

Stakeholder Comments Template

Draft 2015 Stakeholder Initiatives Catalog, Posted October 1, 2014

Submitted by	Company	Date Submitted
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SDG&E appreciates the opportunity to comment on CAISO's Draft 2015 Stakeholder Initiatives Catalog.

Existing Proposals:

SDG&E supports the CAISO pursuing the Maximum Import Capability (MIC) proposal 10.7.1 'Comprehensive Review of Methodology for determining Maximum Import Capability.' SDG&E favors an expanded MIC methodology introducing a forward-looking study process for determining the deliverability of generating capacity located in non-CAISO BAs. It also appears there is stakeholder support for adopting a forward-looking study process for determining MIC. It is time to evaluate whether the current historically-based MIC process should be completely replaced by a forward-looking study process, similar to what the CAISO is doing for MIC from the IID BA into the CAISO BA. The current historically-based MIC process likely understates the maximum amount of capacity that can be simultaneously imported into the CAISO BA during critical time periods.

SDG&E also supports proposal 10.7.2 'Reallocation of Maximum Import Capability between Electrically Adjacent Import Paths to achieve State Policy Objectives.' Reallocation of MIC, if electrically feasible, is a prudent way to ensure renewable energy continues to develop in resource rich areas. Without reallocation, renewable energy production goals statewide could be compromised. Also, consumers might be burdened with higher costs due to project development in less desirable areas but with better access to current import capability.

Proposed Deletion:

SDG&E does not support removing 13.6 'Mitigating Prices Spikes, Real-Time Imbalance Energy Offset (RTIEO)/Real-Time Congestion Offset (RTCO)' from the catalog. This is a premature move. Real time price spikes and residual

consequences are still a concern as we monitor the performance of new market changes. The CAISO contends four efforts should address the issues from this proposal. However, the fifteen minute market and transmission parameter relaxation are newly implemented in the market. With minimal data, it is impossible to say RTIEO and RICO have been corrected. The performance of the full network model enhancements and flexible ramping product are hypothetical and should not be the basis for deleting this proposed initiative.

New Initiative Proposal:

SDG&E proposes an initiative be added to the Stakeholder Catalog to address counting flexible Resource Adequacy capacity from imports. Flexibility is not addressed in MIC. But, with the new landscape of market needs and Resource Adequacy obligations, we believe this is an important topic to explore and define through a stakeholder process. Additionally, FERC issued a decision on the CAISO Flexible Resource Adequacy Must Offer Obligation (FRACMOO) on October 16, 2014 directing CAISO to consider and produce an informational report on this exact topic. FERC also agrees there could be benefits to the market by allowing imports to provide flexible resource adequacy capacity beyond the currently allowed Dynamic Transfers and Pseudo-ties.