UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION

California Independent System Operator Corporation	**)** **)**	**Docket No. ER20-732-000**

MOTION FOR LEAVE TO ANSWER AND ANSWER OF THE CALIFORNIA INDEPENDENT SYSTEM OPERATOR CORPORATION

The California Independent System Operator Corporation ("CAISO") respectfully submits its answer to the protest filed by the Western Power Trading Forum ("WPTF") in the above-identified docket, in which the CAISO proposes to enhance its deliverability assessment methodologies.[1] WPTF's January 23, 2020 Motion to Intervene and Protest ("WPTF Protest") offers groundless conclusions and either misunderstands or misstates several aspects of the CAISO's proposal. For the reasons explained below and in the transmittal letter to CAISO's January 2, 2020 amendment filing ("Transmittal Letter"), the CAISO's proposal is just and reasonable. WPTF's protest contradicts reason, sound policy, and the overwhelming support of generation developers. The Commission should disregard WPTF's protest.

I. Motion for Leave to Answer

Under Rules 212 and 213 of the Commission's Rules of Practice and Procedure,[2] the CAISO respectfully requests waiver of Rule 213(a)(2), 18 C.F.R. §

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[1] The CAISO submits this answer pursuant to Rules 212 and 213 of the Commission's Rules of Practice and Procedure, 18 C.F.R. §§ 385.212, 385.213 (2017).

Capitalized terms not otherwise defined herein have the meanings set forth in the Master Definitions Supplement, Appendix A to the CAISO tariff.

[2] 18 C.F.R. §§ 385.212, 385.213.

385.213(a)(2), to permit it to answer the protests filed in the proceeding. Good cause for the waiver exists because the answer will aid the Commission in understanding the issues in this proceeding, provide additional information to assist the Commission in the decision-making process, and help to ensure a complete and accurate record in the case.[3]

II. Background

On January 2, 2020, the CAISO submitted a tariff amendment to implement three deliverability enhancements for CAISO interconnection customers. "Deliverability" refers to a generator's[4] ability to deliver its energy to load during different system conditions, including expected congestion caused by other generators' output. First, the CAISO proposed a new option for interconnection customers to request Off-Peak Deliverability Status ("OPDS"), which indicates that the generator can provide its energy to load during off-peak conditions without excessive curtailment due to transmission constraints. Second, the CAISO proposed a new curtailment priority based on the deliverability option a generator selects.[5] The CAISO proposed that only generators electing Off-Peak Deliverability Status and financing any required transmission upgrades may self-schedule, thus giving them curtailment priority. This will ensure that if the CAISO must curtail generation, generators facing the same transmission

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[3] *See, e.g.*, *Equitrans, L.P.*, 134 FERC ¶ 61,250, at P 6 (2011); *California Independent System Operator Corp.*, 132 FERC ¶ 61,023, at P 16 (2010); *Xcel Energy Services, Inc.*, 124 FERC ¶ 61,011, at P 20 (2008).

[4] The CAISO uses the term "generator" throughout this filing and the CAISO Transmittal Letter for simplicity and concision; however, these references include energy storage resources.

[5] Existing generators will be grandfathered into Off-Peak Deliverability Status.

constraints that elected to finance network upgrades have priority over "Economic Only" generators that elected not to finance network upgrades. Third, because the CAISO faces potential capacity shortfalls,[6] and because revisions to the CAISO's on-peak deliverability assessment will make a substantial amount of deliverability capacity available to interconnection customers,[7] the CAISO proposed to implement a one-time process to allocate available on-peak deliverability capacity to interconnection customers based on their commercial viability and how soon they will come online. Collectively, these tariff revisions represent a critical component of the CAISO's efforts to address the curtailment, resource adequacy, and capacity issues it now faces.

These tariff revisions received broad support in the CAISO stakeholder process and in this proceeding. WPTF is the lone stakeholder that opposes the CAISO's proposal. WPTF argues that the CAISO's proposal to prevent generators from self-scheduling if they elect to forego financing network upgrades needed to relieve local off-

