

## Local Capacity Requirements (LCR) Technical Study Criteria Stakeholder Call of October 31, 2017

Submitted by	Company	Date Submitted
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PG&E provides the following comments on the October 31, 2017 stakeholder call which presented the methodology and assumptions for the 2019 LCR technical study. PG&E appreciates the opportunity to review the study process and ask CAISO experts about the methodology used in the LCR technical studies. Although these efforts have been helpful, the LCR methodology remains largely opaque, especially with regard to generation availability, and this opacity can have harmful consequences.

PG&E requests the CAISO provide as much transparency as possible into the analysis so that a reasonably well-informed and technically capable party may be able to replicate the results of the study. In particular, PG&E requests more information be provided about the system adjustments the CAISO makes as part of the study. Of particular interest, is when the study examines an N-1-1 situation in local areas, and as such adjustments are made to the system as following the first contingency to restore the system to a secure state before a second contingency occurs. The CAISO identifies explicitly the first and second contingencies, but does not provide information about the adjustments made to the system between them. PG&E would like the CAISO to provide more information regarding these system adjustments. PG&E understands the imprudence of the CAISO describing exactly the adjustments made, but believes the CAISO could provide a general description of the adjustment in each particular sub-area. Such a description would provide greater insight into the requirements set in the process, and allow for the analysis to be replicated. Such information would also allow for a greater link to be established between the LCR process and the transmission planning process (TPP) where transmission reliability needs are identified and addressed through specific modifications to the transmission system.

PG&E also requests the CAISO be more explicit about its assumptions regarding generation unit ownership in the analysis. For example, during the call, CAISO staff described the process for identifying which generation resources are considered first for mitigating contingencies in local areas and subareas. The CAISO studies the “most effective” resource first, but will also consider long-term contracted units such as PURPA Qualifying Facilities (QFs) and Utility Owned Generation (UOG), even if they are less effective, because these units are assumed to be

available. If this is, in fact, how ownership/contract information is incorporated in the analysis, PG&E asks these assumptions be made explicit in the methodology.

Further, PG&E asks the CAISO to be explicit about how assumptions regarding the electrical system, particularly generation assumptions, from the TPP flow through to the LCR analysis. While transmission system investments/retirements clearly flow from the TPP to the LCR, it is less clear how assumptions regarding generation on the system are handled. While, in the short-run, existing generators are likely to continue to exist, and ‘known or announced retirements’ or units over 40 years of age are not likely to exist, the CAISO is aware that units may change availability status quickly. Both the TPP and LCR analyses should be able to identify impacts on transmission system reliability and address detrimental impacts on a timely basis when specific resources become unavailable.

PG&E understands that the CAISO intends to conduct a holistic review of the RMR process in the coming months. PG&E supports that effort and recommends that the TPP and LCR study processes be included in that review, with the aim of establishing consistent, transparent assumptions about the future availability of resources that support reliability in constrained local areas.