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**Comments of the Imperial Irrigation District  
on the  
Imperial Valley Transmission Consultation  
Draft Second Discussion Paper (October 1, 2014)**

The Imperial Irrigation District (“IID”) appreciates the opportunity to comment on the Imperial Valley Transmission Consultation, Draft Second Discussion Paper.

As you know, IID was dismayed to see that zero Maximum Import Capability (“MIC”) was allocated for Resource Adequacy (“RA”) counting for imports of new generation projects interconnected to IID’s transmission system in the 2013-2014 Transmission Planning Process (“TPP”) cycle. The elimination of MIC comes as IID has invested its customers’ funds to expand transmission on its system, which is enabling deliverability of resources internal within the CAISO Balancing Authority Area (“BAA”) under the current methodology.

As IID understands the Technical Addendum issued by the CAISO, the forecast for additional deliverability from the Imperial Zone above the historical 462 MIC was reduced to zero MW, purportedly due to the closure of SONGS. *Imperial Valley Transmission Consultation, Technical Addendum (July 30, 2014) at 2.* It further stated that transmission additions approved in the 2013-2014 TPP cycle restored the future additional amount of deliverability for the Imperial Zone to up to 1,000 MW. But, the CAISO has allocated all 1,000 MW of that transmission capability to projects directly connected to the CAISO Controlled Grid and allocated 0 MW for imports from the IID BAA. This is of great concern to IID because, as stated above, it appears that it is not only the upgrades made on the CAISO Controlled Grid, but also upgrades paid for by IID customers, that have enabled this increased deliverability. This practice of reducing MIC in favor of deliverability of internal resources make it extraordinarily difficult for resources in the IID BAA to compete in competitive solicitations by Load Serving Entities (“LSE”) in the CAISO BAA because they receive no RA value. A vicious cycle is created because the lack of a durable MIC reinforces procurement of resources internal to the CAISO BAA, which further reduces MIC for resources located in IID. This is at odds with past practice<sup>1</sup> and sound policy. The practical result is that a neighboring utility’s non-transparent and discretionary procurement actions affect the viability of resources in the IID BAA for all LSE’s in the CAISO. The pitfalls of this approach are self-evident.

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<sup>1</sup> Commissioner Ferron rejected a previous attempt to assign a zero MIC for imports “*from the IID BAA*” and concluded that it would be unreasonable to use a MIC less than 1,400 MW for imports “*from the IID BAA.*” *Assigned Commissioner’s Ruling Regarding Resource Adequacy Value of RPS Projects in the Imperial Irrigation District Balancing Authority at 7.* The CAISO, in turn established a 1400 MW MIC.

IID proffers the following proposals in the short term to begin to address this issue:

1. Clarify and finalize allocation of MIC to 200 MW of RA resources with PPAs in the IID BAA. There was some confusion at the stakeholder meeting on how this allocation would be performed and the proration accomplished.
2. Finalize certain operational remedies that are being studied by the CAISO as described in the October 8<sup>th</sup> Stakeholder Meeting and supporting materials. It would be quite helpful to assess the efficacy of these operational remedies as stakeholders and the CAISO consider other options.
3. Finalize any proposal to repurpose MIC for other Branch Groups. It is IID's understanding the IID and PV branch groups are the only segments that have relationships to each other in this regard, which should allay fears that this would impact other Interties.
4. Perform technical analysis to get at the root cause of the reduced MIC. Consistent with appropriate data confidentiality safeguards, IID proposes that it perform this analysis and make it available to all stakeholders and the CAISO for examination and review. IID believes it can have this analysis completed by November 25, 2014. This analysis is important to ensure that there is full understanding of the issue. IID will quantify which elements of the transmission system have impacted deliverability and by how much. It will quantify the amount of transmission capability on the IID system that is relied upon to ensure deliverability for resources internal to the CAISO BAA. It will identify, resource by resource, the impact on MIC for resources both inside the IID BAA, as well as the affect of resources interconnecting Sunrise Power Link, ECO Substation, Imperial Valley Substation, and increased flows on the Southwest Power Link. This analysis will also enable stakeholders to have a complete understanding of this issue and ensure that correct calculations are done for the 2014-15 planning cycle. Finally, it will allow and support a delivery component to be considered in affected system analysis.

In the longer term, IID believes the following steps should be considered:

1. Reconsideration of the MIC Methodology in Total. With numerous changes in RA policies underway, including consideration of a multi-year RA requirement, the need to harmonize import counting rules with new requirements is apparent. This issue should be prioritized for examination in 2015.
2. Assessment of Transmission Upgrades to Ensure Durable MIC Moving Forward. IID recognizes that this is underway with specific application to certain scenarios. IID seeks clarity on how the CAISO will time this with any possible changes to state policy. In this regard, if state policy is modified this year or early next to support additional renewable procurement, on what track will upgrades to enable deliverability from IID be considered? Given that there is time left in this cycle, it seems quite possible to consider these upgrades in the current cycle. At a minimum, a separate track similar to that provided for consideration of the Harry Allen-Mead line should be considered.

3. Modification of the Affected System process. IID has described this option above. Reduction of MIC is clearly an adverse impact that should be considered and remedied in the affected system study and agreement process.

4. Assignment of MIC to Responsible Parties. If IID facilities are relied upon to enable deliverability of resources to the CAISO, it is reasonable to suggest that the entities paying for those facilities get the value of the added MIC. Today, whether through bill credits or direct cost responsibility and recovery through the Transmission Access Charge, load largely pays for the transmission system under the CAISO Operational Control. Similarly, IID customers that fund upgrades that enable MIC should get that benefit for facilities they pay for.

5. Preservation of MIC Similar to Preservation of Deliverability. The CAISO process preserves deliverability for internal resources. IID understood that MIC would also be preserved, and further description of how this will be accomplished is necessary.

As expressed in the October 8<sup>th</sup> meeting, IID is looking for a solution that honors the principle of durability so that the MIC can be relied upon in the procurement process. This issue is of paramount importance to the IID as it assesses its near term projects, including its own initiated upgrades and the Imperial Valley Policy Driven Element.

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