

## Southwestern Power Group Comments on Market Design Initiatives Catalog

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Southwestern Power Group (SWPG) appreciates the opportunity to submit comments to regarding the CAISO's Market Design Catalog Initiative stakeholder process. The Southwestern Power Group is an Independent developer of utility-scale generation and transmission in the Desert Southwest.

SWPG is developing a double-circuit 500 kV interstate transmission project between central New Mexico and Metro-Phoenix. The purpose of the project is to deliver primarily renewable energy from NM and AZ to western markets (at the Palo Verde hub).

### **Recommendation to Explicitly Include Multi-Year RA Import Allocation Process in Catalog**

Last year SWPG encouraged the ISO to include an effort to develop a Multi-Year RA import allocation process as part of the stakeholder initiatives. The ISO included such an item in its 2012 catalog. The item was ranked high by several Stakeholders. The ISO ultimately included this element, but coupled it under its Multi-year Forward Reliability Capacity Pricing Mechanism (item 8.3) starting with its November 20 2012 draft catalog.

However, this year the ISO has refocused its long term procurement initiative on the joint reliability framework (item 8.2 of the October 3, 2013 catalog), and this initiative is focused on multi-year obligations, assessments and a capacity auction. The catalog item does not indicate the ISO will develop a multi-year import allocation, although we believe it should.

While the capacity auction is import, the auction is intended to be residual in nature. Parties need the ability to contract forward bilaterally for the majority of the multi-year RA needs. For this purpose it is critical that a multi-year RA import allocation be established.

We request that the ISO add a fourth sub-element to item 8.2 explicitly noting the intention to develop a multi-year import allocation.<sup>1</sup>

Please see SWPG's October 2012 Stakeholder Catalog comments for the business case supporting the need for this element.

Thank you for your consideration.

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<sup>1</sup> Alternatively the ISO could add an additional stakeholder initiative to develop the import allocation mechanism. However, we are not in favor of this as the ranking process would result in stakeholders essentially choosing between the two related initiatives, given the limitations on the discretionary policy items stakeholders can rank.