



California ISO



March 12, 2021

The Honorable Chris Holden
Chair, Assembly Committee on Utilities and Energy
State Capitol Building
Sacramento, CA 95814

Dear Chair Holden:

We write to provide you with the fourth monthly report on actions our respective organizations are taking ahead of this summer in response to the August 2020 extreme heat wave and rotating outages. The actions summarized below are those the California Public Utilities Commission (CPUC), California Energy Commission (CEC) and California Independent System Operator (CAISO) have taken since our last monthly report submitted to you on February 3, 2021.

In consultation with your committee staff, we have changed the reporting format and provide our summary of actions in the attached chart.

We thank you, again, for the opportunity to provide this report. If you or committee staff have any questions, please do not hesitate to contact any of our respective government affairs representatives: Grant Mack (Grant.Mack@cpuc.ca.gov), Anna Ferrera (Ana.Ferrera@energy.ca.gov), or Quentin Foster (QFoster@caiso.com).

Sincerely,

Marybel Batjer
President, California Public Utilities Commission

David Hochschild
Chair, California Energy Commission

Elliot Mainzer
President & Chief Executive Officer, California Independent System Operator

Combined Energy Resource Planning & Procurement Actions March 2021

Responsible Entity	Actions	Milestone(s)	Status
CPUC	<p>Emergency Reliability Rulemaking (R.20-11-003). This proceeding was initiated to establish policies, processes, and rules to ensure reliable electric service in California in the event of an extreme weather event in 2021.</p> <ul style="list-style-type: none"> ▪ In a February 11, 2021 decision (D.21-02-028), the CPUC directed the state's three large IOUs to seek contracts for additional supply-side capacity. The investor-owned utilities (IOUs) have since filed Advice Letters seeking approval for approximately 564 MW by summer 2021. ▪ Additionally, the CPUC has requested party proposals for securing additional demand-side resources that can be available during the net demand peak period for summer 2021 and summer 2022. Policy measures under consideration include a new Flex Alert paid media campaign, changes to existing IOU demand response programs, and a new Emergency Load Reduction Program. A subsequent CPUC decision addressing these measures, as well as potential supply-side procurement by summer 2022, was issued on March 5, 2021. <p>More information on R.20-11-003 is available at: https://www.cpuc.ca.gov/summerreadiness/</p>	<p>Review/approve IOU Advice Letters by mid-March 2021</p> <p>CPUC proposed decision on new demand-side measures and 2022 capacity procurement issued March 2021</p> <p>CPUC to vote on proposed decision on March 25, 2021</p>	In progress
CPUC	<p>Project Progress Tracking. The CPUC is tracking progress on generation and battery storage projects that are currently under construction in California to ensure there are no CPUC-related regulatory barriers that would prevent them from being completed by their targeted online dates.</p>	Release LSE data aggregation by Q1 2021	In progress

	<ul style="list-style-type: none"> ▪ In November 2020, the CPUC prepared an analysis and slide deck on new resources in development across multiple proceedings, available at: https://www.cpuc.ca.gov/WorkArea/DownloadAsset.aspx?id=6442466860 ▪ In Q1 2021, the CPUC will be releasing an aggregation of the data collected from Integrated Resource Plans filed by load-serving entities (LSEs) in September 2020. The will data include information on existing, development, and planned resources. ▪ The CPUC is also tracking progress against the 3,300 MW NQC (Net Qualifying Capacity) procurement ordered in D.19-11-016. On February 1, 2021, LSEs that elected to self-provide their procurement obligation submitted reports to the CPUC on the status of their projects. CPUC staff is working to quality control and analyze this data. In these updates, LSEs confidentially provided detailed information regarding the cause of any delays and plans for remediation. In Q2 of 2021, the CPUC will use the data from the February 2021 filings to determine whether any of the projects under D.19-11-016 have suffered delays or failure that necessitate the need for backstop procurement. 	Determine whether backstop procurement is necessary by Q2 2022	
CPUC	Improve Load Scheduling Accuracy – The CPUC is exploring technical solutions needed to allow its jurisdictional IOUs to provide customer usage data to community choice aggregators (CCAs) and energy service providers (ESPs) more frequently to improve load scheduling accuracy.	Ongoing conversations with IOUs, CCAs, and ESPs	In progress
CPUC	Replacement Resources for Diablo Canyon – The CPUC directed all CPUC-jurisdictional Load Serving Entities (LSEs) to submit Integrated Resource Plans that include procurement of their share of replacement power for the retirement of the Diablo Canyon Nuclear Power Plant. On February 22, 2021, the CPUC issued a ruling in the IRP proceeding seeking feedback on mid-term reliability analysis and proposed procurement	Party comments and replies due in March/April 2021	In progress

