostly positive however they failed to improve the technical shortcomings required for implementation.

Comments received for introduction of an auction mechanism, potential release of MIC allocations if not used in the month ahead process and running deliverability studies at the end of the process where either divergent among stakeholders or mostly against their introduction.

4. Revised Straw Proposal: Maximum Import Capability Enhancements

The ISO intends to move forward immediately with MIC items where the majority of comments are aligned including additional transparency during the allocation and trading process, and particularly regarding ownership and usage (after the allocation process ends) as well as additional education related to deliverability of imports and its interrelation to the deliverability of internal resources.

The ISO intends to further explore other items that have received divergent comments among stakeholder classes and also divergent comments even within the same class of stakeholders. For these, the ISO currently does not have a specific proposal. The intent is to allow stakeholders to rally their efforts behind certain improvement suggestions that can later have enough stakeholder support in order to become concrete proposals.

4.1. Improve transparency

Enhance ownership transparency of Import Capability allocations and their usage as well as the provisions for reassignment, trading, or other forms of sales of Import Capability among LSEs:

The ISO will move forward with changes that facilitate transparency regarding ownership of MIC allocations and their use as well as increase in LSE access to the trading of import capability.

Beyond transparency already available during the allocation process the ISO proposes to provide additional transparency by:

- Making data publically available through a web interface (or publishing) by identifying the most-up-to-date owners of all MIC allocations at the branch group level – including MW quantity, contact person and other user friendly fields like "MWs available for trade". If possible this improvement will be facilitated directly in Customer Interface for Resource Adequacy (CIRA).
- Making data publically available through a web interface (or publishing) aggregate usage by branch group level after validation of each month ahead and year ahead RA showing. (Question to stakeholders: Should the aggregation be by CPUC vs Non-CPUC jurisdictional LSEs or just a single aggregated number for all LSEs?)

Improving both the trading and the usage aspect of the process is necessary to better facilitate the transfer of Import Capability among LSEs and improve the efficient utilization of Import Capability.

4.2. Education regarding deliverability of imports and internal resources

A better understanding of overall deliverability determination can facilitate future improvements:

At stakeholders' request, the ISO has provided additional insight into the deliverability process and the interaction between internal resources and imports in order to support future improvements to the MIC process (see chapter 3.2 above). Please include in your comments additional educational topics you would like covered.

4.3. Maximum Import Capability expansion

Based on stakeholder comments received during the call as well as in writing this is a major topic that needs to be further explained and improved upon. The ISO will list current and potential future ways to increase MIC.

Natural MIC expansion:

Because the MIC calculation includes actual schedules there is an imbedded (natural) MIC expansion. When the "new schedule" at a given intertie – part of one or both of the top two years – is higher than the "old schedule" from a previous high year that was removed from the calculation, then a natural MIC expansion is observed. The natural MIC expansion generally lags the actual schedules by minimum one year.

Policy driven MIC expansion:

Per ISO Tariff, every year the ISO takes the main portfolio provided by the California PUC and checks to assure that the state and federal policy goals are met by assuring that there is enough unlocked Remaining Import Capability (RIC) to account for all new projected import contracts. Since the portfolio is provided at the "state" and/or "renewable area" level (not at a branch group level) the ISO assumes that future import RA contracts will split among all the branch groups that can be scheduled on from those respective states and renewable areas as dictated by currently available and unlocked Remaining Import Capability.

If the currently available (unlocked) RIC has enough room for all the new (expected) import RA contracts identified as using existing transmission then no MIC increase is required for those resources. If there is not enough room for all the new import RA contracts identified as using existing transmission then MIC expansion is required. MIC expansion is also required for new import RA contracts identified as using new transmission. If MIC expansion is required then deliverability studies are run in order to validate that the new "expanded" MIC is deliverable to the ISO aggregate of load. If the deliverability studies show that there is enough deliverability available then MIC will be increased in the upcoming years in accordance with the CPUC base portfolio and guided by LSE contractual arrangements. If deliverability is not available then new transmission projects are proposed and approved in order for the MIC expansion to take place. In this case the expansion of MIC has to wait until after the transmission projects are in-service.

Based on stakeholder input and discussions the current process has at least three distinct areas that need improvement:

1. Inclusion of contractual data from non-CPUC jurisdictional LSEs:

The CPUC use of macroeconomic and renewable information data to estimate future contractual development may not coincide with actual contracts signed by LSEs, resulting in disconnect between the main portfolio studied and actual contracts. This information seems to be of little consequence for CPUC jurisdictional LSEs for two reasons – CPUC can approve or deny accepting new contractual arrangements and when accepted the new contracts can immediately be accounted for in the next release of the main CPUC portfolio. However this discrepancy is exacerbated for non-CPUC jurisdictional LSEs because the CPUC does not have direct visibility into non-jurisdictional contractual arrangements and the non-jurisdictional LSE are reluctant to make such data available directly to the CPUC.

