

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

Order Instituting Rulemaking to Oversee the Resource Adequacy Program, Consider Program Refinements, and Establish Annual Local and Flexible Procurement Obligations for the 2016 and 2017 Compliance Years

Rulemaking 14-10-010
(Filed October 16, 2014)

**CALIFORNIA INDEPENDENT SYSTEM OPERATOR CORPORATION COMMENTS
ON REVISED PROPOSALS**

I. Introduction

In response to Administrative Law Judge Dudney’s February 17, 2016 and March 11, 2016 email Rulings, the California Independent System Operator Corporation (CAISO) provides comments regarding revised proposals for Track 1 of this resource adequacy proceeding. At this time, the CAISO’s comments are limited to substantive proposals offered by parties other than the CAISO on March 25, 2016. These comments do not address comments filed on March 25, 2016 regarding the CAISO’s recommendation that the Commission align its local resource adequacy requirements with the CAISO’s Local Capacity Technical Study criteria. The CAISO reserves the right to respond to those comments and any additional comments related to this topic in reply comments due by April 8, 2016.

As a result, the CAISO’s comments address only the Energy Division’s revised proposal regarding Effective Load Carrying Capacity (ELCC) methodology and the Revised Track 1 Proposals submitted by Southern California Edison Company (SCE).

II. Discussion

A. Energy Division’s ELCC Methodology Proposal

The CAISO believes that ELCC implementation should be delayed until the 2017 resource adequacy proceeding. As SCE stated in its March 25, 2016 comments, there are identified concerns with the ELCC methodology that have not been sufficiently vetted at this time. The Commission should not adopt the ELCC methodology without fully understanding the potential short and long-term consequences. As Energy Division notes, the ELCC “proposal represents a significant departure from the previous methods of determining [qualifying

capacity] for wind and solar generators.”¹ The CAISO agrees and remains supportive of Energy Division’s efforts to develop a reliable ELCC model for determining an NQC for wind and solar resources. However, because the ELCC represents such a significant departure from current methods, the Commission should ensure that both the methodology and the results are fully understood and accepted before making wholesale changes to its resource adequacy requirements.

In comments on Energy Division staff’s proposal and at the February 18, 2016 workshop, SCE provided an analysis of the impact the proposed ELCC methodology would have using forecast data used in the CAISO’s annual Flexible Capacity Needs Technical Study. SCE identified shortfalls meeting either peak load or net load using the proposed ELCC methodology. To date, Energy Division has not provided any discussion regarding how the shortfalls identified by SCE are created or could be resolved to ensure resource adequacy showings provide the CAISO with adequate capacity to serve load. Before adopting an ELCC methodology, Energy Division should provide greater detail about the model, generally, and conduct ex-post assessments, similar to the SCE assessment, to determine if the calculated ELCC values ensure RA showings will provide adequate capacity to meet both peak and net-peak load. Without further exploration and understanding of the issues SCE identified, the CAISO may have to rely on backstop procurement to fill resource adequacy gaps.

The CAISO understands that SB 2 (1X) requires the Commission to implement an ELCC counting method for wind and solar, but the CAISO believes that the tool, as currently developed is not ready to be implemented. In the February 18, 2016 workshop, Energy Division acknowledged that a great deal of work is still needed and that significant updates are likely as soon as the next resource adequacy cycle. Because such updates are expected so soon, the CAISO asserts there are insufficient benefits—and potential deficiency risks—such that implementing the proposed ELCC methodology for the 2017 resource adequacy cycle is not warranted. Instead, the CAISO strongly supports SCE’s recommendation that the Commission should (a) continue utilizing the existing exceedance methodology for the 2017 cycle, (b) conduct additional workshops to better understand the results of the SCE assessment, and (c) continue working on modeling enhancements that have been identified and needed for the

¹ Revised ELCC Proposal, p. 27.

2018 resource adequacy cycle. Energy Division's revised proposal represents a step in the right direction, but it would benefit from additional review and vetting before implementation.

Respectfully submitted,

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