

**Comments from Interstate Renewable Energy Council re  
Deliverability for Distributed Generation**

**May 15, 2012**

IREC will not be able to attend the CAISO Board meeting tomorrow to provide comments on the proposal regarding Resource Adequacy Deliverability for Distributed Generation. As our comments have indicated, we remain conditionally supportive of the present proposal and appreciate the CAISO's willingness to develop a more realistic method of assigning full capacity deliverability status to distributed generators.

We are concerned, however, that the broader points that IREC made in its comments have been misconstrued in the Summary of Submitted Comments and in the Memorandum prepared for the Board of Governors. Unlike these summaries convey, IREC is not suggesting that distributed generators should be given a "preference" over other more greenhouse-gas intensive generators in the RA process. Rather, we are seeking to have the CAISO more broadly consider whether the increased reliance on distributed generation in California suggests a need to ensure that these systems' contribution to meeting RA needs are fully accounted for. It appears to us that the failure to do so could result in unnecessary investments in deliverability upgrades and create a long-term reliance on resources that do not meet the broader goals of the state. The current system results in the CAISO, at times, ignoring the contributions distributed resources make to serving peak load and thereby create a "preference" for traditional generators that is not the most efficient way for the state to meet its energy demands. IREC is urging the CAISO and the CPUC to consider whether the existing study methodology needs to be reevaluated as the state's energy mix undergoes this radical transformation to ensure that peak load is met in the most efficient manner by taking all resource types into account.

The CAISO's Management Response outlined in the Summary suggests that there is only one way to think about deliverability assessments and expresses a clear preference for "flexible" resources that contradicts the concerns it expresses about open access.

The NQC process is designed to specifically deal with the variability of renewable resources, the CAISO does not need to reinforce these calculations by using a method of evaluating RA that doubly prefers flexible resources. IREC's goal is not to undermine the CAISO's ability to maintain sufficient flexibility in the supply fleet but to ensure that California takes all resources into account in meeting peak load and does not authorize system upgrades that are unnecessary by relying on antiquated assumptions about the state's generators.

In sum, IREC hopes that the CAISO will be willing to take a broader look at RA going forward to ensure that peak load in California is met using the resources that can serve load reliably while requiring fewer system upgrades rather than relying on outdated notions of the state's generation mix.

We look forward to reaching out directly in the coming months to discuss these issues further.

Sincerely,  
Sky Stanfield  
Attorney for the Interstate Renewable Energy Council