

178 FERC ¶ 61,189
FEDERAL ENERGY REGULATORY COMMISSION
WASHINGTON, DC 20426

March 18, 2022

In Reply Refer To:
California Independent System
Operator Corporation
Docket No. ER22-844-000

California Independent System
Operator Corporation
250 Outcropping Way
Folsom, CA 95630

Attention: Jordan Pinjuv

Dear Mr. Pinjuv:

1. On January 19, 2022, pursuant to section 205 of the Federal Power Act (FPA)¹ and section 35.13 of the Commission's regulations,² the California Independent System Operator Corporation (CAISO) submitted revisions to its Open Access Transmission Tariff (Tariff) to: (1) allow market participants to submit maximum import capability (MIC) expansion requests into CAISO's transmission planning process; (2) refine the available import capability allocation process to prioritize entities with existing resource adequacy contracts for unassigned available import capacity allocations; and (3) make minor modifications and clarifications regarding posting import allocation data in CAISO's 13-step import capability allocation process.³ As discussed below, we accept the proposed revisions, effective March 21, 2022, as requested.

2. CAISO establishes the MIC based on actual historical import schedules, which demonstrate that import capability is feasible and that physical resources exist, are available, and have scheduled their output to serve load within CAISO's balancing authority area. CAISO explains that it can increase the MIC at specific interties (if necessary) to meet state and federal policy goals, when physically feasible. CAISO

¹ 16 U.S.C. § 824d.

² 18 C.F.R. § 35.13 (2021).

³ CAISO January 19, 2022 Filing at 1 (Transmittal).

explains that it can accommodate MIC increases by first establishing target increased MIC values for each intertie that are sufficient to support resource adequacy deliverability for resources included in the transmission planning process base case resource portfolio. CAISO then conducts deliverability studies to assess whether the transmission system can support the target increased MIC. If CAISO's studies show there is sufficient transmission capacity available, CAISO increases the MIC available for allocation to load serving entities.⁴

3. CAISO acknowledges that the current process does not provide market participants with the opportunity to submit MIC expansion requests on a specific intertie. CAISO's proposed Tariff revisions would explicitly allow the following market participants to request an increase in MIC: (1) a load serving entity with existing resource adequacy import contracts that are not fully accounted for as Pre-Resource Adequacy Import Commitment or New Use Import Commitment⁵ during the relevant study year(s) of the request; (2) owners of new transmission projects connecting to the CAISO grid from an external balancing authority area or connecting into a neighboring balancing authority area immediately adjacent to the CAISO controlled grid; or (3) other market participants demonstrating financial commitments for serving CAISO internal load.⁶ CAISO states that it will define the information necessary to support a maximum capability increase request in its business practice manual.

⁴ *Id.* at 5.

⁵ The CAISO Tariff defines Pre-Resource Adequacy Import Commitment as “any power purchase agreement, ownership interest, or other commercial arrangement entered into on or before March 10, 2006, by a Load Serving Entity serving Load in the CAISO Balancing Authority Area for the procurement of Energy or capacity from a resource or resources located outside the CAISO Balancing Authority Area.” CAISO, CAISO eTariff, app. A, Pre-RA Import Commitment (1.0.0). The CAISO Tariff defines New Use Import Commitment as “any power purchase agreement, ownership interest, or other commercial arrangement, that meets all the Tariff and applicable Business Process Manual requirements to lock import capability received as Remaining Import Capability at the branch group level and does not already qualify as Pre-RA Import Commitment, entered into by a Load Serving Entity serving Load in the CAISO Balancing Authority Area for the procurement of capacity from a resource specific or aggregation, consisting of Pseudo-Tie Generating Units or Dynamic Resource-Specific System Resources, located outside the CAISO Balancing Authority Area.” *Id.* at app. A, New Use Import Commitment (0.0.0).

⁶ Transmittal at 5–6; CAISO, CAISO eTariff, Proposed § 24.3.5 Import Capability Expansion Requests (2.0.0).

4. CAISO explains that limiting request submissions to market participants with a vested interest in increasing the import capability available for assignment ensures that studies will be conducted for those interties that will be used to import additional resources to serve CAISO load. CAISO states that MIC expansion requests will not serve as an independent basis for transmission infrastructure expansion, and that it will continue to identify transmission infrastructure expansion needs through its Tariff-defined transmission planning process. CAISO states that it will study MIC to determine whether transmission capacity exists on an intertie in excess of the historical flows that would otherwise establish the MIC on the intertie.⁷

5. CAISO also proposes to modify the existing process for allocating unassigned available import capability on an intertie in its 13-step import allocation process.⁸ Currently, CAISO allocates unassigned available import capability during step 13 of the import capability allocation process based on requests received from load serving entities, participating generators, or system resources on a first-come-first-served basis. CAISO proposes to change this process to give priority to load serving entities with existing resource adequacy contracts—specifically to those that did not receive an import capability allocation sufficient to provide full deliverability for the underlying resource adequacy contracts under the prior import capability allocation steps. Under CAISO’s proposed Tariff modifications, such load serving entities will have priority to any unassigned available import capability in step 13 over other requests received on the same day. If two or more load serving entities have eligible resource adequacy contracts that exceed the amount of resource adequacy import capability available on any given branch group⁹ after step 12, CAISO states that the available import capability will be split among the load serving entities in proportion to the eligible capacity portion of each load serving entity’s applicable contract.¹⁰ CAISO asserts that giving priority to load serving entities with import contracts scheduled on a particular branch group will ensure that

⁷ Transmittal at 6.