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[6] *See, e.g.*, "Reply Comments of the CAISO," filed in *Order Instituting Rulemaking to Develop an Electricity Integrated Resource Planning Framework and to Coordinate and Refine Long-Term Procurement Planning Requirements*, CPUC Docket No. R16-02-007 (Aug. 12, 2019), *available at* http://www.caiso.com/Documents/Aug12-2019-ReplyComments-PotentialReliabilityIssues-IRP-R16-02-007.pdf; "Comments of the CAISO," filed in *Order Instituting Rulemaking to Develop an Electricity Integrated Resource Planning Framework and to Coordinate and Refine Long-Term Procurement Planning Requirements*, CPUC Docket No. R16-02-007 (Oct. 2, 2019), *available at* http://www.caiso.com/Documents/Oct2-2019-Comments-ReliabilityProcurementProposedDecision-IRP-R16-02-007.pdf; S&P Global, "Calif.ISO warns capacity shortfall could hit 4,700 MW in 2022" (Aug. 14, 2019), https://www.spglobal.com/marketintelligence/en/news-insights/trending/vyVenbSJmRbV5lPQK96S1A2; Green Tech Media, "Looming Grid Shortfall Prompts 2.5 GW California Procurement Proposal" (Sept. 13, 2019), *available at* https://www.greentechmedia.com/articles/read/looming-grid-reliability-shortfall-prompts-2-5gw-california-procurement-pro.

[7] For example, if a 100 MW solar generator had transmission designed to deliver 80 MW to load, but now the generator only counts for 20 MW, the same transmission can now support other resources' providing the additional 60 MW. By changing the qualifying capacity values, the CAISO now has 60 MW of TP Deliverability to allocate.

peak transmission constraints, is discriminatory, deprives generators of a "fundamental" right, and counters market theory. These conclusory assertions are unsupported and fail to address the CAISO's transmittal letter directly rebutting them. WPTF also distorts the CAISO's position in several key aspects. The Commission should disregard WPTF's protest, and approve the CAISO's proposal as just and reasonable.

III. Answer

A. WPTF's proposal mischaracterizes OPDS eligibility. All generation technologies, including storage resources, are eligible to have Off-Peak Deliverability Status.

WPTF states that the CAISO is proposing to allow Location Constrained Resource Interconnection Generators ("LCRIGs") *only* "to bypass the CAISO's Transmission Planning Process and have identified off-peak network upgrades considered prior to other, potentially lower cost, transmission and non-transmission solutions."[8] WPTF then concludes it "cannot support a proposal that from the onset renders certain resources, such as merchant standalone storage, ineligible to access the full complement of existing market bidding features such resources have today."[9] WPTF's premises, reasoning, and conclusions are wrong.

Off-Peak Deliverability Status and access to self-scheduling will be available to all generation technologies, including storage. WPTF's suggestion that Off-Peak Deliverability Status is reserved for LCRIGS is baseless, and directly contradicted by the CAISO's transmittal letter.[10] Regardless of technology, the only factor that

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8 WPTF Protest at 4, 6.

9 *Id*.

10 *See, e.g.*, CAISO Transmittal Letter at 27, 31.

determines whether a resource will have Off-Peak Deliverability Status is whether the resource has mitigated any local transmission constraints preventing it from delivering its energy during off-peak conditions.[11] This test is analogous to the test used to determine whether the resource can have Full Capacity Deliverability Status—has the resource mitigated any local transmission constraints preventing it from delivering its energy during peak conditions—which the Commission has already approved as just and reasonable.[12]

As the CAISO fully and clearly explained in its transmittal letter, the CAISO's deliverability assessments rightfully will account for each generation technology's potential output during peak and off-peak conditions.[13] Failing to do so would result in assigning either undersized or oversized network upgrades to relieve potential constraints. Gas-fired, storage, nuclear, and other resources—including many LCRIGS[14]—generally can deliver their energy at the same maximum output throughout the day. The following graph illustrates a hypothetical 100 MW non-wind/non-solar generator's potential maximum output:

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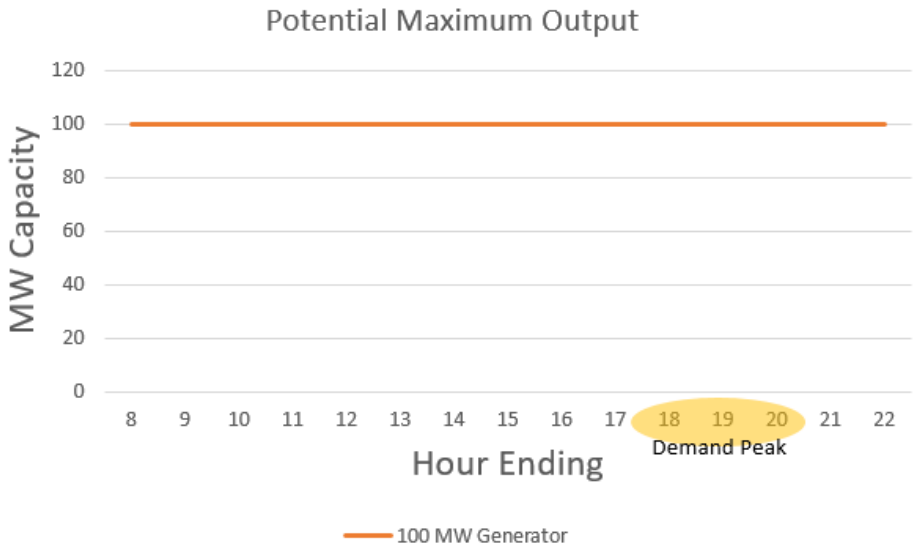
[11] If the resource is located where it does not face any transmission constraints during off-peak hours, it would not need to finance any network upgrades to receive OPDS.