Proposed solution is to have the ISO collect such data and to make it available to the CPUC for preparation of the main portfolio. This approach is preferred over ISO "changing" or "augmenting" of the CPUC main portfolio since the ISO does not have visibility on what part of the main portfolio needs to be subtracted to make room for the actual non-CPUC jurisdictional contracts.

2. Future "state" and/or "renewable area" totals vs branch group split of actual RA import contracts:

The CPUC main portfolio is prepared years ahead of actual compliance and as such the exact scheduling branch groups are not known. The ISO assumes that LSEs will use the currently available (unlocked) RIC for all branch groups coming from the respective state or renewable area.

A few years later the RA import contacts do not split in the same manner as assumed and that results in certain branch groups being oversubscribed and other being undersubscribed. Currently the ISO cannot increase a single branch group unless specifically required by the main CPUC portfolio.

Starting this year the LSEs have an opportunity to obtain multi-year reservation of their MIC allocations at certain branch groups based on their new contracts. This problem should be avoided and/or self-correcting on a going forward basis if the LSEs first get the unlocked RIC at the desired branch group before signing new RA import contracts with dynamic scheduled or pseudo-tie resources. Then with the two in place they can obtain a multi-year reservation on that branch group and since this information is public the rest of the LSEs will have to adjust their procurement (or schedules) to other branch groups where unlocked RIC is still available.

3. LSE requests to increase import capability at specific branch groups:

Based on current Tariff, the ISO does not take individual or collective LSE requests for increase in import capability at any given branch group. (See next paragraph.)

MIC expansion requests:

As demonstrated by the stakeholder comments received herein, the ISO has received inquiries from LSEs, generation and transmission developers with projects in other BAAs about processes to increase MIC to support internal and external LSEs long-term capacity and transmission contracts to deliver generation to serve load and meet the Resource Adequacy obligations as such there is a need to provide an avenue for such requests. If implemented such requests should be made available to the entire stakeholder community. This process will require new Tariff language and should include an opportunity for the requesting party to pay for required upgrades.

In order to limit the amount of studies and queued requests, the ISO envisions that only stakeholders with legitimate reasons will be allowed to make such requests for MIC expansion. Some of the legitimate reasons could be:

- Existing RA import contract (internal LSEs).
- Owners of new transmission connecting to the ISO grid from an external Balancing Authority Area (BAA) – if not already covered under policy driven MIC expansion.

The request to study a potential MIC increase does not convey any special rights during market scheduling, market operation or during the annual MIC allocation process. After studies are complete these requests can result in an increase in MIC if and when deliverability is available.

If studies show that deliverability is not available, the request for MIC expansion is denied. When a request is denied the original requestor may choose to pay for a facility study that will specify what upgrades, including their cost, are required in order to facilitate the requested MIC expansion. After the release of the facility study, the ISO will have the first choice of moving the project forward if it considers it economic or in the best interest of the ISO ratepayers and in this case it will reimburse the

facility study cost to the original requestor, else the requestor will be given the choice to pay for the upgrades required for MIC expansion. If the requestor chooses to pay for the upgrades, without reimbursement, then the increase in MIC will be assigned to the requestor after the required facilities are in-service.

Any MIC expansion paid for by ISO ratepayers will be allocated to all LSEs based on the allocation methodology available.

The framework and process to submit request for customer-paid transmission upgrades, when MIC expansion at ratepayer cost is denied, as well as the rights conveyed to the paying customer related to the increase in transmission system capabilities to support transactions into and across the ISO will be considered in the larger context of other current initiatives or potentially a new stakeholder initiative.

4.4. Step 13 - Give priority to existing RA contracts

Same day priority to remaining unallocated Remaining Import Capability for LSEs with existing RA contracts:

Based on stakeholder comments received during the call as well as in writing the ISO moves forward with the proposal to give LSEs with existing RA contracts priority vs. all other stakeholder requests during step 13 of allocation process among all requests received during the same day. The priority relates only to the BG where the existing RA contract is being scheduled.

