



Submit comment on Issue Paper

Initiative: Maximum import capability enhancements

1. Provide a summary of your organization's comments on the Maximum Import Capability (MIC) Enhancements issue paper:

CalCCA supports efforts to ensure that CAISO Maximum Import Capability (MIC) allocations continue to facilitate implementation of California's Resource Adequacy (RA) program in a manner that ensures that the CAISO will have access to the resources needed to reliably serve CAISO load using the CAISO Balancing Authority Area (BAA) transmission. Changes to the MIC process must be consistent with FERC's open access principles, including requirements to ensure that load serving entities (LSEs) continue to be able to utilize firm transmission rights or equivalent rights required to meet the reasonable native load service obligations of LSEs within California.¹ Parties need to recognize that California LSEs are the only entities that have an obligation to serve load within the CAISO BAA and are the only entities obligated to pay for the cost of the transmission that has been turned over to CAISO operational control. Entities outside the CAISO BAA that wish to use available CAISO transmission can do so by bidding or self-scheduling in the CAISO markets, but these entities do so voluntarily and with no long-term commitment to pay for existing transmission or any necessary upgrades.

In contrast to the current transmission reservation construct, CAISO's current Congestion Revenue Rights (CRR) allocation process acknowledges the priority of LSE loads, by allocating CRRs only to CAISO LSEs and to qualified Out of Balancing Authority Area LSEs (OBAALSEs).² CAISO only allocates CRRs to OBAALSEs that (1) demonstrate historical tagged Real-Time Interchange Export Schedules and historical load data reflecting the load they serve is exposed to congestion charges for the use of the CAISO Controlled Grid, and (2) demonstrate a commitment to use and pay for the CAISO transmission. While the OBAALSE process could be a potential model for assigning MIC that is not needed to serve CAISO load, the process for allocating MIC would need to ensure that RA resources needed to serve CAISO native load would continue to have sufficient import transmission capability in conjunction with any wheel through assignments. This might require appropriate obligations to flow the energy if necessary to ensure that any counter flows created by wheel throughs using excess MIC would materialize in the CAISO markets, otherwise the CAISO would risk the deliverability of contracted RA resources needed to serve CAISO load.

2. Provide your organization's comments on the calculation and technical studies related to MIC, as described in section 2.1:

Annual MIC allocations should be respected, similar to how NQC for internal resources that have been determined to be deliverable are respected, even if circumstances have changed after the

¹ 16 U.S. Code § 824q - Native load service obligation. <https://www.law.cornell.edu/uscode/text/16/824q>

² See CAISO Tariff Section 36.8

initial deliverability studies. Today, this is accomplished by setting MIC at pre-determined values based upon historical usage and those MIC quantities are honored during the RA year without changes due to grid conditions. The CAISO should not introduce uncertainty regarding the validity of LSEs' shown RA resources that may result in stranded assets. Any incremental deliverability assessments would need to take into consideration previously allocated MIC. The RA program must continue to provide for known compliance obligations and known resource counting such that prior to an RA showing, the LSE can evaluate their compliance with certainty. Any mechanism for which the counting of a resource is unknown until after the showing is not acceptable.

3. Provide your organization's comments on potential transparency and trading opportunity improvements, as described in section 2.2:

CalCCA supports efforts to improve the transparency of MIC allocations, particularly during the annual and monthly trading process, and the actual usage after the showings are in and validated, so that parties have more information about potential opportunities to increase the utilization of available MIC.

4. Provide your organization's comments on the MIC allocation and usage, as described in section 2.3:

CalCCA has no comment on this issue at this time.

5. Provide your organization's comments on the reservation of import capability and transmission for wheel-through transactions topic, as described in section 2.4:

CalCCA reiterates its previous comments on summer 2021 readiness that the long-term policy must properly account for the CAISO's responsibility to ensure reliable service to firm native loads, while providing open access to transmission that is in excess of that needed to serve native load. The process should consider three factors:

- The extent to which the users of the CAISO's transmission have and will be responsible for paying for the embedded costs of the CAISO's transmission;
- How the CAISO models the use of the transmission in its Transmission Planning Process and in its deliverability assessments; and
- Any potential interactions between the CAISO's Day-Ahead Market, Real-Time Market and Energy Imbalance Market on the use of, and compensation for, the CAISO's transmission.

The assessment also should consider the extent to which CAISO loads and non-CAISO stakeholders are able to access transmission from adjacent Balancing Authority Areas (BAAs) and from the CAISO on comparable terms and conditions.

This MIC Enhancements initiative should result in a more robust longer-term solution prior to summer 2022 that:

- 1) Properly accounts for significant differences in the market structures and access to transmission in the adjacent BAAs as compared to the CAISO organized market;
- 2) Recognizes that load serving entities within the CAISO have paid, and will continue to pay, for nearly the entire \$4.3 billion annual CAISO PTO transmission revenue requirement³, while wheel-through transactions currently need only make a 15-minute to 1-hour commitment to pay for CAISO's transmission for each scheduled wheeling transaction;

³ http://www.aiso.com/Documents/HighVoltageAccessChargeRatesEffectiveJan01_2021Revised03112021.pdf

- 3) Recognizes that CAISO's loads have relied on imports and the internal CAISO transmission they have funded for decades to meet their load serving obligations;
- 4) Accounts for internal transmission constraints and the need to deliver RA resources within the state through those internal transmission constraints at the same time the CAISO is ensuring that wheel-through transactions are deliverable; and
- 5) Includes obligations for the wheel through transactions to flow to preserve deliverability (i.e. providing a counterflow that made the flow of an import feasible to ensure that reliability obligations within the CAISO market can be met).

CalCCA recommends exploring developing a process similar to the one used for allocating CRRs to Out of Balancing Authority Area Load Serving Entities (OBAALSE), including verifying historical real-time scheduled usage of the CAISO transmission and an obligation to pay for the transmission whether or not the transmission is used.

6. Provide your organization's comments on the proposed initiative schedule and EIM Governing Body role, as described in section 4:

While the proposed schedule is aggressive, CalCCA supports parties working diligently towards developing appropriate long-term solutions for allocating MIC. It may be necessary to identify and prioritize some elements for earlier adoption, such as the wheeling priority issue.

7. Additional comments on the MIC Enhancements issue paper:

CalCCA has no additional opinion on this topic at this time.