[12] *California Independent System Operator Corp.*, 124 FERC ¶ 61,292 (2008).

[13] This describes the CAISO's proposal for new interconnection requests. The CAISO described its grandfathering of online generators and interconnection customers already in queue in its transmittal letter at 30-32.

[14] As the CAISO explained in its transmittal letter, and contrary to WPTF's protest at p. 6, LCRIG includes more generating technologies than wind and solar. Appendix A expressly includes "wind, solar, geothermal, hydroelectric, digester gas, landfill gas, ocean wave and ocean thermal tidal current Generating Units" under LCRIG, as well as any generating unit that "(a) uses a primary fuel source or source of energy that is in a fixed location and cannot practicably be transported from that location; and (b) is located in an Energy Resource Area."

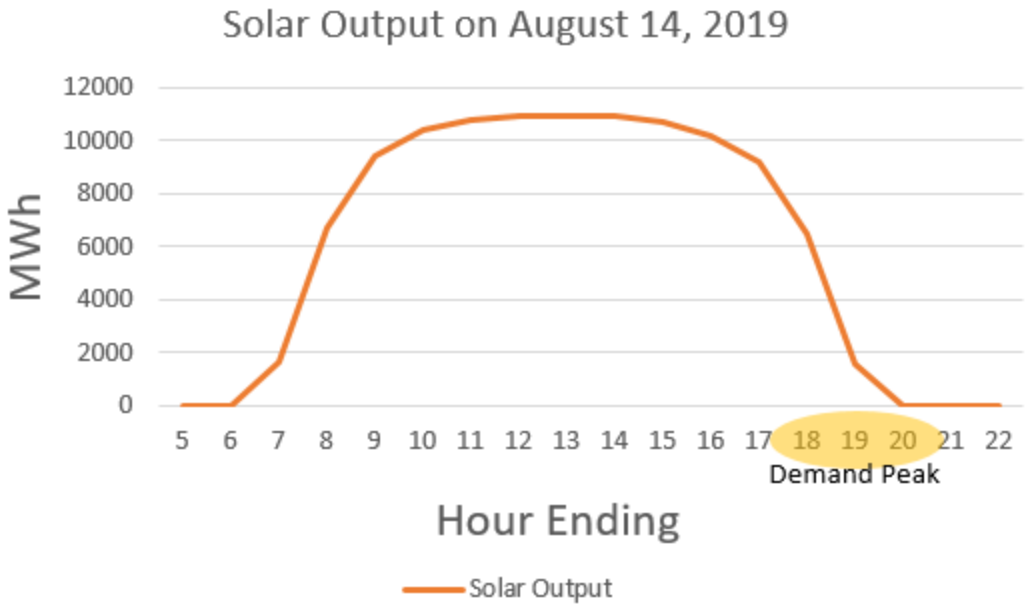


The generator's potential maximum output is the same all day. Moreover, its potential maximum output is the same during peak demand hours as off-peak hours. To be sure, such a generator's actual energy can vary throughout the day based on economic factors, but its potential maximum output generally is constant.[15]

In contrast, the maximum potential output of a solar resource is directly correlated with the rising and setting of the sun. For example, the following graph shows CAISO solar output on August, 14, 2019[16]:

[15] *See, e.g.*, CAISO, "Today's Outlook," Supply Tab, http://www.caiso.com/TodaysOutlook/Pages/supply.aspx. Moreover, these generators generally seek to maximize their output during peak demand hours.

[16] The undersigned picked this day at random.



Because solar photovoltaic generators generally produce as much energy as possible based on available solar energy, the curve seen in this graph illustrates the typical maximum output of a solar photovoltaic generator throughout the day.[17] Unlike the generators described in the first graph, solar generators' maximum output varies throughout the day. More importantly, solar generators' maximum output during peak demand conditions is much lower than its maximum output during other hours.

