

Discretionary Initiatives High Level Ranking Template

Instructions

Please use this template to rank your top five discretionary market design initiatives.

1. Select five market design initiatives¹ from the October 17th version of the Stakeholder Initiatives Catalog.
2. Provide the name of the initiative.
3. In the “High Level Prioritization Criteria Matrix” provide a score of 0, 3, 7, or 10 for each of the four criteria in green boxes.
4. Provide a total tally of your score for each initiative.
5. Below the matrix, provide detailed explanations for each criterion using as much space as you need. Providing a rationale for the ranking and considering these initiatives over others is critical to this ranking process. Since dollar and resource estimates are understandably approximate at this level, the qualitative discussion will be given more emphasis. Similarly, the numerical rankings are informative and may help to organize discussion but the qualitative information will be critical for the ISO as we compare initiatives.

¹ Infrastructure and planning initiatives will not be ranked as they are considered separately and there are only two discretionary initiatives.

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Initiative 1: Data Transparency

High Level Prioritization Criteria Matrix

		Criteria	HIGH 10	MEDIUM 7	LOW 3	NONE 0	Your Score Use 0, 3, 7, or 10
A		Grid Reliability	Significant Improvement	Moderate Improvement	Minimal Improvement	No Improvement	7
B		Improving Overall Market Efficiency	Significant improvement	Moderate improvement	Minimal improvement	No impact	10
C		Desired by Stakeholders	Universally desired by stakeholders	Desired by majority of stakeholders	Desired by a small subset of stakeholders	No apparent desire	
D		Market Participant Implementation Impact (\$ and resources)	No Impact	Minimal Impact	Moderate Impact	Significant impact	10
E		ISO Implementation Impact (\$ and resources)	No Impact	Minimal Impact	Moderate Impact	Significant impact	7
						Total	34

Grid Reliability (provide a detailed explanation of how and why this initiative provides an improvement in grid reliability) –

We agree that data and process transparency is a critical issue for many CAISO initiatives. Besides the examples raised by Calpine, we think the following data transparency issues should be reviewed:

1. The PTO Request Window (R/W) presentations on the applications in the CAISO annual transmission planning process do not include an adequate description of what's being proposed, especially in regards to the alternatives studied by the PTOs/project developer. In order for stakeholders to provide any meaningful input via their comments on the TPP process, the R/W projects and the transmission plans in general, the stakeholders need to have access to the following data:

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- A detailed description of "Other Alternatives Considered" and why they were found to be less preferred;
- Key issues such as, requirement for CPCN, Common Mode Exposure Items, and related existing SPSs;
- *GE PSLF* modeling information; and
- Power flow/study results findings.

Such detailed information is only available in the R/W submissions (as evident in the CAISO's past postings, e.g., postings in March 2012 for 2011 R/W applications). Posting the R/W applications in March, as was done last year is too late for any meaningful stakeholder input.

2. A second example of data transparency would be the stakeholder access to the Benefit-Cost Ratios (BCR) calculations that the PTO's perform, which are subsequently reviewed by the CAISO. The PTO's perform BCR calculations to determine whether their preferred transmission project is better than the other potential alternatives. So far, only the results of the calculation are shared.
3. A third example would be the limited amount of data that is available as part of the generation interconnection studies. The CAISO currently posts the underlying power flow cases and study reports. However, it is very difficult to understand the process that is implemented to develop power flow cases based on the limited information that is made available. The stakeholders and their consultants can spend a considerable amount of time trying to decipher many of these generation interconnection studies and their findings but have difficulty in surmising what processes/assumptions were used in the studies.

Improving Overall Market Efficiency *(provide a detailed explanation of how and why this initiative provides an improvement in overall market efficiency) –*

Greater data transparency will likely improve market efficiency considerably by assisting the CAISO in determining the most cost-effective transmission solutions to ensure grid reliability.

Market Participant Implementation Impact (\$ and resources) *(provide a detailed explanation of what you expect the impact to be in terms of \$ and resources) –*

Greater data transparency will save the stakeholder and their consultants valuable time and resources in analyzing competing reliability, economic and policy-driven transmission solutions.