	requirements for LSEs. The ruling recommends that the CPUC order procurement of 7,500 MW of new net qualifying capacity to come online in the years 2023–2025. The CPUC hosted a workshop on this ruling to facilitate dialogue with stakeholders ahead of the party comment deadline.		
CPUC	Integrated Resource Planning (IRP) Procurement Framework – The CPUC hosted a workshop in December 2020 on a proposal regarding how the CPUC would order procurement to complement the procurement by LSEs in response to the planning track activities of IRP and various CPUC procurement programs. This proposed framework is intended to provide a conceptual foundation for all future procurement informed by the IRP process. The February 22, 2021 ruling on mid-term reliability referred to above seeks feedback from stakeholders on “phase one” of the proposed framework, i.e., that relating to procurement in the current cycle of IRP.	Party comments and replies due in March/April 2021	In progress
CAISO	Market Enhancements for Summer 2021 Readiness – The CAISO has heard and considered perspectives from stakeholders throughout California and the West on market rules and procedural changes necessary to ensure reliable grid operations for summer 2021. The CAISO has posted a Draft Final Proposal that includes a package of market enhancements targeted to be in place by June 1, 2021. Many of the policy changes are in response to findings in the Final Root Cause Analysis. The CAISO presented a portion of the package of proposed enhancements to the Energy Imbalance Market (EIM) Governing Body on March 10 and will present the full proposal to the CAISO Board of Governors during their meeting on March 24. The issues addressed in the package of market enhancements includes: <ul style="list-style-type: none"> ▪ Export, load, and wheeling priorities* ▪ EIM coordination and resource sufficiency test review ▪ Import market incentives during tight system conditions ▪ Real-time scarcity pricing 	Posted Draft Final Proposal on February 18, 2021 Implementation June 2021	In progress

	<ul style="list-style-type: none"> ▪ Reliability demand response resource (RDRR) dispatch and real-time price impacts ▪ Resource adequacy provisions for enhanced storage resource management during tight supply conditions ▪ OASIS report and interconnection process <p>* This item will be addressed separately and brought to the CAISO Board of Governors and EIM Governing Body in April, with a target to be in place by July 1, 2021.</p>		
CAISO	<p>Operating Procedure 4420 Modifications – The CAISO is developing criteria that will allow the use of firm load to meet the North American Electric Reliability Corporation (NERC)-required contingency reserves and the dispatch of procured spinning reserve resources. This will allow the CAISO to minimize, if not avoid, the shedding of firm load during periods of resource deficiency. These criteria will be incorporated into the CAISO Operating Procedure 4420 Alerts, Warnings, and Emergencies.</p>	Drafting modifications to Operating Procedure 4420	In progress
CAISO, CEC	<p>Increased Coordination with Non-CPUC-jurisdictional Entities Regarding Additional Procurement – The CAISO and CEC has begun outreach to understand the procurement positions of non-CPUC-jurisdictional entities and concerns, if any, for summer 2021.</p>	Conducted outreach to non-CPUC jurisdictional entities	In progress
CAISO	<p>Further Analysis of Proxy Demand Response (PDR) and RDRR Performance – The CAISO has reached out to demand response providers to better understand the discrepancy between metered load drop from summer 2020 versus credited and shown resource adequacy amounts. Outreach included additional explanation of CAISO market processes and performance expectations as well as challenges faced by demand response providers.</p>	Conducted outreach to demand response providers	In progress