Nevertheless, having variable maximum output or constant maximum output does not exclude any generation technology from Off-Peak Deliverability Status. All generation technologies are eligible to have Off-Peak Deliverability Status. The CAISO reasonably only distinguishes wind and solar resources from other resources because wind and solar resources have unique output profiles that typically require different

[17] *See also* Paul Denholm, Matthew O'Connell, Gregory Brinkman, and Jennie Jorgenson, National Renewable Energy Laboratory, "Overgeneration from Solar Energy in California: A Field Guide to the Duck Chart, November 2015, *available at* https://www.nrel.gov/docs/fy16osti/65023.pdf.

levels of network upgrades to be deliverable on and off peak. As such, only LCRIGs whose sources of energy substantially occur during off-peak hours—currently wind and solar resources—require the off-peak deliverability assessment to determine whether network upgrades would be required for them to deliver energy to load during off-peak hours. For all other resources (that are capable of a constant output throughout the day), the distinction between peak and off-peak is immaterial.

Because the ability to deliver energy to load during peak conditions has been more important to all developers of all generation technologies, the CAISO conducts the on-peak deliverability assessment before the off-peak deliverability assessment.[18] The goal of performing the on-peak deliverability study during the interconnection process is to identify what delivery network upgrades are necessary for generators requesting deliverability to deliver energy to load equal to their qualifying capacity. If a generator or group of generators require a delivery network upgrade to relieve a local transmission constraint, the CAISO will assign that local delivery network upgrade to them in their interconnection studies, and they will share its financing responsibility in proportion to their flow impacts on the constraint.

WPTF ignores that wind and solar resources' maximum output varies between peak and off-peak hours, and thus fails to understand that they may require network upgrades not identified in the on-peak deliverability assessment to receive Off-Peak Deliverability Status. Other generators and storage resources would not trigger additional network upgrades under the off-peak deliverability assessment. Because the on-peak deliverability assessment occurs first and because virtually all interconnection

[18] *See* CAISO Transmittal Letter at *et seq.*

customers request Full Capacity Deliverability Status, a non-wind/non-solar resource's Off-Peak Deliverability Status is tied to whether it has Full Capacity Deliverability Status or Partial Capacity Deliverability Status.

Distinguishing between LCRIGs with off-peak energy sources and generation technologies with relatively constant energy sources ensures that the CAISO assigns network upgrades proportional to each generator's actual expected energy output during the relevant hours. The CAISO notes that the Commission already approved studying LCRIGs with off-peak energy sources in the off-peak deliverability assessment as just and reasonable well before this proceeding.[19] The Commission recognized that ignoring these differences for a one-size-fits-all approach would result in assigning either undersized or oversized network upgrades to relieve all potential constraints during all hours, even where doing so is unnecessary.

But these distinctions only impact how each generation technology is studied. All generation technologies still are eligible to receive Off-Peak Deliverability Status if they do not face local constraints or mitigate them by financing the required network upgrades. WPTF's mischaracterizations of the CAISO's proposal are part and parcel of its attempt to paint the CAISO's proposal as unduly discriminatory.

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[19] *California Independent System Operator Corp.*, 124 FERC ¶ 61,292 at P 108 (2008).

B. WPTF's arguments that the CAISO's proposal is discriminatory under the Federal Power Act are without merit. In fact, ignoring critical differences among interconnection customers would result in unduly preferential treatment.

WPTF vacillates among several arguments seeking to demonstrate that the CAISO's proposal is unduly discriminatory under the Federal Power Act. The CAISO anticipated these arguments in its transmittal letter and cited to various examples and Commission orders demonstrating its proposal is not unduly discriminatory.[20] WPTF offers no response to these, and instead argues that "[u]nlike all other existing deliverability statuses, some resources are excluded up front from even having the opportunity to opt in or out of the new OPDS."[21] As the CAISO explains in Section II.A, above, WPTF's allegations are inaccurate. All generation technologies "up front" can request and receive Off-Peak Deliverability Status. The only resources that will not have Off-Peak Deliverability Status are those that voluntarily elect to forego Off-Peak Deliverability Status because they face transmission constraints but do not want to finance any required network upgrades.[22] WPTF argues this creates a "discriminatory 'pay to play' paradigm" that "does not exist anywhere else in the CAISO energy markets,"[23] but it fails to explain how this is unduly discriminatory. As the CAISO detailed in its transmittal letter, financing different network upgrades for different levels of service is not unduly discriminatory, and is common in organized energy and natural

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20 CAISO Transmittal Letter at 37-39.

21 WPTF Protest at 5.

22 Many interconnection customers could receive Off-Peak Deliverability Status without financing any delivery or off-peak network upgrades simply by siting their projects in areas with available transmission capacity.

23 *Id*. at 7.

gas markets.[24] WPTF offered no rebuttal to this. Moreover, the same construct WPTF argues is unduly discriminatory already exists today to determine whether resources can provide resource adequacy capacity. But WPTF fails to explain why that "pay to play paradigm" is somehow inapposite.

