

Stakeholder Comments Template

Subject: Resource Adequacy

Submitted by	Company	Date Submitted
Rob Longnecker rob@clean-coalition.org 917-213-9320 Kenneth Sahm White Sahm@clean-coalition.org	Clean Coalition	January 5, 2012

This document contains the Clean Coalition’s comments on the CAISO’s issue paper: Resource Adequacy Deliverability for Distributed Generation.

Given the vital role of Distributed Generation (DG) resources in meeting California’s Renewable Portfolio Standards, we are pleased to see the CAISO pro-actively addressing the issue of Resource Adequacy Deliverability for Distributed Generation. Given the size and development schedule of projects in this sector, and the likelihood of such facilities to serve local loads on the distribution system, the existing large generation study and allocation procedures have been an awkward match.

The Clean Coalition supports the conceptual approach proposed by CAISO and, broadly speaking, we support the methodology described in the issue paper. The ISO approach does a good job of balancing the interests of parties already in queue with the needs of DG to, as the CAISO puts it, avoid “processes [that] may be both too lengthy and too cumbersome for the sheer number of small-scale projects that will need to be connected to meet the goals”. In particular, we support determination by CASIO of the location and quantity of deliverability capacity through out the ISO system, and determination of current allocation by LRAs.

Model Inputs

In terms of the inputs into the model, we understand that the CAISO is using the “cost-constrained” 33% scenario, which was designated by the CPUC as the base case for CAISO’s 2011-2012 Transmission Planning Process. While we understand the need to use a base case and the benefits of using the CPUC-designated base case, we note that the selected scenario is already somewhat out of date, as it contains relatively high levels of solar thermal (which seems increasingly challenged by transmission, legal and other issues) and extremely low levels of solar PV in the categories of 0.5MW to 5MW. As PV costs have fallen well below the \$5.30 level assumed in the cost constrained scenario, we can expect that this scenario will incorporate larger quantities of DG PV when updated.

For these reasons, we encourage the CAISO to monitor how development is progressing relative to the base case and to pro-actively provide additional information where possible. For

example, the CAISO states the following: “If there is interest in testing for a larger amount of deliverability at any particular node, this question would be addressed in the next annual cycle by developing a 33% renewable base portfolio containing larger amounts of DG resources at the locations of interest.” We believe it is safe to assume that there will be “interest in testing for a larger amount of deliverability at any particular node” and we encourage this and other additional testing, particularly if the 33% base case appears to be materially inaccurate.

Model Methodology and Outputs

In terms of Cluster 3-4, we support the CAISO’s approach of including in the deliverability assessment only those projects that are found to be fully deliverable without requiring any additional delivery network upgrades. This protects the most viable projects, while ensuring that the newly proposed process isn’t swamped by the sheer size of Cluster 3-4. During the stakeholder call, CAISO engineers indicated that these screens resulted in a substantial amount of “Available RA”, particularly in areas close to load. While we acknowledge that all analysis is preliminary, we ask the CAISO to provide more information on roughly how much “Available RA” is currently expected and where it will be found. While generation is preferably located near load centers, much of the large existing queue is found outside of these areas. In order to allow stakeholders to accurately assess the potential impact of the CAISO’s proposal, the data should be provided on a county-by-county basis or, if that is not feasible, some other similarly-sized geographic area. Ideally, the data would be provided at the node level, although we recognize that may be too granular.

We are very concerned, however, by the proposal to cap study of deliverability to the levels of DG outlined in each region in the cost constrained TPP scenario, especially in areas where the target amount specified in the TPP has already been exceeded.

This approach will fail to identify deliverability that is currently available without any upgrades in all areas in which the relatively low levels of DG anticipated in the TPP have already been achieved. As such, areas with the most robust and successful deployment will be denied allocation of available deliverability. This should be addressed without resorting to the proposed remedy of modifying the TPP, as such modifications are infrequent, resource intensive, and frequently not capable of reflecting ongoing developments in policy and the active market.

We propose that any node already having exceeded the target levels of DG (actively deployed, assigned a PPA ,or under interconnection study) should have the base case target level automatically raised to accommodate the actual planned deployment in that location.

Allocation

We support the CAISO plan to allocate the use of such deliverability to LRAs that oversee procurement by their regulated LSEs as this should ensure that an informed, impartial party is managing the allocation process in accord with local resource planning. We are interested to hear more from both CAISO and the CPUC on the details of the allocation process.

Utilization

Recognizing the importance of providing certainty to developers, we ask that the CAISO clarify what is meant by the following statement: “the next annual process will protect only the amounts of DG deliverability at each network node that were actually utilized by the LRA’s LSEs for the year of the allocation”. We assume that “utilized” refers to the RA being allocated to a project that has passed certain development milestones, even though it may not yet be completed and delivering power. In conversations with CAISO on this matter, we were told that one milestone under consideration is the existence of an executed PPA. The Clean Coalition supports allocation to viable and active projects, however we ask the CAISO to address the

potential issue of a project that has achieved a PPA and yet remains undeveloped for several years.

In addition, in the event that the LRAs are left with some unallocated deliverability at the end of the annual process, we recommend that the CAISO allow the LRAs to reserve up to 20% of that unallocated deliverability in order to eventually for near term allocation to those projects that are currently in interconnection studies and expected to utilize deliverability allocations before the next annual release to LRAs. Such projects will have effectively applied for deliverability as of the date they entered interconnection studies and would only receive allocation deemed available after that date. Without access to deliverability determination such projects may be delayed for up to a year and placed behind those applying for standard deliverability studies. Such delays result in larger numbers of projects remaining in the interconnection queue for longer periods with greater uncertainty for themselves and other project studies that are electrically dependent.

Submitted comments to:
DeliverDG@caiso.com

cc:
CHinman@caiso.com