The RA contract shown for step 13 may not be the same as a contract already "fully utilized" as Pre-RA Import Commitment or New Use Import Commitment. An LSE may use a Pre-RA Import Commitment or New Use Import Commitment if it did not receive a "full allocation" under those terms and it may use it only for the part (MWs) that was denied the Pre-RA Import Commitment or New Use Import Commitment status. Example: For one reason or another only 40 MW of a 50 MW contract was approved as New Use Import Commitment. The remaining 10 MW can be submitted as RA contract for step 13 priority.

The MW assignment under step 13 may not exceed the amount left after step 12 regardless of the amount of the RA contracts shown. If two or more LSEs have RA contracts that exceed the amount left after step 12 on any given BG, then the assignment will go to the request received first (earliest) and so on until all MWs have been assigned.

4.5. Tariff and Reliability Requirements BPM alignment of terms

Update Tariff and Reliability Requirements BPM language to be consistent with current FERC approved practice – all RA requirements, transactions and showings are done to two decimal places:

The ISO will go through the Tariff and Reliability Requirements BPM language in order to eliminate inconsistencies with current practice of using two decimal places for all RA requirements, transactions

and showings. One example is language in section 40.4.6.2.2.2 that appears to limit bilateral MIC transfers to MW increments.

4.6. Other issues that require further exploration

Change in methodology for calculating MIC:

The ISO is willing to further explore improvements to the calculation of maximum import capability. For example, the consideration of "liquidity" at certain branch groups (hubs) or considering the magnitude of RA showings. However, in order to move forward, a relative agreement should be reached on how "liquidity" is measured at each intertie. Else, a different methodology could be considered in order to improve the MIC calculation that looks at actual RA showings for each branch group vs. the MIC allocations available on that same branch group. Either methodology needs to be proven superior to the current use of "actual energy schedules".

Conduct deliverability studies at the end of the RA showings process:

The ISO will not move forward with moving deliverability studies at the end of the RA process because of the length of studies required for RA validation and the financial challenges presented, including leaving LSEs with stranded assets and having high ramifications on CPM back-stop costs allocations regarding system RA, this change will not result in an overall improvement of the RA process.

Incorporate an auction or other market based mechanism into the assignment process:

The ISO will not move forward with incorporation of an auction into the assignment process because the diminishing availability of year-ahead Available Import Capability that needs to be allocated to the LSEs (after each LSE may exercise its right to lock multi-year Remaining Import Capability at the branch group level), significant start-up and maintenance costs as well as allocations of auction revenues.

Recapture and then release the unused MIC allocations:

The ISO believes that improved trading facilitated by the items proposed under improved transparency should mitigate most of the concerns around unused and untraded import capability, therefore it will not move forward with recapture and release of unused MIC allocations at this time.

Other stakeholder proposed changes and improvements:

Please provide other suggestions related to the calculation of MIC or its allocation and tracking through the RA process.

Stakeholder Comments Received on the Revised Straw Proposal Topics

The ISO has received comments from ACP-California, California Community Choice Association (CalCCA), California Department of Water Resources (CDWR), California ISO Department of Market Monitoring (DMM), Northern California Power Association (NCPA), Pacific Gas & Electric (PG&E), Salt River Project

(SRP), Shell Energy, Southern California Edison (SCE), Six Cities, Southwestern Power Group (SWPG), Pattern Energy (Pattern) and Valley Electric Association (VEA) as well as Silicon Valley Power (SVP).

The majority of stakeholders agree that it would be beneficial to have additional transparency during the allocation and trading process and especially to the ownership and usage (after the allocation process ends).

The majority of the comments received are in favor of allowing expansion requests of maximum import capability (import deliverability) overall and at the branch group (BG) level. The ISO will provide further details to the MIC expansion process in the draft final proposal.

Overwhelming majority of stakeholders prefer MW requested vs. MW available to be the tiebreaker among LSEs with RA contracts if there is more than one LSE with RA contracts at any remaining branch group under step 13.

Majority of stakeholders agree that clarifications and clean-up of language in the Tariff and Business Practice Manual should be undertaken for the appropriate sections.

5. Draft Final Proposal: Maximum Import Capability Enhancements

The ISO intends to move forward immediately with MIC items where the majority of comments are aligned including additional transparency regarding ownership of MIC allocations and their usage (after the allocation process ends) as well as maximum import capability expansion requests, improvements to step 13 requests and Tariff and Business Process Manual clean-up items.

The ISO will not move forward with items that have received divergent comments among stakeholder classes and also divergent comments even within the same class of stakeholders. These items could be revisited in future years especially if the current improvements do not yield the expected results.