WPTF also states that the CAISO's proposals and presentations "continually noted that [Off-Peak Deliverability] status was intended for wind and solar resources,"[25] and that the CAISO has "masked this clearly discriminatory intent by restricting OPDS eligibility under a specific set of circumstances, that, as the CAISO itself notes, ends up only applying to wind and solar."[26] The CAISO agrees that its proposal addressed the deliverability issues facing wind and solar resources, but the CAISO fails to see the point in WPTF's allegation. Addressing emerging technologies in the energy markets is the mandate of both the Commission and the CAISO. Commission orders on specific generation technologies abound throughout its history, including Order Nos. 764 and 841. As the CAISO explained in its transmittal letter, the CAISO now faces peak demand conditions later in the day when wind and solar production is low. For solar resources specifically, this means they should be relied upon for less resource adequacy capacity. Because they will deliver less energy during a later peak, they will require smaller and fewer delivery network upgrades than other resources. As a result, they will face greater curtailment during off-peak hours when their production is highest. Curtailing low-cost or free energy is unfavorable for ratepayers and developers. The

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24 CAISO Transmittal Letter at 37-39.

25 WPTF Protest at 5.

26 *Id*. at 5-6.

CAISO therefore sought to bolster resource adequacy, reduce curtailment due to transmission constraints, support developers, and improve rates through its proposal.

In fact, doing nothing would have been far more likely to constitute unduly preferential treatment under the Federal Power Act. Without the CAISO's proposed revisions, the CAISO would be left with a construct that could: (1) unduly reward generating technologies for resource adequacy capacity they cannot provide during actual peak conditions to the detriment of those resource that can; (2) oversize network upgrades to enable the delivery of energy that cannot be produced; (3) punish interconnection customers that select generation sites with available transmission capacity; and (4) ignore when interconnection customers elect to finance network upgrades that would relieve transmission constraints.

WPTF notes that the CAISO anticipates the number of Economic Only resources to be minimal, and that any rule or practice that is (unduly) discriminatory is counter to the Federal Power Act.[27] WPTF states that the quantity of Economic Only resources is not relevant. The CAISO disagrees that its proposal is unduly discriminatory, and believes the low number of Economic Only resources is relevant.[28] It will allow the CAISO, the Commission, and stakeholders to monitor the efficacy of the CAISO's proposal in its early stages. If further enhancements are warranted, the CAISO can address them in a subsequent filing. In any event, developer comments in this proceeding support the CAISO's belief that the number of Economic Only resources will remain low indefinitely.

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27 WPTF Protest at 9.

28 *See* CAISO Transmittal Letter at 31.

WPTF states that energy market participation should not be coupled with deliverability status or transmission upgrades.[29] WPTF states that "the CAISO does not curtail FCDS resources differently based on their initial funding costs because this would upend 100 years of marginal cost bidding theory," and that "developers [sic] complaints that the TPP is too slow" do not warrant "upending competitive market principles either."[30] Again, WPTF provides no support or citation for this exaggerated claim. The CAISO notes that the Full Capacity Deliverability Status designation is a capacity designation inapplicable to curtailment and market dispatch. As the CAISO explained in its transmittal letter, coupling the financing of network upgrades with energy market rights is both common and consistent with organized markets, especially in those that offer firm and point-to-point transmission service.[31] All generators, regardless of deliverability status, can still bid their marginal costs and participate in the energy and ancillary services markets.

C. WPTF provides no support for its argument that self-scheduling is a fundamental right for all generators.

WPTF argues that the CAISO's proposal would prevent certain generators from accessing a "fundamental" market bidding feature: the ability to self-schedule.[32] This argument fails for two reasons. First, as the CAISO has explained above and in its transmittal letter, every interconnection customer and every generation technology can

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29 WPTF Protest at 11.

30 WPTF Protest at 10-11.

31 CAISO Transmittal Letter at 37-38.

32 WPTF Protest at 7.

receive Off-Peak Deliverability Status and receive the right to self-schedule in the CAISO markets.[33] Second, WPTF offers no support for its argument that self-scheduling is fundamental to participating in the CAISO markets. In its 14-page protest, WPTF calls self-scheduling "fundamental" ten times, but never cites to a single statute, regulation, or Commission case finding that all generators must be able to self-schedule under the Federal Power Act. Nor does WPTF address any argument in the CAISO's transmittal letter explaining that the only unique benefit self-scheduling provides is scheduling priority over economic bids if curtailment occurs.[34] There is no other inherent utility to self-scheduling that economic bidding does not provide.[35]

In fact, WPTF's protest demonstrates that the CAISO's proposal is just and reasonable. The only substantive support WPTF offers in arguing that self-scheduling is fundamental is that self-schedules "ensure resources in real-time are able to meet their day-ahead schedules."[36] But WPTF fails to acknowledge that the CAISO's proposal provides an express exception to allow all generators (including storage resources) to submit self-schedules in real-time up to their day-ahead awards, even if they are Economic Only.[37] Economic Only resources thus are not prejudiced or "shut

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33 *See, e.g.*, CAISO Transmittal Letter at 27, 31.