⁸ See CAISO, CAISO eTariff, § 40.4.6.2.1 Available Import Capability Assignment Process (15.0.0).

⁹ CAISO uses the term “branch group” to identify a set of transmission paths into the CAISO Control Area, or an intertie with a maximum import capability. See Cal. Indep. Sys. Operator Corp., Filing, Docket No. ER07-648-000, at 6, 55 (filed Mar. 22, 2007).

¹⁰ CAISO, CAISO eTariff, Proposed § 40.4.6.2.1 Available Import Capability Assignment Process, Step 13 (15.0.0).

contracted resources and import capability are used efficiently to meet resource adequacy needs.¹¹

6. Finally, CAISO proposes to delete existing Tariff provisions requiring it to report bilateral import capability transfers to the Commission on a quarterly basis. Instead, CAISO states that it will post this information to the CAISO website on a monthly basis.¹² CAISO also proposes to delete Tariff language requiring CAISO to post information on its website regarding whether bilateral import capability transfers are related to existing contracts, pre-resource adequacy import commitments, new use import commitments, or remaining import capability.¹³ CAISO states that this deletion is appropriate because tracking bilateral import capability transfers by type is unnecessary once the transfer has already occurred, and the import capability categories are not commercially relevant. CAISO also proposes to delete Tariff language that specifies that CAISO will not permit bilateral import capability transfer information received after the 20th calendar day of each month to be included in a load serving entity's resource adequacy plan in the same month.¹⁴ CAISO explains that the existing language is unnecessary based on current monthly resource adequacy plan showing requirements.¹⁵ CAISO elaborates that currently, monthly resource adequacy plans are to be filed 45 days in advance of the month covered by the plan, and revisions submitted 30 days in advance. Therefore, CAISO notes that load serving entities cannot include a bilateral capability transfer in resource adequacy plans for the same month as transfer submission, making the language on the 20th calendar day unnecessary.¹⁶

7. Notice of CAISO's filing was published in the *Federal Register*, 87 Fed. Reg. 3799 (Jan. 25, 2022), with interventions and protests due on or before February 9, 2022. Timely motions to intervene were filed by NRG Power Marketing LLC; Valley Electric Association, Inc.; Pacific Gas and Electric Company; California Municipal Utilities Association; Powerex Corp.; City of Santa Clara, California; California Department of Water Resources State Water Project; Cities of Anaheim, Azusa, Banning, Colton, Pasadena, and Riverside, California; and Northern California Power Agency. Timely

¹¹ Transmittal at 6–7.

¹² CAISO, CAISO eTariff, Proposed § 40.4.6.2.2.2 Reporting Process for Bilateral Import Capability Transfers (15.0.0).

¹³ *Id.*

¹⁴ *Id.*

¹⁵ Transmittal at 7–8.

¹⁶ *Id.* at 8.

motions to intervene and comments were filed by the Imperial Irrigation District (IID) and the Department of Market Monitoring of the California Independent System Operator Corporation (DMM). On February 18, 2022, CAISO submitted an answer to IID's comments.

8. DMM states that it supports CAISO's proposed changes as incremental improvements to the current MIC framework. Specifically, DMM supports CAISO developing a new process for entities to request MIC expansions because this additional import capability could help ensure that resources already under contract or new projects committed to serve CAISO load can count for resource adequacy purposes. DMM also supports the proposal to give additional priority to load serving entities with existing resource adequacy contracts as it mitigates the chance that contracted resource adequacy could be stranded, because a load serving entity was not able to obtain a sufficient available import capability assignment.¹⁷

9. IID supports CAISO's proposal to allow MIC expansion requests from third parties, but requests that the Commission require CAISO to clarify that requests for upgrades to existing transmission projects are also eligible to support a request for MIC expansion. IID states that CAISO's proposed language only seems to remark on new transmission, which may be subject to differing interpretations. IID specifically refers to proposed Tariff section 24.3.5 (b)—in which CAISO defines which market participants may submit an import capability expansion request—that refers to “Owners of new transmission projects connecting to the ISO grid from an external Balancing Authority Area immediately adjacent to the CAISO Controlled Grid.” IID explains that while CAISO's proposed Tariff revisions provide that “Import Capability expansion requests should provide the relevant information as defined in the Business Process Manual,”¹⁸ the applicable proposed language in the business process manual discussed in the stakeholder process does not provide the clarification that new transmission can include upgrades or expansion to existing transmission.¹⁹

10. In its answer, CAISO confirms that the circumstances identified in IID's requested clarification are covered by the proposed Tariff revisions. CAISO states that entities seeking to upgrade existing transmission have an interest in maximizing transmission

¹⁷ DMM Comments at 2–3.

