

Stakeholder Comments Template

Resource Transitions

*Resource Adequacy Deliverability Assessment
for Resources Transitioning
from Outside to Inside the ISO Balancing Authority Area*

Submitted by	Company	Date Submitted
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SDG&E appreciates the opportunity to comment on the CAISO’s March 24, 2011 Straw Proposal discussing *Resource Transitions: Resource Adequacy Deliverability Assessment for Resources Transitioning from Outside to Inside the ISO Balancing Authority (BAA)*. In a “resource transition” scenario, an existing, commercially operational resource currently interconnected outside the CAISO BAA will, following a boundary change, interconnect directly to the CAISO system. Neither the CAISO’s existing Generator Interconnection Procedures (GIP), nor the current Maximum Import Capacity (MIC) counting methodology for import resources address resource transitions.

The Straw Proposal clarifies, and in one instance, limits the scope of the CAISO’s February 11, 2011 Issue Paper. Of note, the Straw Proposal selects Option 3, which would grant permanent delivery status for import capacity historically demonstrated during the RA import delivery assessment hours. In a minor change from the Issue Paper, the CAISO proposes to narrow the scope for resource transitions. The Issue Paper would recognize a resource as “transitioning” whenever 1) there was a BAA boundary change, or 2) the resource’s point of interconnection changed. The Straw Proposal drops this second category, and limits application of the resource transition rules to instances where a boundary change pushes a resource from outside to inside the CAISO BAA. For purpose of the Straw Proposal, boundary changes are limited to expansions or reconfigurations of existing substations. The CAISO proposes to implement rules governing resource transitions using its existing tariff authority and the Business Practice Manual (BPM) change management process. This would generate an effective date of mid-Summer 2011.

The Straw Proposal and subsequent stakeholder conference call explained the basic triggers and requirements for resource transitions. As SDG&E understands the proposal, resource transitions will be triggered through expansion or reconfiguration of an existing substation at the BAA boundary. This can arise in a number of circumstances, including 1) a change of ownership of

buses or bays, 2) a change of BAA designations of buses or bays, 3) the addition of buses or bays. Under certain limited circumstances, a boundary change can also occur during simple reconfigurations of existing transmission lines.

Once a boundary change occurs, the CAISO will grant affected resources permanent delivery status for import capacity historically demonstrated during the established RA import delivery assessment hours. Historical deliverability will be based on tags and metered output data, or if tags are unclear or unavailable, on previous power purchase agreement and metered output data. If the transitioning resource desires deliverability beyond historical level established as described above, it would apply for additional deliverability by entering the CAISO's GIP process as a new interconnection. Finally, regarding the status of the remaining imports on the affected intertie, the CAISO proposes, for the first year, that maximum RA import capacity will be decreased by same amount of permanent deliverability granted to transitioning resource. After the first year, import capability at the reconfigured tie will be based on the established MIC methodology.

1. Do you have any concerns with the straw proposal, and if so please describe.

No. SDG&E roundly supports the CAISO's direction in this initiative. SDG&E's previous comments suggested the CAISO adopt a framework that logically recognized past physical deliveries as the basis for the transitioning resource's future QC deliverability. By selecting Option 3, the Straw Proposal does just that, and affirms the transitioning resource's demonstrated ability to generate and deliver a quantifiable amount of power to the CAISO during peak load periods. Additionally, SDG&E agrees with the CAISO's assessment that rules governing resource transitions can be accomplished through the CAISO's existing tariff authority and the BPM change management process.

2. The ISO has proposed specific criteria to qualify for a resource transition as described in the straw proposal. Do you have any concerns with the proposed criteria, and if so please describe.

No. SDG&E agrees with the resource transition triggers and criteria outlined above. Additionally, SDG&E supports the CAISO's decision to limit the application of resource transition rules to situations where a boundary change pushes a resource from outside to inside the CAISO BAA.

3. The ISO has proposed to determine historical deliveries associated with resource transitions based on (1) tags and metered output data, or (2) if tags are not available or clear, the power purchase agreement contract and metered output data. Do you have any concerns with these approaches, and if so please describe.

SDG&E does not disagree with the proposal to determine historical deliveries based on a combination of metered data and tags or power purchase agreement information.

4. If you have any additional comments, please provide them here.

None at this time. Again, SDG&E appreciates the CAISO's attention to this issue.