

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA**

Order Instituting Rulemaking to Integrate
and Refine Procurement Policies and
Consider Long-Term Procurement Plans

Rulemaking 13-12-010
Filed December 19, 2013

**COMMENTS OF THE CALIFORNIA INDEPENDENT SYSTEM OPERATOR
CORPORATION TO THE ADMINISTRATIVE LAW JUDGE’S RULING ON
ASSUMPTIONS AND SCENARIOS FOR 2015-2016 PROCEEDINGS**

Pursuant to the Administrative Law Judge’s (ALJ’s) December 23, 2014 Ruling on Assumptions and Scenarios for 2015-2016 Proceedings (Ruling), the California Independent System Operator Corporation (CAISO) hereby files comments regarding the assumptions and scenarios (A&S) contained in Attachment 1 to the Ruling. In these comments, the CAISO addresses (1) the ALJ’s question regarding the modeling of generation resources with pending applications and (2) specific A&S that CAISO believes require clarification.

I. Inclusion of Generating Resources with Pending Applications in the A&S for Modeling Purposes

In order to provide a more complete picture of utility procurement, the CAISO believes that the Commission should include generating resources with pending applications in the A&S for modeling purposes. Although, Commission approved resources may differ from the resources with pending applications, including these resources will provide a more accurate overall picture than excluding them because many of the applications are based on Commission approved long-term procurement authorizations. The CAISO also notes that including these resources is consistent with the CAISO’s current treatment of resources pending authorization in the 2014-2015 transmission planning process. The CAISO’s preliminary reliability include generation resources with pending applications that are consistent with Commission long-term procurement authorizations.

II. A&S Clarifications

The following subsections address specific A&S issues that the CAISO believes should be clarified.

A. Frequency of Local Capacity Requirement Analysis

The CAISO conducted a local capacity requirement analyses for all local areas and sub-areas in its 2014-2015 transmission planning process and plans to conduct similar local capacity requirement analyses every two years, with the next full analysis set to occur in the 2016-2017 transmission planning cycle. However, the CAISO will conduct local capacity requirement analyses for the Los Angeles Basin and San Diego local areas and the Moorpark sub-area of the Big Creek/Ventura local area in 2015-2016 transmission planning process. The CAISO recommends updating the introduction to the A&S, page 5 of Attachment 1, to reflect that these additional local capacity requirement studies will be conducted in the 2015-2016 transmission planning process.

B. Section 4.1.9 – Avoided Transmission and Distribution System Losses

Table 2 shows factors to be used to account for avoided transmission and distribution losses.¹ The distribution loss factors appear to be greater than those provided by the California Energy Commission to the CAISO in 2014. The Commission should determine the accuracy of these figures and the cause of any increase in the distribution loss factors.

C. Section 4.2 – Supply-Side Assumptions

Section 4.2 notes that “[r]esources should be accounted for in terms of their most current net qualifying capacity (NQC).”² The CAISO requests that the Commission specify in the A&S the appropriate NQC conversion factors for renewable resources. Specifically, the Commission should clarify whether it plans to update NQC conversion factors for 2016 or whether it will continue to use the 2015 conversion factors.

¹ Attachment 1, p. 16.

² Attachment 1, p. 17.

D. Section 4.2.4 – Energy Storage

Table 3 identifies the current assumptions to be used for the technical characteristics of energy storage resources. CAISO planning staff recommends derating the capacity assumptions for energy storage resources with two hours of storage for purposes of power flow reliability studies to account for the inability of such resources to sustain full output during the duration of system peak hours used to calculate qualifying capacity. For example, the Commission currently uses a five-hour duration for calculating the qualifying capacity for demand response and some renewable resources. Based on a five-hour system peak duration, two-hour storage resources should be derated to provide only two-fifths (40%) of their total capacity. Storage resources should be similarly discounted based on based on actual operational characteristics.

E. Section 4.2.5 – Demand Response

As stated on page 23 of Attachment, the CAISO expects to examine two demand response scenarios in the 2015-2016 transmission plan. One scenario will model a level of “first contingency” demand response consistent with assumptions in the Track 4 modeling conducted in the 2012 long-term procurement plan, while the second scenario will model a more robust level of demand response consistent with the 2014 long-term procurement plan assumptions. Table 4 in Attachment 1 represents the more robust level of demand response capacity in local area reliability studies.³ In testing this more robust demand response scenario, the CAISO believes it would be reasonable to discount the load impact value prior to using the modeling results for planning purposes.

F. Section 4.2.11 – Other Retirements

The CAISO requests further clarification regarding the level of retirements to assume for local capacity requirements analyses. The CAISO notes that the 2012 Track 4 Scoping Memo specified a “mid level” retirement, assuming the retirement of facilities with ages in excess of 40 years.⁴

³ Attachment 1, p. 23.

⁴ R.12-03-014, Revised Scoping Ruling and Memo of the Assigned Commissioner and Administrative Law Judge, issued May 21, 2013.

G. Section 4.3.1 – The Second Planning Period

The CAISO notes that the second planning period studies conducted by the CAISO are limited to the system/operational flexibility studies. The Commission should clarify this Section 4.3.1.

H. Transmission Planning Process Target Year

The CAISO notes that its 2015-2016 transmission planning process will be targeted toward addressing needs in 2025. The A&S refer to 2024 as the target planning year for the 2015-2016 transmission plan. The CAISO recommends updating the A&S to recognize that 2025 is the target planning year for the CAISO's transmission planning process.

Respectfully submitted,

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