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# Reform of CAISO Deliverability Methodology

## Perspective and Proposals of the California Wind Energy Association

Nancy Rader, Executive Director

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Clean Energy Interconnection – Bulk Grid  
2023 Integrated Energy Policy Report (IEPR)  
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# New CAISO Initiative

- ✦ CAISO has announced an initiative to review its generation deliverability methodology
- ✦ The methodology is used to determine what reliability upgrades are needed for an interconnection customer to obtain the “deliverability capacity” needed to qualify under the CPUC’s Resource Adequacy Program
  - Point: ensure that projects can deliver to load when needed
- ✦ Reform of the methodology creates an exciting opportunity to immediately address the lack of available Transmission Planning Deliverability (“TPD”) capacity for new development



# Lack of TPD Capacity is a Big Problem

- ✦ Without TPD capacity rights, projects cannot qualify under the CPUC's Resource Adequacy program and generally are not commercially viable
- ✦ Available TPD capacity appears to be insufficient to meet the state's mid-decade and longer-term SB 100 goals until new transmission is planned and built (~2032)
  - Many developers who were counting on obtaining TPD capacity are discovering that it is not available
  - LSEs have highlighted lack of RA capacity in the market
- ✦ At a minimum, limited TPD capacity will reduce competition, leading to higher costs



# Good News!

- ✦ TPD capacity is a function of the assumptions used in the CAISO's deliverability study methodology
- ✦ Those assumptions are unnecessarily conservative, in CalWEA's view
- ✦ Reforming the assumptions, consistent with those used by PJM and MISO, could dramatically expand TPD capacity
- ✦ Additional TPD capacity would immediately become available at no cost
  - In addition to transmission savings, reduces ratepayer costs by enabling more competition



# CaIWEA's 4 Proposed Reforms

## #1 Eliminate the SSN test (high gross system load)

- This test is designed to study generator curtailment, not ability to meet load (reliability)
- No other ISO has an SSN test
- Curtailment is a commercial concern that is likely to resolve with methodology reform
  - Storage is being blocked by lack of TPD capacity
  - Deliverability reform will allow storage to be built in high-congestion areas
  - Needed economic upgrades to address supply curtailment, if any, should be planned



## 4 Proposed Reforms ...

### **#2 Adopt reasonable dispatch assumptions in the HSN (evening net-peak) test**

- CAISO does not use CPUC's QC values in its studies, instead using its own capacity values, which tend to be higher
- CAISO methodology is opaque; lack of transparency prevents hybrid project adjustments and trading



## 4 Proposed Reforms ...

### **#3 Create a local/regional deliverability designation**

- Addressing local reliability should not require meeting the system RA test
- Current methodology requires resources inside a locally constrained area to deliver to separate high-load areas (e.g., San Francisco to L.A.)
- A local RA test would allow local resources to address local concerns
- CAISO can readily establish local areas based on highly constrained flowgates





## 4 Proposed Reforms ...

### **#4 Change the assumed N-2 to an N-1 operating condition**

- NERC has no requirements for deliverability studies
- No other ISO uses N-2 in its deliverability studies
- Using an extreme assumption blocks capacity needed for high-stress, but not extreme, conditions

***\*\* All proposed reforms, other than a local/system deliverability designation, are consistent with the methodologies used by PJM and MISO \*\****



# Reform will bring major benefits

- ✦ In CalWEA's estimation, reform could free up >10 GW of TPD capacity immediately, across the CAISO system where the grid is strong
- ✦ Mitigate, if not eliminate, near-term TPD shortages
- ✦ Maximize TPD capacity from each new upgrade, reducing total upgrades needed
- ✦ Allow PTOs breathing room to complete significantly delayed planned upgrades



**We look forward to discussing and addressing these issues in CAISO's stakeholder process!**