CAISO	Credits Against Resource Adequacy Obligations – The CAISO continues to work with the CPUC, local regulatory authorities, and stakeholders to resolve issues around resources credited against resource adequacy requirements.	Targeted resolution August 1, 2021	In progress
CAISO	Resource Adequacy Market Rule Enhancements – Through Phase 1 of this initiative, the CAISO is pursuing changes to resource adequacy market rules to ensure planned outages do not create unnecessary reliability risk and that performance penalties are sufficient to ensure compliance and to ensure storage resources are dispatched in alignment with reliability needs. The CAISO has posted a Phase 1 Final Proposal that proposes several changes intended to provide higher assurance that planned outages scheduled by 45 days prior to the month actually can be taken when scheduled. The proposal also includes provisions to ensure storage resources are charged and available to meet reliability needs during tight supply periods. The CAISO requested stakeholder feedback on the Phase 1 Final Proposal by March 9, 2021.	Posted Phase 1 Final Proposal on February 17, 2021 CAISO Board of Governors Approval March 2021	In progress
CAISO	Hybrid and Co-located Storage Resource Enhancement – On November 18, the CAISO Board of Governors approved the second phase of policies to support and enable the use of hybrid and co-located resources, which comprise a significant portion of the new capacity expected to be online by summer 2021. The Federal Energy Regulatory Commission approved the first phase of this effort and the CAISO implemented these changes on December 1. The second phase of this effort will be implemented in Fall 2021. On December 17, the CAISO Board of Governors approved a methodology for calculating cost-based bids to which storage resources may be mitigated. This enhances the CAISO's ability to efficiently dispatch storage resources through its market.	First phase completed on December 17, 2020 Second phase to be implemented Fall 2021	In progress
CAISO	Reliability Must-run (RMR) Designation to Preserve Grid Reliability in 2021 – The CAISO Board of Governors voted on December 17, 2020 to designate a 250 MW power plant as a system RMR resource to help ensure California has the capacity and energy needed to meet next		Completed on December 17, 2020

	summer's electricity demand. The CAISO's supply analysis concluded that the capacity provided by the RMR designation may be necessary to serve load and meet North American Electric Reliability Corporation (NERC) and Western Electricity Coordinating Council (WECC) operational standards, especially during the summer evenings.		
CEC	CEC 2020 CA Electricity Demand Update – The CEC adopted the California Energy Demand 2020-2030 Forecast Update at its January 25 business meeting. This update to the previously adopted electricity demand forecast incorporates an additional year of historical data, more recent economic and demographic outlooks, and revised vehicle electrification, self-generation and battery storage forecasts. It also includes revised hourly and monthly peak electricity demand for the CAISO control area. In addition to the standard peak forecasts (1-in-2, 1-in-5, 1-in-10 and 1-in-20 probability weather scenarios), the 2020 forecast update will also include a 1-in-30 peak forecast (reflecting a low probability weather scenario similar to the heat storm experienced in August of 2020) for situational awareness and to help support future planning improvements. The 1-in-30 peak forecast will be completed by March 2021 and published in errata to the 2020 IEPR forecast.	Errata to 2020 IEPR Forecast will be posted for March 17, 2021 CEC Business Meeting.	In progress
CEC, CPUC	Efficiency Improvements to the Natural Gas Powerplant Fleet – On December 2, the CEC, in collaboration with the CPUC, and in coordination with the CAISO, hosted a workshop to highlight to electricity stakeholders a range of options for incremental upgrades at existing natural gas power plants to increase their capacities to help address potential generation supply concerns for Summer 2021 and beyond. The workshop highlighted several projects that add up to 100 MW of additional capacity that could be available for Summer 2021. Since the workshop, the CPUC has been coordinating with the generators to realize this potential. The CEC has already reviewed and approved multiple requests for software and equipment improvements for these projects, and additional requests are expected prior to summer.	The CPUC has been coordinating with the generators to realize this potential. The CEC has reviewed and approved multiple requests for software and	In progress

		equipment improvements for these projects, and additional requests are expected prior to summer.	
All	Demand Response Round Table – The CAISO, CEC and CPUC held a Demand Response Round Table with industry stakeholders to discuss strategies to maximize the potential of demand response in the short term.		Completed on February 5, 2021