ISO Implementation Impact (\$ and resources) *(provide a detailed explanation of what you expect the impact to be in terms of \$ and resources) –*

We expect the CAISO to incur minimal amount of resources to provide the data requested by stakeholders. If there are no confidentiality issues, the requested data can be made public. On the contrary, if there are certain data sensitivities and confidentiality involved, the data can be made available on the CAISO secured-website that would be covered under the CAISO's existing Non-Disclosure Agreements.

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Initiative 2: Deliverability Network Upgrade Planning Criteria (Write-In Initiative)

High Level Prioritization Criteria Matrix

		Criteria	HIGH	MEDIUM	LOW	NONE	Your Score
			10	7	3	0	Use 0, 3, 7, or 10
A	Benefit	Grid Reliability	Significant Improvement	Moderate Improvement	Minimal Improvement	No Improvement	3
B		Improving Overall Market Efficiency	Significant improvement	Moderate improvement	Minimal improvement	No impact	10
C		Desired by Stakeholders	Universally desired by stakeholders	Desired by majority of stakeholders	Desired by a small subset of stakeholders	No apparent desire	
D	Feasibility	Market Participant Implementation Impact (\$ and resources)	No Impact	Minimal Impact	Moderate Impact	Significant impact	10
E		ISO Implementation Impact (\$ and resources)	No Impact	Minimal Impact	Moderate Impact	Significant impact	7
						Total	30

Grid Reliability (provide a detailed explanation of how and why this initiative provides an improvement in grid reliability) –

In this particular case the concern is that the current Deliverability Network Upgrade Planning Criteria may be driving costs that are not commensurate with the benefits. The current CAISO deliverability criteria require intermittent resources to be deliverable under extremely unlikely conditions, which adversely impact the ability of an LSE to satisfy its resource adequacy requirements.

Improving Overall Market Efficiency (provide a detailed explanation of how and why this initiative provides an improvement in Market Efficiency) –

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This effort could potentially significantly reduce the barriers to entry for new generation. As the transmission interconnection queue has been congested for many years, newer technology generation projects are more likely to be towards the end of the queue. Providing a method for such projects to connect without waiting for less efficient projects to drop from the interconnection queue, the interconnection process becomes more efficient and the costs that ratepayers pay for new generation resources also declines due to the lowering of barriers and increased pool of potential resources. The CAISO and CPUC, along with other Stakeholders, should work together in this proceeding to align the CAISO's deliverability assessment criteria with the CPUC's least-cost, best-fit long-term resource planning and procurement oversight.

Market Participant Implementation Impact (\$ and resources) *(provide a detailed explanation of what you expect the impact to be in terms of \$ and resources) –*

The current Deliverability Network Upgrade Planning Criteria have been used to approve approximately \$6 billion in electric transmission upgrades and there are another approximately \$2 billion in deliverability network upgrades in the CAISO Annual Transmission Plan that are yet to be approved by CPUC. There has not been a CAISO Stakeholder process where these criteria have been fully vetted. BAMx has had meetings with the CAISO management concerning the need for such a stakeholder process, and additional CAISO stakeholder opportunities on this subject have been promised, although these have not occurred to date.

The Market Participant Impact would be a cost savings associated with hundreds of millions to billions of dollars in reduced capital investment that would otherwise need to be recovered via TAC. Additionally, a relaxation in deliverability network upgrade requirements would make more transmission capacity available to generators awaiting interconnection without additional capital investment as the currently approved transmission projects could serve a greater number of generators.

ISO Implementation Impact (\$ and resources) *(provide a detailed explanation of what you expect the impact to be in terms of \$ and resources) –*

The time dedicated to the proposed Stakeholder process should be very manageable. If a determination were made to change the criteria, the resulting impact would be primarily CAISO staff time to:

1. Modify the process;
2. Update the interconnection analyses based on any criteria revisions;
3. Sort out the ramifications of such a change on generators with executed IAs.

The above tasks may not be straightforward or easy. However, if a stakeholder process were to find that the benefits of identifying less stringent deliverability network upgrade criteria, the potentially large savings would justify the implementation effort.

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