

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA**

Order Instituting Rulemaking on the Commission’s Own Motion to improve distribution level interconnection rules and regulations for certain classes of electric generators and electric storage resources.

Rulemaking 11-09-011
(Filed April 7, 2021)

**COMMENTS OF
THE CALIFORNIA INDEPENDENT SYSTEM OPERATOR CORPORATION**

I. Introduction

The California Independent System Operator Corporation (“CAISO”) provides comments supporting Administrative Law Judge Hymes’ Proposed Decision (“PD”) modifying Rule 21, issued on May 6, 2022.

II. Comments

The CAISO strongly supports the PD, which (1) immediately suspends exporting net energy metering (“NEM”) customers from interconnecting directly to the transmission grid using Rule 21, and (2) authorizes Energy Division to facilitate a workshop to discuss the specific circumstances under which non-export facilities could create material operational challenges, including load masking, and how to address any such challenges. The CAISO appreciates the Commission, Judge Hymes, and Energy Division’s work with stakeholders in this proceeding, and believes the PD represents stakeholders’ consensus and the correct near-term resolution. The CAISO agrees with the PD’s finding that “there are significant safety and reliability concerns with continuing to allow net energy metering facilities to interconnect to the transmission grid through

Rule 21.”¹ As stated throughout this proceeding, the CAISO believes these Rule 21 transmission interconnections were never contemplated by the legislation or Commission proceedings that resulted in Rule 21 and the NEM tariffs. As the PD finds, the settlement that allowed these interconnections contains “no mention of the potential of increasing numbers of NEM generating facilities interconnecting to the transmission grid and the impact on the reliability of the transmission grid,” and there was “little discussion in the settlement agreement of the necessity for this new language.”² The PD is appropriate and timely to close this loophole before such resources proliferate. These resources can have a significant impact on reliability and the wholesale markets.

The CAISO also generally agrees with the PD regarding non-export facilities interconnecting to the transmission grid through Rule 21. Such resources likely do not pose the same safety and reliability risks on the transmission grid as export facilities,³ but nonetheless warrant further investigation to ensure reliability. The CAISO welcomes the opportunity to work with Energy Division and stakeholders in developing discussion topics for the workshop authorized in the PD. The CAISO agrees with the PD that the workshop should examine the effects of load masking on the grid and CAISO markets, including meteorological data requirements, inverter and control requirements, and telemetry and metering. The CAISO agrees with PG&E’s statement that customer generation masks load, and large, highly variable generation will mask highly variable load, making CAISO management more difficult even without exports to the grid.⁴ The

¹ PD, p. 6.

² PD, pp. 14-15.

³ PD, pp. 18-19.

⁴ PD, p. 18 (citing PG&E Opening Comments to November Ruling at 2).

upcoming workshop can explore both the risks such non-export facilities create, and the required visibility to mitigate those risks.

III. Conclusion

The CAISO supports the PD, and appreciates the opportunity to work collaboratively with the Commission and Energy Division staff to ensure grid reliability.

Respectfully submitted,

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Dated: May 26, 2022