34 *Id*. at 37.

35 As the CAISO described in its transmittal letter: (1) All resources can still bid their costs from the bid floor to the bid cap established in the tariff. (2) The CAISO already has market price parameters that establish different levels of priority among bids and self-schedules in the event that it is necessary to curtail supply. *See* CAISO Transmittal Letter at 29 n. 75.

36 WPTF Protest at 7.

37 CAISO Transmittal Letter at 29 (citing Proposed Sections 30.5.2.2.1 and 30.5.6.1 of the CAISO tariff).

out of the market," as WPTF claims. That WPTF's only support for its argument was already directly avoided by the CAISO leaves WPTF with no support for its argument.

WPTF also argues that "the CAISO is considering requiring storage to self-schedule in real-time if the resource has sold resource adequacy (RA) capacity."[38] WPTF admits that all such resources will automatically have Off-Peak Deliverability Status and thus be able to self-schedule, but nevertheless argues this somehow demonstrates "the market need for energy-only storage to self-schedule."[39] This argument is equally quizzical. First, the CAISO expressly provided Economic Only resources—which would include Energy Only storage resources—the ability to self-schedule in real-time up to their day-ahead schedule.[40] Second, the CAISO document WPTF cites to demonstrate what the CAISO is considering is in the early stages of a separate policy initiative and irrelevant.[41] Third, even if it were relevant, WPTF's representation of the CAISO's position is disingenuous. The very document WPTF cites demonstrates that the CAISO is *not* considering requiring storage resources to self-schedule in real-time. The CAISO PowerPoint presentation WPTF cites lists three potential proposals to solve a resource adequacy issue. The list includes requiring RA storage resources to self-schedule in real-time. But the CAISO expressly *rejects* that

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38 WPTF Protest at 7-8 (citing CAISO, "Resource Adequacy Enhancements – Third Revised Straw Proposal, Day Two Presentation," *available at* http://www.caiso.com/InitiativeDocuments/Day2Presentation-ResourceAdequacyEnhancements-ThirdRevisedStrawProposal.pdf. WPTF cites to slide 12, but the CAISO assumes this is an erroneous citation to slide 13).

39 WPTF Protest at 7.

40 CAISO Transmittal Letter at 29 (citing Proposed Sections 30.5.2.2.1 and 30.5.6.1 of the CAISO tariff).

41 WPTF Protest at 8 n. 20.

option for a different option on the very next slide.[42] The policy paper this PowerPoint presentation summarizes likewise explains why requiring RA storage resources to self-schedule in real-time would be problematic, and why the CAISO is pursuing a different proposal.[43] WPTF's statement the CAISO is considering this option misrepresents the CAISO's position.

D. WPTF's arguments for using the Transmission Planning Process misunderstand both the interconnection process and the Transmission Planning Process.

WPTF argues that addressing "the risk of resources being curtailed due to local congestion" in the interconnection process instead of the CAISO's Transmission Planning Process is "both unduly discriminatory and preferential."[44] This argument belies reason and ignores that the interconnection process has always addressed local congestion.[45] WPTF fails to explain how new generators could even interconnect to the CAISO—let alone be able to provide resource adequacy—if the CAISO had to wait until the Transmission Planning Process to determine solutions to local congestion. Nothing in Order Nos. 2003, 1000, or 845 support WPTF's thinking.

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[42] CAISO, "Resource Adequacy Enhancements – Third Revised Straw Proposal, Day Two Presentation," Slide 14, *available at* http://www.caiso.com/InitiativeDocuments/Day2Presentation-ResourceAdequacyEnhancements-ThirdRevisedStrawProposal.pdf

[43] CAISO, "Resource Adequacy Enhancements – Third Revised Straw Proposal," 63-64, *available at* http://www.caiso.com/InitiativeDocuments/ThirdRevisedStrawProposal-ResourceAdequacyEnhancements.pdf.

[44] WPTF Protest at 9-10.

[45] *See* CAISO Transmittal Letter at 15-16; Section 6.3.2.1.1 of Appendix DD to the CAISO tariff. Local Delivery Network Upgrades are discussed throughout Appendix DD to the CAISO tariff.

WPTF argues that the "OPDS process and associated network upgrades often will not be the best long-term solution for addressing transmission needs" because the interconnection process considers generator proposals but not alternative, non-transmission solutions.[46] According to WPTF, the CAISO's process "pre-emptively assumes the transmission solution will be the least cost option."[47] This claim is inaccurate in several ways.