5.1. Improve transparency

Enhance ownership transparency of Import Capability allocations and their usage as well as the provisions for reassignment, trading, or other forms of sales of Import Capability among LSEs:

The ISO will move forward with changes that facilitate transparency regarding ownership of MIC allocations and their use in RA showings. The ISO believes this will increase all market participants' access to the trading of import capability and that in turn would result in more trades.

Beyond transparency already available during the allocation process the ISO proposes to provide additional transparency by:

- Making data publically available through a web interface (or publishing) by identifying the most-up-to-date owners of all MIC allocations at the branch group level, including:

- LSE name and LSE ID
- MW quantity of MIC allocation by branch group
- MW quantity available for trade by branch group – the SC will be able to change this
- Contact data (name, e-mail, phone number) – the SC will be able to change this

If possible this improvement will be facilitated directly through a public interface for Customer Interface for Resource Adequacy (CIRA) else OASIS or another publically available space on the ISO website will be used.

- Making data publically available through a web interface (or publishing) aggregate usage by branch group level after validation of each month ahead and year ahead RA showing. The aggregation will show 3 values:
  - Total overall RA showings for all ISO internal LSEs plus totals by each branch group
  - Same data for CPUC jurisdictional LSEs
  - Same data for non-CPUC jurisdictional LSEs

Improving both the trading and the usage aspect of the process is necessary to better facilitate the transfer of Import Capability among LSEs and improve the efficient utilization of Import Capability.

5.2. Inclusion of contractual data from non-CPUC jurisdictional LSEs into the policy portfolio used for MIC expansion

As required by the ISO Tariff, the CPUC currently provides the policy portfolios required for policy driven MIC expansion. The portfolios contain enough new resources to meet the needs of both CPUC as well as non-CPUC jurisdictional LSEs. Because the portfolios are mainly driven by macroeconomic and renewable information data to estimate future contractual development they may not coincide with actual contracts signed by LSEs, resulting in disconnect between the portfolios studied and actual contracts.

This discrepancy is exacerbated for non-CPUC jurisdictional LSEs because the CPUC does not have direct visibility into non-jurisdictional contractual arrangements and the non-jurisdictional LSE are reluctant to make such data available directly to the CPUC.

Non-CPUC jurisdictional LSEs have raised concerns about confidentiality of data shared by the ISO with the CPUC. The ISO will collect such data from RA contracts that are not already publically available every year in the list of ETCs, TORs, Pre-RA Import Commitments and New Use Import Commitments. For example: http://www.caiso.com/Documents/Step6-2022ContractualData.xlsx

The ISO is planning to share with the CPUC (not publically post) the same type of data: Name of the LSEs, branch group, MWs under RA contract, expiration date. Question to stakeholders: is confidentiality a concern regarding this data? What can be done to minimize or eliminate confidentiality concerns?

5.3. Maximum Import Capability expansion requests

The ISO is proposing herein to allow individual LSEs and other stakeholders to request the increase in import capability at any given branch group.

Ratepayer funded expansions or upgrades:

In order to limit the amount of studies and queued requests, only stakeholders with legitimate reasons and financial commitments towards serving ISO internal load will be allowed to make such requests for MIC expansion. Legitimate reasons to make MIC expansion request:

- Existing RA import contract (internal LSEs), not already fully accounted for as Pre-RA import Commitment or New Use Import Commitment.

- Owners of new transmission connecting to the ISO grid from an external Balancing Authority Area (BAA) or connecting into the neighboring BAA immediately adjacent to the ISO grid.

- Other stakeholders that can contractually demonstrate financial commitments towards serving ISO internal load.

The ISO will coordinate these MIC expansion requests with the policy driven MIC expansion and they will affect all branch groups that do not have enough Remaining Import Capability to cover the stakeholder requests along with the policy driven MIC expansion requests.

The request to study a potential MIC increase does not convey the requestor any special rights during market scheduling, market operation or during the annual MIC allocation process. All ratepayer funded expansions are allocated to ISO internal LSEs based on the Tariff approved methodology.

After deliverability studies are complete these requests can result in an increase in MIC if and when deliverability is available. Deliverability increase for imports (MIC increase) needs to be coordinated and queued in with internal generation deliverability requests that come through the queue. The same way internal generation can have “Interim Deliverability” status, import deliverability can be increased temporarily on certain branch groups before other higher queued resources become operational.

The ISO may choose to move forward with upgrades required to make these MIC expansion requests deliverable given that the project is either economic and/or required to meet other reliability or policy reasons as currently authorized by the ISO Tariff.

If studies show that deliverability is not available, and the ISO does not find the required upgrade to be economic or otherwise needed for policy or reliability then the request for MIC expansion is denied.

