Stakeholder Comments Template

Resource Transitions

Resource Adequacy Deliverability Assessment for Resources Transitioning from Outside to Inside the ISO Balancing Authority Area

Submitted by	Company	Date Submitted
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Pacific Gas & Electric (PG&E) appreciates the opportunity to participate in the stakeholder process for the CAISO's Resource Transitions and to comment on the Issue Paper.

Issue

The CAISO does not have a formal process for evaluating the deliverability of an external RA resource that becomes an internal resource due to the creation of a new connection to a point on the CAISO grid, or a change to the boundary of the CAISO grid.

Background

The CAISO currently conducts two types of deliverability assessments:

1. **Deliverability of Internal Generation**

   - This assessment determines the transmission upgrades that are needed to allow the generator to deliver its energy under peak load conditions.

   - A resource can only receive RA credit for its entire capacity if it is fully deliverable (i.e. 100% of its energy can be delivered to the grid during peak load conditions).

2. **Deliverability of External Generation**

   - The CAISO does not assess the individual deliverability of an external generator.

- The CAISO uses the prior two years of historical import schedule data during high load periods to determine the Maximum Import Capability (MIC) at each intertie.[1]

- The import capability of the system is determined by the CAISO and then allocated to LSEs in accordance CAISO Tariff Section 40.4.6.2.

The CAISO intends to create a process whereby it can establish the RA deliverability of an external RA resource that becomes internal resource due to the creation of a new connection to a point on the CAISO grid, or a change to the boundary of the CAISO grid and has proposed the three options described below.

Options:

1. Treat the resource as a new interconnection customer and address its deliverability status through the generation interconnection procedures (GIP), with no ex ante allowance for its previous contribution to the RA import deliverability on the associated intertie. The resource would not qualify for RA until the completion of the GIP.

2. Grant the resource, on an interim basis, a MW value of deliverability status that reflects its contribution to the RA deliverability on the associated intertie, and require the resource to utilize the GIP as a new interconnection customer to establish its deliverability status on a permanent basis.

3. Grant the resource, on a permanent basis, a MW value of deliverability status that reflects its contribution to the RA deliverability on the associated intertie. If the resource wants to obtain full capacity deliverability status up to its QC value, it would have to utilize the GIP to obtain the additional MW.

Comments

1. Preferred Option – Do you have a preference for any one of the three options presented in the issue paper and why?

PG&E supports Option 2 in the case that the resource changes the location of its interconnection point.

Option 2 would allow the resource to continue to provide RA capacity while the CAISO performs the GIP study. Granting interim RA capacity based on the resource's contribution

[1] Specifically, the prior two years of historical flows is examined during high load periods. The sample hours are selected by choosing hours with the highest total import level when peak load was at least 90% of the annual system peak load.

to RA deliverability on the intertie seems reasonable given that the new interconnection point will not dramatically change the flows in the CAISO's grid.[2]

PG&E supports Option 3 in the case that there is a change to the boundary of the CAISO's BAA.

Option 3 should be available to a resource when there is a change to the CAISO's boundary. Given that the location of the resource's interconnection point will not change, there is no need to impose the requirement that the resource perform a GIP study to justify its RA deliverability. Using historical data to determine the resource's contribution to RA deliverability on the intertie should provide a reasonable estimate of its new RA capacity value. However, if the resource wants to obtain full capacity deliverability status up to its QC value (assuming the QC value is greater than its past RA deliverability), it would have to utilize the GIP to obtain the additional RA value.

2. **Objection to Option – Do you have a strong objection to any of the three options presented in the issue paper and why?**

   Option 1 seems unreasonable because it would result in the resource losing its RA payments for a minimum of 18 months.[3] Further, Load Serving Entities (LSEs) would potentially have to procure higher priced replacement capacity to meet its RA requirements, leading to more costs for ratepayers.

3. **Providing Deliverability to Resource versus to Load Serving Entity – What is your view on providing deliverability capability to a transitioning generating unit versus a load serving entity, recognizing that prior to the transition the MIC to which the generating unit's historical schedules contributed was allocated to load serving entities?**

   PG&E is indifferent. The LSE's will be able to procure a similar amount of RA capacity, irrespective of whether it is allocated to LSEs on an intertie or whether it assigned to a specific resource. Additionally, the reduction in the MIC will only occur in the first year of the resource's transition. The CAISO will re-evaluate the MIC in subsequent years through the normal annual deliverability process.[4]

4. **Other Options – Please describe any other viable options the ISO should consider, in addition to the three options identified in the issue paper. If you prefer one of these**

[2] This is because the new interconnection point will still connected to the same line but will now be on the CAISO's side of the intertie. This stakeholder process does not contemplate a scenario in which an external resource connects to a new transmission line inside the CAISO's grid.

[3] Given that the resource will have to wait until the next cluster to begin the GIP study, it is likely that Option 1 could result in the resource losing its RA capacity for a period longer than 18-months.

[4] According to the CAISO's proposal, Options 2 and 3 will result in a reduction in the MIC by the amount of RA capacity allocated to the transitioning resource; this reduction will only apply for the first year after the resource's transition. However, once more year of historic data is accumulated, the CAISO will re-evaluate the MIC in accordance with standard procedures.

other options, please explain why and how any additional options address equity issues such as those described in item 3 above.

No comments at this time

5. Other Comments – If you have any additional comments, please provide them here.

PG&E would like the CAISO to answer the following questions:

- How will the CAISO determine the resource's contribution to RA deliverability on the intertie? This was not specified in the CAISO's Issue Paper.
  - How will the CAISO be able to make the distinction between the energy provided by the resource in question and the energy provided by the other resources (including non–resource specific RA resources) that are not changing its interconnection point?
  - Regarding Option 2, the CAISO states that the resource's interim RA capacity may be "adjusted if necessary through the annual NQC process." What are the specific factors in the annual NQC process that might contribute to any potential adjustment?
- Does Option 2 allow the resource to initiate the GIP study before it physically changes the location of its interconnection point?
- Would a GIP study for these resources include an assessment of both deliverability and reliability?