First, the generator interconnection process is inherently based on interconnection customers' proposed projects. It is not the CAISO's place to suggest that generation developers develop alternative, non-transmission solutions to relieve local transmission constraints for their interconnection. Even if the CAISO could suggest non-transmission solutions, developers do not have the time, ability, or inclination to develop the non-transmission solutions such as demand response or energy efficiency programs that may relieve their constraints.

Second, WPTF ignores that the interconnection study process is limited to local constraints and local network upgrades only.[48] Just like for on-peak network upgrades, the CAISO's Transmission Planning Process will still address the larger Area Off-Peak Constraints, and identify Area Off-Peak Network Upgrades or preferred non-transmission solutions to relieve them.[49]

Third, WPTF ignores that the Commission already has approved as just and reasonable the CAISO's ability to address local constraints in the interconnection

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46 *Id*.

47 WPTF Protest at 10.

48 CAISO Transmittal Letter 15-16; 25-26.

49 CAISO Transmittal Letter at 25-26.

process for on-peak deliverability, and WPTF fails to explain why doing so for off-peak deliverability is different.

Fourth, WPTF ignores developers' ability to submit an interconnection request that includes both conventional generation and energy storage (and that many developers already do so). Developers can even elect to have the generation and storage modeled as separate generating units with unique resource IDs in the CAISO markets and optimization—even under a single interconnection request—or as a single hybrid resource.

Fifth, WPTF's argument seems to suggest that the CAISO's Transmission Planning Process was filled with cases where the CAISO needed to identify a solution to relieve local congestion caused by Energy Only resources with off-peak energy sources, just like the off-peak deliverability assessment will now address. To the contrary, such cases represent a small fraction of the Transmission Planning Process. For example, the Fresno-Giffen constraint was the only such case in the last cycle. Although this was a significant constraint for the resources behind it, it is misleading to suggest that the Transmission Planning Process would be upended if the interconnection process addresses local congestion caused by similar generators and constraints.[50]

Sixth, WPTF's argument seems to suggest that the grid is at the mercy of developers' whims and the CAISO's interconnection studies.[51] WPTF ignores that load-

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[50] WPTF Protest at 10.

[51] For example, WPTF states that "the CAISO is proposing to . . . the ability [sic] for LCRIGs to unilaterally fund upgrade costs to reduce curtailment with no reliability need or economic benefits test." WPTF Protest at 4.

serving entities and local regulatory authorities seek to procure the most cost-efficient resources. As the CAISO explained in its transmittal letter,[52] every additional dollar a developer must finance makes the generator that much less competitive for power purchase agreements. For this reason, the vast majority of interconnection request withdrawals come immediately after interconnection customers receive their Phase I study results and see their potential financing obligations. Developers know that their upgrade financing costs must be competitive for the generation project ever to be purchased and developed.

Finally, WPTF's argument contradicts the express appeals of developers, who agree with the CAISO it is more efficient for developers and ratepayers to address local transmission constraints in the interconnection process rather than waiting years for the Transmission Planning Process. Comments in this proceeding and the CAISO's stakeholder initiative support the CAISO's proposal and contravene WPTF's claims.

E. Contrary to WPTF's assertions, the CAISO is not using Economic Only status to compel developers to finance network upgrades.

WPTF argues that the CAISO's proposal "seeks to leverage access to the market as a tool to force developers to fund transmission upgrades through the deliverability assessment process."[53] WPTF asserts this is a "blunt tool that is more draconian than efficient, while concurrently being both unduly discriminatory and preferential."[54] Here, again, WPTF elects to replace content with color. If the CAISO sought to force developers to finance network upgrades, it could have proposed to forego an Economic

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52 CAISO Transmittal Letter at 29-30.

53 WPTF Protest at 10.

54 *Id*.

Only deliverability status and require all interconnection customers to relieve off-peak constraints. Instead, the CAISO's proposal provides developers with two options so they can make the economic decisions they feel are necessary to market their projects, come online, and recoup investment. As the CAISO explained at length in its transmittal letter, if these decisions did not have consequences in the energy markets, generators could free-ride or otherwise erode other generators' off-peak network upgrades.[55]

F. WPTF ignores the CAISO's explanation that OPDS generators' ability to self-schedule during system oversupply conditions is inconsequential.