Customer funded expansions or upgrades – NOT PART OF THIS INITIATIVE:

The ISO agrees in principle that it could provide an opportunity for the requesting party to pay for required studies and upgrades.

When a request is denied the original requestor may choose to pay for a facility study that will specify what upgrades, including their cost, are required in order to facilitate the requested MIC expansion. After the release of the facility study, the ISO will have the first choice of moving the project forward if it considers it economic or required to meet policy/reliability for all ISO ratepayers and in this case it will reimburse the facility study cost to the original requestor, else the requestor will be given the choice to pay for the upgrades required for MIC expansion. If the requestor chooses to pay for the upgrades, without reimbursement (and without TAC recovery), then the increase in MIC will be assigned to the requestor after the required facilities are in-service.

The framework and process to submit request for customer-paid transmission upgrades, when MIC expansion at ratepayer cost is denied, as well as the rights conveyed to the paying customer related to the increase in transmission system capabilities to support transactions into and across the ISO will be considered in the larger context of other current initiatives or potentially a new stakeholder initiative.

5.4. Step 13 – Same day priority to existing RA contracts

The ISO moves forward with the proposal to give LSEs with existing RA contracts priority vs. all other stakeholder requests during step 13 of the MIC allocation process among all requests received during the same day. The priority relates only to the branch group where the existing RA contract is being scheduled.

The RA contract shown for step 13 may not be the same as a contract already "fully utilized" as Pre-RA Import Commitment or New Use Import Commitment. An LSE may use a Pre-RA Import Commitment or New Use Import Commitment if it did not receive a "full allocation" under those terms and it may use it only for the part (MWs) that was denied the Pre-RA Import Commitment or New Use Import Commitment status. Example: For one reason or another only 40 MW of a 50 MW contract was approved as New Use Import Commitment. The remaining 10 MW can be submitted as RA contract for step 13 priority.

The requesting LSE must submit proof of the RA contract by filling in the appropriate fields of a New Use Import Commitment template (already available on the ISO web site), along with the step 13 request.

The MW assignment under step 13 may not exceed the amount left after step 12 regardless of the amount of the RA contracts shown. If two or more LSEs have RA contracts that exceed the amount left after step 12 on any given BG, then the assignment will be split among the applicable contacts on a MW requested vs. MW available bases.

Example: LSE A has an RA contract on the requested branch group for 200 MW and LSE B has an RA contracts for the same branch group of 50 MW. The remaining MWs total 100 MW. The ratio of MW available vs. MW requested is 100/250 or 0.4. Each LSE will get 40% of what they have requested: LSE A 200x0.4=80 MW and LSE B 50x0.4=20MW.

5.5. Tariff and Reliability Requirements BPM alignment of terms

Update Tariff and Reliability Requirements BPM language to be consistent with current FERC approved practice.

The ISO will go through the Tariff and Reliability Requirements BPM language in order to eliminate inconsistencies with current practice.

One example is language in section 40.4.6.2.2.2 that appears to limit bilateral MIC transfers to MW increments, when in fact all RA requirements, transactions and showings (including transfers) are done using two decimal places.

Another example is in the same section 40.4.6.2.2.2 of the Tariff that suggest the ISO submits quarterly trading data directly to FERC when in fact trading data is publically posted for all stakeholders to see and use.

5.6. Other issues

At this time the ISO is not moving forward with other items discussed in the previous iteration of this stakeholder engagement. Future stakeholder engagements regarding Maximum Import Allocation may address some or all the items not addressed herein.

Stakeholder Comments Received on the Draft Final Proposal Topics

The ISO has received comments from California Community Choice Association (CalCCA), California Department of Water Resources (CDWR), California ISO Department of Market Monitoring (DMM), Imperial Irrigation District (IID), Pacific Gas & Electric (PG&E), Six Cities as well as Southwestern Power Group (SWPG), Pattern Energy (Pattern) and Valley Electric Association (VEA).

An overwhelming majority of stakeholders agree that it would be beneficial to have additional transparency during the allocation and trading process and especially to the ownership and usage (after the allocation process ends).

The majority of stakeholders agree that including the actual contracts of non-CPUC jurisdictional LSEs into the “base-line” policy portfolio will improve its accuracy.

The majority of the comments received are in favor of allowing expansion requests of maximum import capability (import deliverability) overall and at the branch group (BG) level. The ISO will provide further details to the MIC expansion process in the final proposal.

Overwhelming majority of stakeholders agreed to give RA contracts “same day priority” under step 13 of the MIC allocation process. Split will be done on MW available vs. total MW available if there is more than one LSE with RA contracts at any remaining branch group under step 13.

