

California Community Choice Association

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Contact

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1. Please provide a summary of your organization's comments on the Generation Deliverability Methodology Review stakeholder call.

The California Community Choice Association (CalCCA) appreciates the opportunity to provide comments in response to the California Independent System Operator's (CAISO) Deliverability Assessment Methodology Draft Final Proposal (Draft Final Proposal). CalCCA supports the majority of the proposed refinements to the deliverability assessment methodology with the following exceptions:

- The CAISO's dispatch of resources above their Net Qualifying Capacity (NQC) for Resource Adequacy (RA) in the deliverability assessment reduces the availability of deliverability capacity for queued projects and new queue entries; and
- A conservative application of the CAISO's "risk-based" approach to awarding deliverability status to resources while N-2 mitigations are under development may unnecessarily constrain the availability of deliverability capacity to the queue.

Dispatch Level

To the extent the CAISO dispatches existing resources above their RA NQC in the deliverability assessment, deliverability capacity available to both queued projects and new entries is reduced. As CAISO states in the Draft Final Proposal, RA is a "regulatory construct developed to ensure there will be sufficient electric resources to serve demand in all but the most extreme conditions". This regulatory construct requires that Load Serving Entities (LSE) procure this RA capacity which is in short supply. Despite LSEs not being able to count "non-RA" capacity in their RA plan, the CAISO is proposing to continue to dispatch RA resources above their NQC in its deliverability assessment. This artificially limits the RA available to the marketplace. While non-RA megawatts (MW) may be available in real-time, they should not utilize system capacity in the deliverability assessment that would otherwise be available to resources seeking deliverability capacity allocations.

From a basic market design perspective, these non-RA MW displace other resources from securing capacity which are subsequently disadvantaged in the marketplace. It would be more efficient from a market perspective to dispatch resources at their NQC and not above. NQC MWs are those LSEs are paying for and required to procure. By dispatching at the NQC, the remaining capacity can be made available to existing and proposed projects so that LSEs have a larger, more liquid pool of procurement options for RA.

Restricting the dispatch to only the NQC appears to be consistent with the Deliverability Methodology provided in the Draft Final Proposal. On page 6 the CAISO states: "Another perspective is that the transmission system needs to provide reasonable certainty that reliable supply can be maintained by **relying solely on Resource Adequacy capacity**" (emphasis added). This is not what the CAISO proposes, however. By assuming generators are operating above their NQC, the CAISO is assuming reliable supply is coming from non-RA resources. The CAISO should reconsider the proposed approach for the dispatch level of resources in the deliverability methodology.

Study of N-2 Contingencies

The proposed application of a "risk-based" approach to awarding deliverability status to resources in the short term while N-2 mitigations are under development is encouraging. The CAISO should make every effort to find a reasonable balance, however, so that its application of the risk-based approach is not overly conservative. If a cascading outage event associated with a credible N-2 is identified, assigning deliverability to resources behind the constraint is not prudent for reliable operations of the transmission system. However, it is important to recognize that the power flow models used in the deliverability analysis, in general, already represent stressed system conditions. Such conditions, from a risk assessment basis, do not occur frequently. The CAISO should include in its risk-based approach the probability of the simultaneous occurrence of the N-2, actual stressed system conditions, and associated dispatch that may lead to a cascading event. For example, the CAISO should

consider running several scenarios where these conditions are slightly modified, i.e. relaxed, to gain an understanding of how tight the conditions actually are. If these scenario analyses find that a minor reduction in load or generation assumptions mitigates the cascading event, this finding should be included in the risk-based analysis.

Summary

In summary, the CAISO should consider further modifications to the two elements of the assessment methodology discussed above. These two aspects of the methodology are the most limiting factors for the allocation of additional deliverable MWs to meet mandated RA targets. With the conservative approach proposed, LSEs may likely find it difficult to satisfy the California Public Utilities Commission's Mid-Term Reliability procurement targets and RA compliance obligations with new deliverable capacity that can be interconnected to the CAISO system in a timely manner.[1]

[1] The Mid-Term Reliability procurement target now totals 18,500 MW of new deliverable NQC.

2. Provide a summary of your organization's comments on the proposed changes to treatment of n-2 contingencies and mitigation requirements, as described in the draft final proposal.

See response in Section 1.

3. Provide a summary of your organization's comments on revising the ADNU/LDNU Guidelines, as described in the draft final proposal.

See response in Section 1.

4. Provide a summary of your organization's comments on the proposed conditional deliverability based original schedules during delayed deliverability upgrades, as described in the draft final proposal.

See response in section 1.