¹⁸ IID Comments at 5–7 (quoting CAISO, CAISO eTariff, Proposed § 24.3.5 Import Capability Expansion Requests (2.0.0)).

¹⁹ *Id.* at 7 (citing CAISO, proposed *Business Practice Manual for Transmission Planning Process* § 3.2.5 (March 2022)), <http://www.caiso.com/InitiativeDocuments/DraftBusinessPracticeManual-TransmissionPlanningProcess-v23.pdf>).

system availability for imports, and the proposed Tariff language allows such entities to submit a MIC expansion request. CAISO explains that the proposed Tariff language states owners of new transmission projects may submit a MIC expansion request and that transmission projects include upgrades to existing facilities.²⁰ CAISO states that in order to remove potential ambiguity, it will ensure its proposed business practice manual language implementing the Tariff revisions specifies that owners of transmission upgrades are eligible to request a MIC expansion.²¹

11. Pursuant to Rule 214 of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.214 (2021), the timely, unopposed motions to intervene serve to make the entities that filed them parties to this proceeding.

12. Rule 213(a)(2) of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.213(a)(2) (2021), prohibits an answer to a protest unless otherwise ordered by the decisional authority. We will accept CAISO's answer because it has provided information that assisted us in our decision-making process.

13. We accept CAISO's proposed Tariff revisions, effective March 21, 2022, as requested. The proposed Tariff revisions appear to be just and reasonable and have not been shown to be unjust, unreasonable, unduly discriminatory or preferential, or otherwise unlawful.

14. First, we agree with CAISO that allowing qualifying market participants to submit MIC expansion requests enhances their ability to use existing transmission capacity to support resource adequacy imports, as there is no opportunity for market participants to do so under the existing Tariff. We also agree that allowing entities with contractual and financial commitments that serve CAISO load or those who own transmission that could be used to serve CAISO load ensures that studies are conducted for those interties being used to import additional resources. We acknowledge and agree with CAISO's clarification to IID that CAISO's proposal that "owners of new transmission projects" may submit a MIC request does not limit eligibility to submit such requests to new transmission line owners only, but also includes owners of upgrades to existing transmission facilities.²² We also recognize that CAISO has committed to ensure its

²⁰ CAISO Answer at 2–3 (citing CAISO, CAISO eTariff, § 24.4 Transmission Planning Process Phase 2 (1.0.0)).

²¹ CAISO Answer at 3.

²² *Id.* at 2–3.

proposed business practice manual specifies that owners of transmission upgrades are eligible to request a MIC expansion.²³

15. Second, CAISO's proposal to give additional priority in the final step of the current MIC allocation process to load serving entities with existing resource adequacy contracts is a reasonable refinement over the existing MIC process. The revised prioritization may better facilitate deliverability for underlying resource adequacy contracts, to thereby increase the likelihood that contracted resources and import capability are used more effectively to meet resource adequacy needs.

16. We accept CAISO's additional Tariff revisions related to certain import capability allocations. CAISO's proposal to publish bilateral import capability transfer information to its website on a monthly basis is an acceptable method of transparency for market participants. We therefore find it is reasonable for CAISO to eliminate the requirement to make quarterly filings with the Commission containing the same information, as is currently required under the Tariff. We also accept CAISO's proposal to revise the information posted on its website regarding the categories of bilateral import capability transfer requests (i.e., existing contracts, pre-resource adequacy import commitments, new use import commitments, or remaining import capability). As CAISO notes, although the defined categories are relevant when defining which load serving entities are eligible for import capability allocation, all import capability is fungible among load serving entities once that capability is allocated and thus the categories are no longer relevant at that point.²⁴

17. Finally, we accept CAISO's proposal to delete existing Tariff language specifying that CAISO will not permit bilateral import capability transfer information after the 20th calendar day of each month to be included in a load serving entity's resource adequacy plan in the same month. CAISO's existing resource adequacy requirements already mandate that entities file resource adequacy plans 45 days in advance of a resource adequacy month (and revisions thereto 30 days in advance).²⁵ Therefore, as it stands, load serving entities are not able to include a bilateral import capability transfer in their

²³ *Id.* at 3.

²⁴ Transmittal at 7.

²⁵ See CAISO, CAISO eTariff, § 40.2.2.4(c) Annual and Monthly Resource Adequacy Plans (7.0.0).

resource adequacy plans for the same month as transfer submission, rendering the 20th calendar day specification in the Tariff unnecessary.

By direction of the Commission.

Kimberly D. Bose,
Secretary.