

# Metropolitan Water District of Southern California Written Statement Addressing Issues Discussed in the December 1, 2020, Hearing on PRR 1280

Submitted by	Organization	Date Submitted
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The Metropolitan Water District of Southern California (“Metropolitan”) appreciates the opportunity to provide this statement addressing the issues discussed at the December 1, 2020 hearing on PRR 1280 and the work Metropolitan has done with the CAISO this year.

Working with CAISO staff and management over the past six months, Metropolitan has demonstrated that its Colorado River Aqueduct system provides material benefits to the CAISO controlled grid, including during times when grid supply is stressed. Metropolitan has also demonstrated that its system does not lean on the CAISO for capacity support – Metropolitan’s pump load is consistent and predictable and never increases unless Metropolitan plans to increase it. Metropolitan does not own or contract with third parties to supply variable energy resources to meet its pump load, and its energy supply is primarily provided from long-term contracts that are backed by Western Area Power Administration (“WAPA”) operating reserves. Metropolitan believes that, for these and other reasons, it has demonstrated to the CAISO that relying on

Metropolitan's interruptible load of up to 110 MW as a load-reduction mechanism towards Metropolitan's System RA obligation is a framework that protects grid reliability, while valuing Metropolitan's important role of supplying water to Southern California and not imposing unnecessary costs on Metropolitan's ratepayers.

Metropolitan is unique within the CAISO's system, and the benefits provided by Metropolitan's operation, including the unused transmission capacity that Metropolitan makes available to CAISO's customers, are captured in the Operating Agreement between Metropolitan and the CAISO. Metropolitan believes that the benefits to the CAISO conferred under the Operating Agreement are substantial and should be preserved.

Thus, we urge the CAISO to continue to permit Metropolitan to credit its demand response resource to reduce its RA requirements for its System RA obligation if Metropolitan can meet the following requirements: resource visibility and availability, ability to respond when called upon (in contrast to the uncertainty of variable DR) with a load-reduction resource that it owns or exercises operational control over, and a demonstration, with long-term data, of load stability and predictability. This limited crediting opportunity is consistent with the goals of resource adequacy, including RA program attributes the CAISO has advocated for,<sup>1</sup> and it accommodates a unique system that is not contributing to the load variability that drives the need for the broader umbrella of RA reform that PRR 1280 fits within. This limited crediting opportunity also

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<sup>1</sup> CAISO has advocated for greater resource visibility of the RA fleet to ensure resources are available to CAISO. *California ISO Brief – PRR 1280 Appeal*, at 2, Nov. 23, 2020 ("PRR 1280 stands for the plain and unremarkable, yet requisite, notion that RA obligations must be met with RA Capacity from resources that are both visible and operationally available to the CAISO when and where needed."). While CAISO envisions that this visibility and availability be accomplished by showing DR resources on an LSE's RA plan, Metropolitan has demonstrated to CAISO that it can provide sufficient visibility to the pump load through other means.

provides adequate visibility of the demand response resource and meets the underlying goals of the RA program to provide a reliable capacity resource that when called upon can be deployed to support the safe and reliable operation of the CAISO grid. This limited crediting opportunity is based on unique, objective load attributes and can therefore be justified as reasonable and not unduly preferential to any entity.

There are important reasons for the CAISO to support a limited use of a load-reduction mechanism for System RA where the load driving the RA obligation can be shown to be stable and predictable. For Metropolitan, and potentially any other entity that may be similarly situated, not being able to continue to rely on a crediting mechanism associated with its pump load drop would impose significant additional expenses on ratepayers that are not justified based on the load's contribution to system variability. In addition, there is no evidence that Metropolitan's reliance on its pump load as a DR credit has been a concern to system reliability. On the contrary, because Metropolitan's load is consistent and predictable and never exceeds a known cap of 300 MW due to the physical design of the Colorado River Aqueduct system, the RA capacity provided by the potential for pump load drop has been used to support other capacity deficiencies on the CAISO grid. Metropolitan's load interruption program has helped meet CAISO system needs by providing over 42,800 MWh of load relief to the CAISO over the last ten years.

If the CAISO is not willing to retain any crediting opportunity for demand response resources, Metropolitan requests that the CAISO delay eliminating its longstanding crediting practice and deference to LRA RA programs for one more year and continue to work with Metropolitan on alternatives. For example, CAISO staff

recently suggested that Metropolitan might be a candidate to operate as a load-following Metered Subsystem (“MSS”), and, while Metropolitan has already begun its due diligence on this approach, it would need time to work with the CAISO on assessing this option and evaluating whether it could work for Metropolitan’s operational configuration and water customer needs. In addition, Metropolitan and CAISO would need to re-initiate negotiations to transition the Operating Agreement to an MSS Agreement, and the two entities will require several months to complete those negotiations. Finally, as CAISO is painfully aware, California is in the throes of a serious drought and Metropolitan’s water supply obligations to Southern California are of paramount importance. It would be disruptive to the organization to manage a programmatic shift between now and the time that RA showings are due for the 2022 RA compliance year.

We appreciate the time that CAISO staff and management have taken to work with us over the past six months and look forward to continuing to work towards a framework that will support the needs of the CAISO grid and Metropolitan’s customers.