Majority of stakeholders agree that clarifications and clean-up of language in the Tariff and Business Practice Manual should be undertaken for the appropriate sections.

6. Final Proposal: Maximum Import Capability Enhancements

The ISO intends to move forward immediately with MIC items where the majority of comments are aligned including additional transparency regarding ownership of MIC allocations and their usage (after the allocation process ends) as well as maximum import capability expansion requests, improvements to step 13 requests and Tariff and Business Process Manual clean-up items.

The ISO will not move forward with items that have received divergent comments among stakeholder classes and also divergent comments even within the same class of stakeholders. These items could be revisited in future years especially if the current improvements do not yield the expected results.

6.1. Improve transparency

Enhance ownership transparency of Import Capability allocations and their usage as well as the provisions for reassignment, trading, or other forms of sales of Import Capability among LSEs:

The ISO will move forward with changes that facilitate transparency regarding ownership of MIC allocations and their use in RA showings. The ISO believes this will increase all market participants' access to the trading of import capability and that in turn would result in more trades.

Beyond transparency already available during the allocation process the ISO proposes to provide additional transparency by:

- Making data publically available through a web interface (or publishing) by identifying the most-up-to-date owners of all MIC allocations at the branch group level, including:
    - LSE name and LSE ID
    - MW quantity of MIC allocation by branch group
    - Period (duration) of held allocations
    - MW quantity available for trade by branch group – the SC will be able to change this
    - Contact data (name, e-mail, phone number) – the SC will be able to change this

If possible this improvement will be facilitated directly through a public interface for Customer Interface for Resource Adequacy (CIRA) else OASIS or another publically available space on the ISO website will be used.

- Making data publically available through a web interface (or publishing) aggregate usage by branch group level after validation of each month ahead and year ahead RA showing. The aggregation will show 3 values:
    - Total overall RA showings for all ISO internal LSEs plus totals by each branch group
    - Same data for CPUC jurisdictional LSEs
    - Same data for non-CPUC jurisdictional LSEs

Improving both the trading and the usage aspect of the process is necessary to better facilitate the transfer of Import Capability among LSEs and improve the efficient utilization of Import Capability.

6.2. Inclusion of contractual data from non-CPUC jurisdictional LSEs into the policy portfolio used for MIC expansion

As required by the ISO Tariff, the CPUC currently provides the policy portfolios required for policy driven MIC expansion. The portfolios contain enough new resources to meet future needs of both CPUC as well as non-CPUC jurisdictional LSEs. Because the portfolios are mainly driven by macroeconomic and renewable information data to estimate future contractual development, they may not coincide with actual contracts signed by LSEs, resulting in disconnect between the portfolios studied and actual contracts.

This discrepancy is exacerbated for non-CPUC jurisdictional LSEs because the CPUC does not have direct visibility into non-jurisdictional contractual arrangements and the non-jurisdictional LSE are reluctant to make such data available directly to the CPUC.

Non-CPUC jurisdictional LSEs have raised concerns about confidentiality of data shared by the ISO with the CPUC. The ISO will collect such data from RA contracts that are not already publically available every year in the list of ETCs, TORs, Pre-RA Import Commitments and New Use Import Commitments. For example: http://www.caiso.com/Documents/Step6-2022ContractualData.xlsx

The ISO will continue to work with the CPUC and all the non-CPUC jurisdictional LSEs in order to assure the CPUC receives the data in a useful format for it policy portfolio needs from the willing to share non-CPUC jurisdictional LSEs. The agreed upon format needs to minimized the confidentiality concerns of all involved parties.

6.3. Maximum Import Capability expansion requests

The ISO is proposing herein to allow individual LSEs and other stakeholders to request the increase in import capability at any given branch group to support resource adequacy import contracts.

Ratepayer funded expansions or upgrades:

In order to limit the amount of studies and queued requests seeking MIC expansion, only stakeholders with legitimate reasons and financial commitments towards serving ISO internal load will be allowed to

make such requests for MIC expansion. While different stakeholders could submit a request for MIC expansion, any increase in MIC resulting from such requests will be allocated among the LSEs based on the existing methodology. The following are the legitimate reasons to submit a MIC expansion request:

- Existing RA import contract (internal LSEs), not already fully accounted for as Pre-RA import Commitment or New Use Import Commitment.

- Owners of new transmission connecting to the ISO grid from an external Balancing Authority Area (BAA) or connecting into the neighboring BAA immediately adjacent to the ISO grid.

- Other stakeholders that can contractually demonstrate financial commitments towards serving ISO internal load.

