



Authorize execution of agreement with California Independent System Operator and adopt resolution on resource adequacy

Engineering & Operations Committee
Item 8-5
June 12, 2017

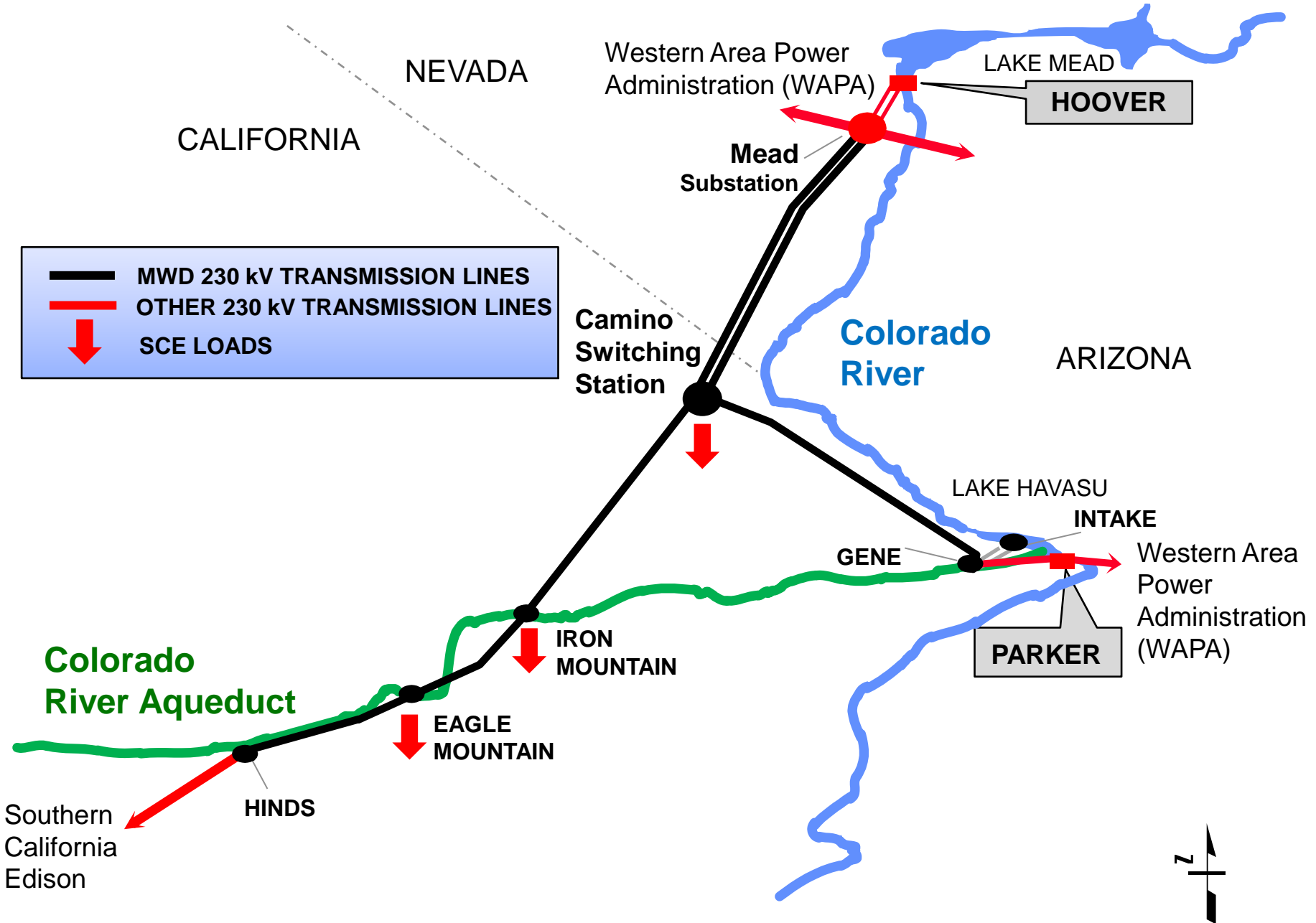
Current Action

- Authorize the General Manager to execute the Operating Agreement with the California Independent System Operator
- Adopt the resolution on resource adequacy requirements as Metropolitan's Local Regulatory Authority

