



California Wind Energy Association

September 20, 2006

To: Keith Johnson, California Independent System Operator
From: Nancy Rader
Re: Comments on PIRP Export Issue

Please see the attached comments, which were prepared by Susan Schneider on our behalf, in consultation with CalWEA members and counsel.

CalWEA COMMENTS ON PIRP EXPORT ISSUE

CalWEA offers these comments on the treatment of exports from wind generation facilities that would otherwise qualify for the Participating Intermittent Resources Program (PIRP).

Our comments are focused in two areas: (1) the options ISO is considering generally for the PIRP export issue; and (2) comments on the options already on the table – ISO’s proposal and alternatives offered by others on last Friday’s conference call.

Options considered in ISO analysis: The ISO should add a “status quo” option, which would hold any decision until the ISO prepares the analysis necessary to make an informed decision on this issue. The analysis should include benefit and cost quantifications considering, for example:

- ***Existing PIRP generation now exporting*** to other Control Areas.
- ***Future exports from PIRP-eligible generators***, i.e., wind or solar generation now in the interconnection queue forecasted to come on-line in the next couple of years that either: (1) doesn’t have ISO-area LSE contracts; or (2) aren’t in the process of negotiating such a contract. (ISO should ask them, if it does not have that information.)
- ***The expected elimination of the PIRP transmission-loss subsidy*** with MRTU implementation.
- ***Potential improvements in PIRP forecasting accuracy.***
- ***The proposed elimination of Charge Type 4506*** for the post-MRTU GMC.

The ISO’s own Board has requested such analysis for proposed tariff changes, and this information should be provided and made public.

Comments on latest ISO proposal, and options offered by others

- ***The ISO proposal is unnecessary*** -- a solution in search of a problem. There’s no evidence that entities outside California are seeking to locate plants here due to the PIRP program, i.e., the “problem” is very small, likely to resolve itself for the most part (*see above*) and the ISO has many more pressing priorities.
- ***The requirement for separate metering would not easily accommodate the “merchant plant” model***, because re-wiring turbines to meters is impractical for shorter-term contracts. The “simple declaration” model with ISO audit rights would be better, with the declaration changeable on a monthly basis.
- ***The “simple fee” proposal might be better than a PIRP export ban before MRTU.*** However, the fee should include only costs avoided by PIRP participants, e.g., Charge Type 4487, not Regulation or other “wind integration costs.”

Singling out PIRP wind exports for allocation of costs not related to PIRP would be both discriminatory and illogical, because: (1) Regulation is used to firm up all exports, not just wind exports; and (2) exports by PIRP facilities are operationally no different from exports by non-PIRP facilities.

- ***Bilateral sales to others at delivery points within the ISO Control Area should not disqualify facility output from full PIRP treatment.*** This should include sales to both LSEs and non-affiliated marketers, either of which could subsequently export the Energy without the knowledge of the PIRP facility owner, operator, or SC. It is simply impractical for the ISO or the PIRP participant to track sales beyond the initial Energy sale, and unfair to penalize PIRP facilities for actions beyond their knowledge or control.