

Stakeholder Comments Template

Deliverability of Resource Adequacy Capacity on Interties

Submitted by	Company	Date Submitted
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This template is for submission of stakeholder comments on the topics listed below, covered in the *Deliverability of Resource Adequacy Capacity on Interties* Issue Paper posted on March 15, 2011, and issues discussed during the stakeholder conference call on March 22, 2011, including the slide presentation.

Please submit your comments below where indicated. Your comments on any aspect of this initiative are welcome. If you provide a preferred approach for a particular topic, your comments will be most useful if you provide the reasons and business case.

Please submit comments (in MS Word) to RAimport@caiso.com no later than the close of business on March 29, 2011.

The following excerpt is from the CAISO issue paper on Deliverability of Resource Adequacy Capacity on Interties:

“Under the current MIC calculation methodology, some interties to the ISO control area currently have extremely low or even zero MIC values. Some stakeholders contend that an unnecessarily low MIC value can prevent LSEs and renewable developers from negotiating bilateral contracts for energy and capacity from projects outside the BAA. For example, a zero MIC value means that no LSE will be able to utilize the intertie for delivery of RA capacity, and therefore no RA revenue streams are available to projects that would schedule energy at those interties, even though the projects might otherwise be more desirable than some projects inside the ISO BAA that are able to offer RA capacity. Moreover, some of these external projects are located in areas rich in renewable energy potential, which could be used by LSEs to meet the requirements of the state RPS,⁷ including the 20% and 33% energy goals. The present effort is intended to develop an improved MIC methodology that would allow for increased import capability where warranted. With increasing renewable development expected outside the ISO BAA, the ISO expects increased interest in such expansion of RA import capability beyond the levels determined by the current historical-based MIC approach. Under the current MIC calculation methodology, some interties to the ISO control area currently have extremely low or even zero MIC values. Some stakeholders contend that an unnecessarily low MIC value can prevent LSEs and renewable developers from negotiating bilateral contracts for energy and capacity from projects outside the BAA. For example, a zero MIC value means that no LSE will be able to utilize the intertie for delivery of RA capacity, and therefore no RA revenue streams are available to projects that would schedule energy

at those interties, even though the projects might otherwise be more desirable than some projects inside the ISO BAA that are able to offer RA capacity. Moreover, some of these external projects are located in areas rich in renewable energy potential, which could be used by LSEs to meet the requirements of the state RPS,⁷ including the 20% and 33% energy goals. The present effort is intended to develop an improved MIC methodology that would allow for increased import capability where warranted. With increasing renewable development expected outside the ISO BAA, the ISO expects increased interest in such expansion of RA import capability beyond the levels determined by the current historical-based MIC approach.”

Noble Americas Energy Solutions (Noble Solutions) is in agreement, in principal, with the CAISO proposal to revise the methodology used to calculate the MIC. However, Noble Solutions reserves its final position on this subject until the CAISO establishes a new approach to calculating the MIC and shares with stakeholders.

As part of this process, Noble Solutions desires more transparency in the process of the adjustment of Load Ratio Share (LRS) when allocating MIC on the interties. While not specifically included as part of this initiative, Noble Solutions believes that given the changes in load amongst LSEs, as a result of the reopening of retail choice, the migration of load will have significant impacts on the LRS and the allocation of the MIC. Therefore, increased transparency of the LRS process to stakeholders should be included in this proposal.

For example:

What data is being used and where is the source of the information?

What is the time period of the data?

Does the data represent load that has been migrated?

For which allocation year is the LRS data being used for?