

Decision on Resource Adequacy Deliverability for Distributed Generation

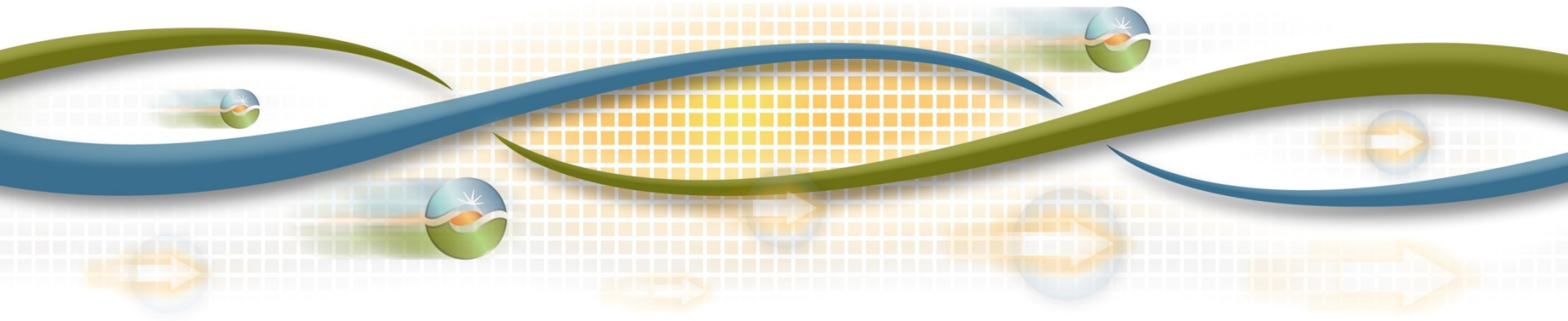
Lorenzo Kristov

Principal, Market and Infrastructure Policy

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Proposal creates a streamlined process for distributed generation (DG) to provide resource adequacy capacity.

- State energy policy emphasizes small-scale resources
 - Connected to distribution system (close to load)
 - “Deliverable” to count for resource adequacy
- Current deliverability study process takes 2 years to complete.
- New streamlined, annual process
 - Supports state policy by facilitating DG development
 - Aligns with ISO transmission planning process
 - First application in 2012-13 for 2014 resource adequacy year

ISO staff conducted a comprehensive stakeholder process beginning December 2011.

- Three rounds of ISO proposals followed by stakeholder conference calls and written comments
- Outreach to regulatory authorities that oversee procurement by load-serving entities
 - Both CPUC and publicly owned utilities
 - Protect against disadvantages for municipal utilities

Proposed annual process consists of two new steps.



**New step 1: Perform DG
deliverability studies**

November-February

- Determine MW amounts of DG deliverability at pre-specified grid nodes
- Avoid triggering further network upgrades
- Target nodal DG quantities based on resource portfolio used in transmission planning
- Obtain municipal utility input to the DG portfolio
- Model grid capacity based on latest transmission plan
- Protect deliverability of existing generators and projects in the queue

Study results: *ISO posts a list of network nodes studied and associated quantities of deliverable DG*

**New step 2: Allocate DG deliverability
resulting from studies**

March-July

- ISO allocates shares to regulatory authorities that oversee procurement by load-serving entities
- Local regulatory authorities may request up to their load-ratio shares
- Total allocations limited by transmission planning base case resource portfolio
- Rules protect small municipals with one or few load locations
- Local regulatory authorities assign deliverability status to specific DG projects and monitor projects for progress
- Deliverability not assigned in one cycle may be carried over

Proposal has broad stakeholder support.

- Stakeholders agree the proposal offers significant benefits
- Southern California Edison prefers the ISO allocate DG deliverability directly to load-serving entities
- Bay Area Municipal Transmission Group wants DG allocation to exceed transmission planning resource portfolio amounts, if available
- Sierra Club & Interstate Renewable Energy Council challenge protection of deliverability for existing generators and projects in queue