

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

Order Instituting Rulemaking to Oversee the  
Resource Adequacy Program, Consider  
Program Refinements, and Establish  
Forward Resource Adequacy Procurement  
Obligations.

Rulemaking 19-11-009  
(Filed November 7, 2019)

**REPLY COMMENTS OF THE CALIFORNIA INDEPENDENT SYSTEM OPERATOR  
CORPORATION ON ADMINISTRATIVE LAW JUDGE'S RULING ON  
ENERGY DIVISION'S DEMAND RESPONSE PROPOSAL AND  
SEEKING COMMENTS ON THE PROPOSAL**

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Date: May 4, 2021

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**I. Introduction**

The California Independent System Operator Corporation (CAISO) submits its reply comments on the April 19, 2021 *Administrative Law Judge’s Ruling on Energy Division’s Demand Response Proposal and Seeking Comments on the Proposal* (Ruling) on issues regarding Proposed Revision Request (PRR) 1280 and supply side demand response.

**II. Discussion**

The CAISO strongly supports comments from Pacific Gas & Electric Company (PG&E) and Southern California Edison Company (SCE) to provide a pathway to show investor owned utility (IOU) demand response resources on supply plans for the 2022 resource adequacy year. First, the CAISO strongly agrees with PG&E and SCE that the Commission should adopt the effective load carrying capability (ELCC) methodology as the interim qualifying capacity methodology for IOU demand response for 2022.<sup>1</sup> The ELCC methodology will assess IOU demand response reliability contributions and allow the CAISO to justify tariff changes to exempt demand response from the resource adequacy availability incentive mechanism (RAAIM) at the Federal Energy Regulatory Commission (FERC). PG&E and SCE have committed to working with the CAISO to use 2020 data to rerun the original Energy and Environmental Economics (E3) study.<sup>2</sup> PG&E notes that the Commission should approve

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<sup>1</sup> PG&E Opening Comments, p. 3; SCE Opening Comments, p. 4.

<sup>2</sup> PG&E Opening Comments, p. 3; SCE Opening Comments, p. 4.

“results of the E3 ELCC refresh expected to be completed by the end of June in connection with the initial [resource adequacy] allocations in July 2021 and the final allocations in September 2021.”<sup>3</sup> This is possible as long as the IOUs provide information to E3 in a timely manner. The Commission should also provide a regulatory process to adopt E3’s findings as the qualifying capacity for the 2022 resource adequacy year.

Although the CAISO has concerns with retaining the forced outage component of the planning reserve margin (PRM) adder given there is no factual evidence in the record that demand response reduces the system average forced outage rate across the resource adequacy planning horizon, the CAISO believes the Commission can retain the outage component of the PRM for resource adequacy year 2022 on an interim basis.<sup>4</sup> If the Commission adopts a forced outage component in the qualifying capacity for 2022, it should not continue beyond a transition year, and instead, the Commission should rely on actual study results from the California Energy Commission’s analysis and explanation as to why demand response is unique from other resource adequacy resources and reduces the overall system average forced outage rate.

### **III. Conclusion**

The CAISO appreciates this opportunity to comment on Energy Division Staff’s proposals.

Respectfully submitted

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<sup>3</sup> PG&E Opening Comments, p. 3

<sup>4</sup> CAISO Opening Comments, p. 8.