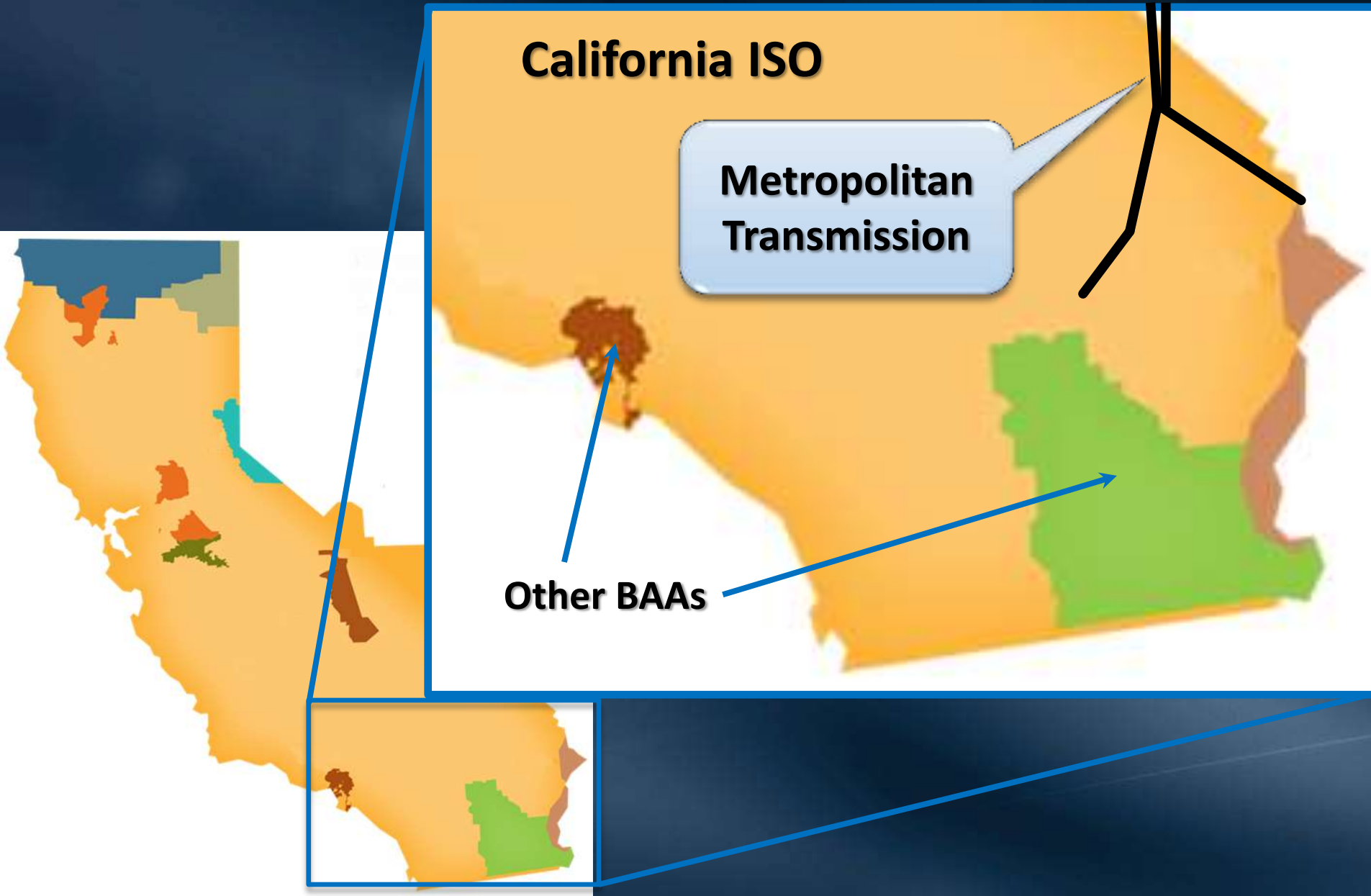
2017 – Year of Transition

- Mead substation interconnection – expired May 31, 2017
 - New agreement approved December 2016
- Hoover contracts – expire September 30, 2017
 - New contracts approved July 2016
- CRA Service and Interchange agreement w/ Edison - expires September 30, 2017
 - Coordination with state's grid operator (CAISO)
 - Energy services (Scheduling Coordinator)
 - Transmission services (Transmission Operator)
 - Transmission/facility interconnections (SCE)

METROPOLITAN CRA TRANSMISSION SYSTEM



California Balancing Authority Areas



California Independent System Operator

- Created in 1998 by the state as part of the electric industry deregulation
- Responsible for open access and reliable operation of most of California's high voltage electrical transmission system
- Operates the largest Balancing Authority Area (BAA) in California, providing transparent market energy pricing
- Metropolitan will operate within the CAISO BAA, but will retain the priority use of its transmission system
- Metropolitan not under jurisdiction of CPUC
- CAISO Tariff permits Local Regulatory Authority to provide oversight

CAISO Operating Agreement

- Operating Agreement establishes treatment of Metropolitan outside the CAISO Tariff
- Allows unique treatment of Metropolitan
- Provisions of the agreement include:
 - Termination provisions, but no specified date
 - Metropolitan retains control of its transmission system
 - Metropolitan can avoid use of CAISO system and associated charges

CAISO Operating Agreement

- Provisions of the agreement include (cont.):
 - CAISO provides transmission scheduling services and can use available transmission capacity
 - If appropriate, Metropolitan will interrupt pumping at Gene and Intake at CAISO's request
 - CAISO will perform required daily operating studies for Metropolitan's transmission system
 - Annual costs under this agreement estimated at \$600,000 for 1 million acre-foot CRA delivery

Resource Adequacy Resolution

- Assures sufficient resources are available to meet the utility's electrical load
- As a non-CPUC jurisdictional entity, Metropolitan's Board can establish criteria to meet resource adequacy
- Resource adequacy program elements include:
 - Reserve Margin - Set at 5%
 - Qualifying Capacity - Utilize Bureau of Reclamation forecasts as the basis for capacity values of Hoover and Parker
 - Demand Response - Drop pumps at Gene and Intake to reduce energy demand
 - Authorize the General Manager to develop, implement and revise the resource adequacy program that incorporates Board adopted elements

Board Options

- Option #1
 - Adopt the CEQA determination that the proposed action is not defined as a project and is not subject to CEQA
 - Authorize the General Manager to execute the Operating Agreement with CAISO
 - Adopt the Resource Adequacy Resolution

Board Options

- Option #2
 - Do not authorize the execution of the Operating Agreement or adopt the Resource Adequacy Resolution

Staff Recommendation

- Option #1

