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Comments of the Imperial Irrigation District

California Independent System Operator Corporation (“CAISO”) 2014-15 Draft Transmission Plan (February 2, 2015)

The Imperial Irrigation District (“IID”) submits these brief comments on the materials presented at the February 17, 2015 Stakeholder Meeting regarding the 2014-15 Transmission Planning process.

IID’s comments focus on two areas highly relevant to IID’s customers and also achievement of the state’s energy policy objectives. The first is the discussion of the restoration of Maximum Import Capability (“MIC”). The second is consideration of holistic approaches to solve simultaneous policy and reliability objectives in Southern California.

MIC

IID appreciates the CAISO clarification, at slide 10 of the CAISO’s February 17th presentation, that there is available MIC that can be utilized by resources connecting to the IID or to the CAISO, to enable those resources to count as Resource Adequacy capacity in the CPUC solicitation process.¹ This confirms the Draft 2014-2015 Transmission Plan discussion which sets forth 662 MW of MIC from IID for 2020, and an additional 500-750 MW of incremental deliverability for the Imperial Zone.²

While policy differences remain between the CAISO and IID on MIC and the inability of IID-located resources to rely upon a durable MIC as they work through the procurement process, IID’s primary objective here is to ensure that this availability of additional deliverability, whether it is MIC or deliverability internal to the CAISO system, is accurately incorporated in the ongoing renewable solicitation process. The CPUC’s Procurement Decision states, in part, as follows:

¹ <http://www.caiso.com/Documents/Presentation-Draft2014-2015TransmissionPlanStakeholderMeetings-Feb172015.pdf>.

² Draft 2014-2015 ISO Transmission Plan, at 148-49.

While the Commission is encouraged by the execution of contracts in the Imperial Valley area and successful development of new renewable energy facilities, we continue to direct monitoring of renewable procurement activities in the Imperial Valley area. Only a small portion of the executed contracts are operational, and continued monitoring will enable the Commission and the public to observe the progress of renewable facilities development in the area.

The Commission directed the IOUs to assume a maximum import capacity from the IID Balancing Area, in part, to recognize the resource potential in the Imperial Valley area. While the Commission still recognizes the Imperial Valley resource potential, the Commission agrees with SCE that it is reasonable to calculate capacity benefits for offers located in the Imperial Valley area based on CAISO's *Advisory Estimates of Future Resource Adequacy Import Capability* because CAISO's methodology for calculating maximum import capability has changed. This change in CAISO's methodology eliminates the Commission's previous concerns. Further, the Commission finds it reasonable for PG&E and SDG&E to calculate its resource adequacy benefits based on the same CAISO estimates.

Therefore, SCE's proposal to modify its least-cost, best-fit methodology by calculating resource adequacy benefits based on CAISO's *Advisory Estimates of Future Resource Adequacy Import Capability* is approved. Furthermore, the Commission's requirement to assume a maximum import capability of 1,400 MW from IID Balancing Authority Area as directed in June 7, 2011 ACR and D.12-11-016 is removed.

Accordingly, the Commission's Energy Division staff shall continue to monitor RPS development in the Imperial Valley according to the parameters set forth in Appendix A of D.09-06-018. Consistent with D.12-11-016, PG&E, SCE and SDG&E shall provide a specific assessment of the offers and contracted projects in the Imperial Valley region in future RPS Procurement Plans filed with the Commission pursuant to §§ 399.11 *et seq.* until directed otherwise.

In its final 2014 RPS Procurement Plan, SCE's least-cost, best-fit methodology that calculates resource adequacy benefits based on CAISO's *Advisory Estimates of Future Resource Adequacy Import Capability* is approved. Furthermore, in their final RPS Procurement Plan, PG&E and SDG&E shall, as applicable, remove the assumption of a maximum import capability of 1,400 MW from IID Balancing

Authority Area adopted in the June 7, 2011 ACR and D.12-11-016 and may base its resource adequacy calculations on CAISO's *Advisory Estimates of Future Resource Adequacy Import Capability*.

IID's concern is rooted in the uncertain application of the referenced *Advisory Estimates of Future Resource Adequacy Import Capability*. The Advisory Estimate published December 17, 2015, includes the 500-750 MW of incremental MIC or deliverability for new resources. Clearly, this is the Advisory Estimate that should be used by the CPUC-jurisdictional entities in the ongoing solicitation. However, there is no way to confirm that this is the case. IID is contemplating seeking clarification of this matter at the CPUC, and welcomes the CAISO's input to ensure that accurate values are reflected in the ongoing solicitation.

Southern California Transmission Solutions

The CAISO's February 17th materials reference multiple-benefit projects that may contribute to solving local capacity requirements in the Southern California Local Reliability Areas, while also meeting broader policy objectives.³ IID has submitted two projects into the Request Window: (1) the Hooper-SONGS Projects ("STEP"), which is a DC line which is designed to be responsive to local reliability while allowing increased delivery of renewable resources; and (2) the Midway-Devers 500 kV Project, which would increase transfer capability from IID and allow greater delivery of both flexible and renewable resources to the CAISO BAA, but is not designed to remediate coastal load pocket reliability concerns without combination with other projects. IID is keenly interested in how, objectively, the CAISO will assess countervailing considerations in the upcoming 2015-2016 TPP cycle. While each of the three categories of transmission (economic, policy driven, reliability) is relatively straightforward, balancing cost, siting considerations, and multiple objects in a quantifiable way, is less clear. These metrics should be provided to stakeholders for consideration and comment early in the 2015-2016 cycle so that upcoming decisions can be based on the most solid foundation possible.

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³ See February 17 Presentation at 9-17.