

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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Sempra Generation appreciates this opportunity to provide comments on the Resource Transitions Draft Final Proposal issued by the CAISO on April 21, 2011. Sempra Generation believes that the Draft Final Proposal is on the right track, in that it proposes to adopt the “Option 3” approach to grant permanent delivery status for generator capacity associated with historically demonstrated imports during Resource Adequacy (“RA”) import delivery assessment hours. Sempra Generation further appreciates that the Draft Final Proposal makes certain clarifications in response to Sempra Generation’s April 8 comments on the Straw Proposal relating to the timing of the “look back” for historically demonstrated imports.

In the comments below, Sempra Generation requests that the CAISO consider certain clarifications regarding the Draft Final Proposal.

- **Continuing Concern With Resource Transition Eligibility Requirements**

The March 24, 2011 Straw Proposal explained that the Resource Transition process would apply to “small reconfigurations to existing transmission lines” in that such modifications “may be required in order to physically change the existing BAA boundary, as long as they have an insignificant effect on the system impedance and they effectively do not change the flow patterns from the existing ISO boundary towards the main ISO system.” See Straw Proposal at p. 11. Sempra Generation’s comments on the Straw Proposal urged the CAISO to clarify that new interconnections resulting in changes that have an insignificant effect on system impedance and that effectively do not change the flow patterns from the existing CAISO boundary towards the main CAISO system will also qualify for the resource transition benefits. By “new interconnections,” Sempra Generation is using that term as it is presumably intended for the purposes of the resource transitions process (i.e., it does not refer to the interconnection of a “new” generator, but instead refers to the newly-established electrical presence in the CAISO Balancing Authority Area of an existing generator via electrically insignificant modifications to physical facilities).

The Draft Final Proposal rejects Sempra Generation's requested clarification, maintaining that it would "be extremely difficult to establish a bright line and associated methodology for such a standard." Draft Final Proposal at p. 7. Sempra Generation continues to believe that the appropriate outcome, both from an electrical engineering standpoint as well as from the FERC-based just and reasonable context, is the requested clarification in its April 8 Comments. Indeed, the standard proposed by Sempra Generation (i.e., changes that have an insignificant effect on system impedance and that effectively do not change the flow patterns from the existing CAISO boundary towards the main CAISO system should be eligible for the resource transition process) is the same eligibility standard used by the CAISO in its Straw Proposal. Absent further clarification from the CAISO on this issue, it appears that in rejecting Sempra Generation's request, the CAISO has rejected its own standard as being too difficult to implement, and the CAISO risks accusations that the resource transitions process is a result-oriented proposal that unjustifiably discriminates among similarly-situated market participants.

- **At a Minimum, Clarification Needed on "Case-by-Case" Eligibility**

The Draft Final Proposal provides that the resource transition process will not apply to "large boundary changes" that would move "significant amounts of transmission or generation infrastructure into the CAISO BAA," and that instead such changes will need to be evaluated on a case-by-case basis with respect to the RA deliverability assessment. Draft Final Proposal at p. 12 (See also, Draft Final Proposal at pp. 3, 6 at 15). At the same time, the Draft Final Proposal specifies that the resource transition process is not available for projects "involving building new infrastructure like new transmission lines or transformers" or "building of new substations" in order to form new interconnections. Draft Final Proposal at p. 13.

Taking the Draft Final Proposal as a whole, Sempra Generation interprets the above-quoted provisions to mean that projects "involving building new infrastructure like new transmission lines or transformers" or "building of new substations" in order to form new interconnections would need to be reviewed on a case-by-case basis with respect to the RA deliverability assessment. Any other interpretation, such as one in which such projects would not even be eligible for consideration on a case-by-case basis, would seem to be illogical. Nevertheless, out of an abundance of caution, and without prejudice to the arguments raised in the previous section of these comments, Sempra Generation seeks clarification that such projects (i.e., projects "involving building new infrastructure like new transmission lines or transformers" or "building of new substations" in order to form new interconnections) are, at a minimum, eligible to be reviewed on a case-by-case basis for RA deliverability assessment using the Resource Transition methodology.

On a related note, when the Draft Final Proposal references review on a case-by-case basis, the proposal lacks any specificity as to how that case-by-case approach would actually work in practice. In other words, assuming that a facility falls within one of the categories for which a case-by-case review is called for, it is unclear how the process would be initiated or what the parameters of the eligibility review would be. Additional details on this process would be helpful for market participants' planning purposes.