WPTF concludes its protest by arguing that "[t]he OPDS 'curtailment priority' that the CAISO justifies as intended to help fairness issues during *local* congestion conditions, would unreasonably be in effect even absent local congestion during *system* oversupply conditions."[56] WTPF argues this advantage during system oversupply conditions "fundamentally creates an uneven playing field and undermines the competitive market fundamentals."[57] The CAISO addressed this argument at length in its transmittal letter. The CAISO recognizes that an OPDS generator self-scheduling would be curtailed after economic bids in an oversupply situation where dispatching both generators is infeasible. But the CAISO explained that its proposal actually removes the OPDS generator's need to self-schedule because it can economically bid

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55 *See* CAISO Transmittal Letter at 27-30.

56 WPTF Protest at 12 (emphases in original).

57 *Id*. at 12-13.

knowing that any Economic Only neighbor cannot self-schedule.[58] In any situation, both generators may bid their marginal costs, and curtailment would be based on economic bids instead of tiebreaking market parameters. Off-peak transmission constraints can affect the resources behind them almost 24/7, as with the Fresno-Giffen area. This means that in system oversupply cases, the local transmission constraints already would have bound the generators behind them.

WPTF similarly ignores the curtailment data the CAISO provided demonstrating that generators rarely, if ever, need to self-schedule to avoid being curtailed during system oversupply conditions.[59] Because the CAISO has more than ample economic bids during system oversupply conditions, an OPDS generator (or any generator) does not have to self-schedule to avoid curtailment. In 2019, for example, the CAISO *never* had to curtail self-schedules during system oversupply because there were sufficient effective economic bids.[60] When the CAISO must curtail energy for other reasons, like

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58 CAISO Transmittal Letter at 39-40.

59 The CAISO maintains monthly curtailment data reports on its website. *See* CAISO, "Managing Oversupply," http://www.caiso.com/informed/Pages/ManagingOversupply.aspx. The most recent curtailment data report, ending December 29, 2019, is available at http://www.caiso.com/Documents/Wind_SolarReal-TimeDispatchCurtailmentReportDec29_2019.pdf. Note that "Local Economic" and "Local Self-Schedule" curtailment in the reports can refer to broader scenarios than curtailment caused by the local deliverability constraints referred to in the instant filing.

60 *Id*. (citing CAISO, "Managing Oversupply," http://www.caiso.com/informed/Pages/ManagingOversupply.aspx. The most recent curtailment data report, ending December 29, 2019, is available at http://www.caiso.com/Documents/Wind_SolarReal-TimeDispatchCurtailmentReportDec29_2019.pdf. Note that "Local Economic" and "Local Self-Schedule" curtailment in the reports can refer to broader scenarios than curtailment caused by the local deliverability constraints referred to in the instant filing.)

local or area congestion, the CAISO must resort to curtailing self-schedules only about one percent of the time.[61]

As such, OPDS generators likely will be incentivized to take advantage of their self-scheduling priority only if they face chronic local congestion. The curtailment priority Off-Peak Deliverability Status provides should only incentivize generators to self-schedule as designed, with little to no other benefit or externality during system oversupply conditions.

The CAISO made all these points and provided supporting data in its transmittal letter, but nowhere in its protest does WPTF address them. WPTF's silence on the CAISO's arguments and supporting data should speak volumes to the Commission.

G. WPTF's Protest fails to provide any evidentiary support or cite to any relevant Commission precedent for its arguments.

Commission precedent is clear that parties must provide "adequate support for their positions" in the form of "cogent evidence."[62] Put another way, the Commission has stated that "speculative allegations" alone are insufficient.[63] But speculative allegations are all that WPTF's Protest provides. At no point does WPTF offer evidentiary support for its allegations. WPTF provides no data, testimony, facts, figures, or exhibits. Nor does WPTF cite to any relevant statute, regulation, or Commission precedent to support its allegations. WPTF's unsupported, conclusory allegations cannot constitute

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61 *Id.*

62 *See Cities of Anaheim, et al. v. California Independent System Operator Corp.,* 95 FERC ¶ 61, 197 (2001).

63 *Eric S. Morris v. Southwest Power Pool Inc.*, 149 FERC ¶ 61,207 (2014).

evidentiary support under Commission rules necessary to beget reasoned decision-making. The Commission should thus ignore WPTF's protest.

IV. Conclusion

For the reasons explained above and in the CAISO's January 2, 2020 filing, the CAISO respectfully requests that the Commission accept the proposed tariff revisions as filed.

Respectfully submitted,

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Dated: January 30, 2020

CERTIFICATE OF SERVICE

I hereby certify that I have served the foregoing document upon all of the parties listed on the official service list for the above-referenced proceeding, in accordance with the requirements of Rule 2010 of the Commission's Rules of Practice and Procedure (18 C.F.R. § 385.2010).

Dated at Folsom, CA this 30th day of January, 2020.

/s/ Anna Pascuzzo

Anna Pascuzzo