

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.

1. Do you have any comments on the overall issue that the ISO is proposing to address? For example, has the ISO adequately framed the issue?

It is a worthy exercise to explore if more intertie capacity can be counted for purposes of resource adequacy import capability simply by exploring alternative methodologies. The current methodology has the benefits of

- 1) Being transparent and simple to understand,
- 2) Providing results that are clearly feasible, and
- 3) Providing results that have remained fairly consistent over time.

Any new methodology should exhibit these attributes.

The current methodology, which relies two years of historical data, falls short in two areas:

- 1) It cannot account for expected flows due to new import resources looking to schedule into the CAISO on a particular intertie and
- 2) It does not account for new intertie capacity as interties are expanded or as new interties are placed into service. The current methodology has a two year lag with respect to both of these areas.

For any new methodology to be productive, it should reduce or eliminate the current lag associated with new resources or new transmission expansions that either add to existing intertie space or create new interties.

PG&E shares concerns raised on the conference call with respect to facilitating long-term contracts with new out-of-CAISO resources. Providing an adequate level of certainty that intertie space will be available to be counted for resource adequacy, or at least not decrease, can facilitate such long-term contracting.

2. Do you have any suggestions on how this issue might be addressed and resolved? If you have a suggested approach, please describe your proposal and its perceived benefits and provide examples to illustrate your proposal.

PG&E offers some suggestions on analysis that the CAISO can conduct to determine if the current methodology is inadequate. PG&E appreciated the information provided by in the presentation at the March 22 conference call.

- 1) The table on slide 12 should be supplemented by examining if the interties are congested or constrained during the historical hours examined. If they are congested then it would not follow that more intertie space could be released for RA imports without expanding the physical capacity on the intertie.
- 2) It would also be helpful to see what the available transmission capacity (ATC) of each intertie was during the peak schedule hours used in the historical method. The current table, which shows operating transfer capability (OTC), might be misleading in that it would appear that much more intertie space is available than might actually be true. As an alternative, the CAISO could provide the ATC within a certain confidence interval (say 99%) over multiple hours rather than just examining the peak hours to compare with the existing methodology.

Providing these high level pieces of information might provide stakeholders with an upper bound on how much intertie space could be available and could help to determine if exploring a new methodology could provide enough benefits to be worth the effort of developing one.

Even if the analysis shows that the current methodology will not provide benefits on the existing system, PG&E believes that a methodology is needed to accommodate new transmission additions that either expand existing interties or create new ones.