

**Comments of Powerex Corp. on
Maximum Import Capability Stabilization and Multi-Year Allocation
Second Revised Straw Proposal**

Submitted by	Company	Date Submitted
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Powerex appreciates the opportunity to submit comments on CAISO’s May 21, 2020 Maximum Import Capability Stabilization and Multi-Year Allocation Second Revised Straw Proposal (“Second Revised Straw Proposal”).

Powerex’s comments in prior rounds of this initiative have expressed its long-standing concern that the current Import Capability (“IC”) framework strands large amounts of IC by allocating it to load-serving entities (“LSEs”) that never actually use it to enter into import resource adequacy (“RA”) contracts. It is regrettable that this initiative does not contemplate any measures to address this problem, which continues to stand in the way of California load-serving entities that do seek to enter into import RA contracts to meet their RA requirements.

While Powerex continues to advocate for changes to the IC allocation process to reduce the potential for stranding of IC, the Second Revised Straw Proposal erroneously claims that Powerex has advocated for IC to be auctioned, or to be simply eliminated.¹ Neither characterization is correct. Powerex has consistently recognized the need for a process to ensure that import RA commitments at each intertie do not exceed the anticipated capability of that intertie to actually receive energy. Powerex has also consistently recognized that California LSEs—whose ratepayers fund the CAISO-controlled portion of transmission facilities that enable RA requirements to be met by import contracts—should receive the benefit of reliance on that import capability. What Powerex objects to is a framework that results in the artificial appearance of “congestion” even when future import capability has not been fully committed for import RA contracts. For this reason, Powerex has suggested exploring an IC allocation that is based on *pending RA contracts* that are actually in place (subject to securing IC from the CAISO). Powerex requests that CAISO correct the characterization of Powerex’s position in future versions of the proposal in this initiative.

With respect to the changes in the Second Revised Straw Proposal, Powerex generally believes that the multi-year lock process will not exacerbate the stranding of IC that occurs under the existing approach. It is Powerex’s understanding that the multi-year lock will work as a “pre-assignment” of the prior year’s IC allocation, but eligibility for this pre-assignment will require demonstration of an executed import RA contract for the

¹ Second Revised Straw Proposal, at 21. See also CAISO’s May 28, 2020 stakeholder presentation, at 15.

upcoming year. Since the pre-assignment occurs only if there is an actual qualifying RA contract in place, it would appear to not further aggravate the stranding of IC.

Powerex also generally supports the proposed requirements for import RA contracts that are eligible to support a multi-year lock. Namely, Powerex supports requiring such contracts to (1) specify a physical resource, or aggregate of identified physical resources; and (2) apply to at least three summer months.

Powerex encourages CAISO and stakeholders to consider whether the criteria proposed to enable a pre-assignment of annual MIC could be utilized to reduce stranding of IC under the single-year allocation. Namely, it may be workable to enable participation in the pre-assignment process for *all* executed resource-specified import RA contracts in place at the time of the annual showing and spanning at least three summer months. This would give IC allocation priority to entities with actual import RA contracts in place, and would enable a significant improvement in the utilization and efficient allocation of IC among California LSEs.