The ISO will coordinate these MIC expansion requests with the policy driven MIC expansion and they will affect all branch groups that do not have enough Remaining Import Capability to cover the stakeholder requests along with the policy driven MIC expansion requests.

The ISO will receive the MIC expansion requests as comments submitted to the draft study plan for the Transmission Planning Process (TPP). Valid requests will then be analyzed as currently described in section 6.1.3.5 of the Reliability Requirements Business Process Manual (RR BPM) under "2. Assess Remaining Import Capability (RIC) Relative to Target Expanded MIC Values Determined in the TPP" now accounting for both MIC expansion requests and the CPUC provided policy portfolio. If there is sufficient Remaining Import Capability (RIC) to cover both needs then no expansion is needed. If there is not enough RIC available then expansion is needed and per RR BPM the process moves forward to "3. Target Expended MIC", "4. Deliverability Study","5. Multiple Interties to One Targeted Resource Area" and "6. Publish Expanded MIC Values".

Once the need for MIC expansion has been established their assessment will be coordinated and queued with the deliverability studies in the Generation Interconnection Process as established under section 6.1.3.6 of the RR BPM (Modeling Expanded MIC Values in GIP), including the next years NQC deliverability study, if the starting year for the need is appropriate.

The request to study a potential MIC increase does not convey the requestor any special rights during market scheduling, market operation or during the annual MIC allocation process. All ratepayer funded expansions are allocated to the ISO internal LSEs based on the Tariff approved methodology.

After deliverability studies are complete these requests can result in an increase in MIC if and when deliverability is available. The same way internal generation can have "Interim Deliverability" status, import deliverability can be increased temporarily on certain branch groups before other higher queued resources become operational.

The ISO may choose to move forward with upgrades required to make these MIC expansion requests deliverable given that the project is either economic and/or required to meet other reliability or policy reasons as currently authorized by the ISO Tariff.

If studies show that deliverability is not available, and the ISO does not find the required upgrade to be economic or otherwise needed for policy or reliability then the request for MIC expansion is denied.

Customer funded expansions or upgrades – NOT PART OF THIS INITIATIVE:

The ISO agrees in principle that it could provide an opportunity for the requesting party to pay for required studies and upgrades.

When a request is denied the original requestor may choose to pay for a facility study that will specify what upgrades, including their cost, are required in order to facilitate the requested MIC expansion. After the release of the facility study, the ISO will have the first choice of moving the project forward if it considers it economic or required to meet policy/reliability for all ISO ratepayers and in this case it will reimburse the facility study cost to the original requestor, else the requestor will be given the choice to pay for the upgrades required for MIC expansion. If the requestor chooses to pay for the upgrades, without reimbursement (and without TAC recovery), then the increase in MIC will be assigned to the requestor after the required facilities are in-service.

The framework and process to submit request for customer-paid transmission upgrades, when MIC expansion at ratepayer cost is denied, as well as the rights conveyed to the paying customer related to the increase in transmission system capabilities to support transactions into and across the ISO will be considered in the larger context of other current initiatives or potentially a new stakeholder initiative.

6.4. Step 13 – Same day priority to existing RA contracts during step13 of the Maximum Import Capability allocation process

The ISO moves forward with the proposal to give LSEs with existing RA contracts priority vs. all other stakeholder requests during step 13 of the MIC allocation process among all requests received during the same day. The priority relates only to the branch group where the existing RA contract is being scheduled.

The RA contract shown for step 13 may not be the same as a contract already “fully utilized” as Pre-RA Import Commitment or New Use Import Commitment. An LSE may use a Pre-RA Import Commitment or New Use Import Commitment if it did not receive a “full allocation” under those terms and it may use it only for the part (MWs) that was denied the Pre-RA Import Commitment or New Use Import Commitment status. Example: For one reason or another only 40 MW of a 50 MW contract was approved as New Use Import Commitment. The remaining 10 MW can be submitted as RA contract for step 13 priority.

The requesting LSE must submit proof of the RA contract by filling in the appropriate fields of a New Use Import Commitment template (already available on the ISO web site), along with the step 13 request.

The MW assignment under step 13 may not exceed the amount left after step 12 regardless of the amount of the RA contracts shown. If two or more LSEs have RA contracts that exceed the amount left

after step 12 on any given BG, then the assignment will be split among the applicable contacts on a MWs available vs. total MWs requested bases.

Example: LSE A has an RA contract on the requested branch group for 200 MW and LSE B has an RA contracts for the same branch group of 50 MW. The remaining MWs total 100 MW. The ratio of MW available vs. MW requested is 100/250 or 0.4. Each LSE will get 40% of what they have requested: LSE A 200 x 0.4 = 80 MW and LSE B 50 x 0.4 = 20 MW.

6.5. Tariff and Reliability Requirements BPM alignment of terms

Update Tariff and Reliability Requirements BPM language to be consistent with current FERC approved practice.

The ISO will go through the Tariff and Reliability Requirements BPM language in order to eliminate inconsistencies with current practice.

One example is language in section 40.4.6.2.2.2 that appears to limit bilateral MIC transfers to full MW increments, when in fact all RA requirements, transactions and showings (including transfers) are done using two decimal places.

Another example is in the same section 40.4.6.2.2.2 of the Tariff that suggest the ISO submits quarterly trading data directly to FERC when in fact trading data is publically posted for all stakeholders to see and use.

6.6. Other issues

At this time the ISO is not moving forward with other items discussed in the previous iteration of this stakeholder engagement. Future stakeholder engagements regarding Maximum Import Allocation may address some or all the items not addressed herein.

7. Stakeholder Engagement and EIM Governing Body Role

Stakeholder input is critical in both identifying potential shortcoming in the current calculation of maximum import capability, its allocation and tracking as well as improvements to the process. The schedule proposed below allows opportunity for stakeholder involvement and feedback.

This initiative will consider changes to the calculation and allocation of MIC. The ISO staff believes that the EIM Governing Body would not have any role with respect to the proposed changes to the calculation, allocation or usage of MIC, which will go to the Board of Governors for decision in November 2021, before changes to the ISO Tariff need to be approved by the Federal Energy Regulatory Commission (FERC).

The role of the EIM Governing Body with respect to policy initiatives changed on September 23, 2021, when the Board of Governors adopted revisions to the corporate bylaws and the Charter for EIM Governance to implement the Governance Review Committee's Part Two Proposal. Under the new rules, the Board and the EIM Governing Body have joint authority over any

> proposal to change or establish any ISO tariff rule(s) applicable to the EIM Entity balancing authority areas, EIM Entities, or other market participants within the EIM Entity balancing authority areas, in their capacity as participants in EIM. This scope excludes from joint authority, without limitation, any proposals to change or establish tariff rule(s) applicable only to the ISO balancing authority area or to the ISO-controlled grid.

Charter for EIM Governance § 2.2.1 None of the changes to the allocation of MIC, and the associated tariff amendments, would be "applicable to EIM Entity balancing authority areas, EIM Entities, or other market participants within EIM Entity balancing authority areas, in their capacity as participants in EIM." Instead, the proposed tariff rules would be applicable "only to the ISO balancing authority area or to the ISO-controlled grid." Accordingly, the proposed tariff changes fall outside the scope of joint authority.

The "EIM Governing Body may provide advisory input over proposals to change or establish tariff rules that would apply to the real-time market but are not within the scope of joint authority." Id. The proposed tariff revisions, however, also fall outside this advisory role, because they not apply to the real-time market. Rather, the MIC applies only to showings of RA sufficiency in the month-ahead or year-ahead time frame.

Stakeholders are encouraged to submit a response to the EIM classification of this initiative as described above in their written comments, particularly if they have concerns or questions.

7.1. Schedule

Table 3 lists the proposed schedule for the updates to the Maximum Import Capability enhancements process.

Table 3: Schedule for Maximum Import Capability enhancements process

Item	Date
Post Issue Paper	March 11, 2021
Stakeholder Call	March 18, 2021
Stakeholder Comments Due	April 1, 2021
Post Straw Proposal	May 6, 2021
Stakeholder Meeting	May 13, 2021
Stakeholder Comments Due	May 27, 2021
Post Revised Straw Proposal	August 4, 2021

Stakeholder Meeting	August 11, 2021
Stakeholder Comments Due	August 25, 2021
Post Draft Final Proposal and Draft Tariff Language	September 13, 2021
Stakeholder Call	September 20, 2021
Stakeholder Comments Due	October 4, 2021
Post Final Proposal	October 11, 2021
Stakeholder Call	October 18, 2021
ISO Board of Governors Meeting	November 3-4, 2021

The ISO proposes to present its proposal to the ISO Board of Governors in November 2021. The ISO is committed to providing many opportunities for stakeholder input into its market design, policy development, and implementation activities.

7.2. Next Steps

The ISO will discuss the Final Proposal during the stakeholder call on October 18, 2021. The ISO will than take the Final Proposal for approval to the Board of Governors at the November 3-4, 2021 meeting.