

**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)

**COMMENTS ON REVISED TRACK 3B.1 PROPOSALS OF
THE DEPARTMENT OF MARKET MONITORING OF
THE CALIFORNIA INDEPENDENT SYSTEM OPERATOR CORPORATION**

The Department of Market Monitoring (DMM) of the California Independent System Operator Corporation (CAISO) submits these comments on parties’ revised Track 3B.1 proposals, filed January 28, 2021. As outlined in the Assigned Commissioner’s Amended Track 3B and Track 4 Scoping Memo and Ruling, Track 3B.1 of this rulemaking considers various “time-sensitive” changes to the current resource adequacy framework.¹

I. INTRODUCTION

DMM provides comments on the ISO’s Track 3B.1 resource adequacy import requirement proposal.² The ISO’s import resource adequacy proposal has been discussed extensively in the ISO’s RA Enhancements stakeholder process. DMM has expressed support for the ISO’s efforts to develop a resource-specific framework for import resource adequacy.

¹ *Assigned Commissioner’s Amended Scoping Memo and Ruling*, R.19-11-009, December 11, 2020.

² *Track 3B.1 proposals of the California Independent System Operator Corporation*, R.19-11-009, California ISO, January 28, 2021: http://www.caiso.com/Documents/Jan28-2021-Track-3B1_Proposals-ResourceAdequacyProgram-R19-11-009.pdf

II. DISCUSSION

A. DMM supports the ISO's efforts to develop a resource-specific framework for import resource adequacy.

The ISO proposes to require that entities specify a physical source supporting a resource adequacy import and source balancing area that the resource is located in order to qualify to provide resource adequacy. DMM agrees that a source specification requirement (with associated attestations and monitoring measures) could help ensure that import resource adequacy contracted with load serving entities is not double counted (or double contracted) across the West and is backed by dedicated supply.

B. DMM supports the ISO's development of an attestation framework to ensure that entities agree that shown import capacity meets the ISO's new standards for qualifying as import resource adequacy.

The ISO proposes to develop attestation requirements that entities must agree to in order for supply to qualify as import resource adequacy at the time of resource adequacy showings. The ISO would define several attestation requirements in its tariff. The ISO proposes that the scheduling coordinator (SC) showing the import capacity as resource adequacy be responsible for completing import resource adequacy attestations. DMM supports the ISO in its approach and believes that requiring the scheduling coordinator to sign attestations could help ensure that the showing entity takes steps to ensure that its contracted capacity meets various ISO requirements to qualify as resource adequacy.

However, to ease the potential regulatory risk on a scheduling coordinator that is not the actual supplier of the resource adequacy import, DMM suggests that the ISO could further consider allowing the selling entity to complete the attestation.

C. DMM supports the development of a real-time must offer obligation for import resource adequacy.

DMM supports the ISO’s proposal to enforce a real-time must-offer obligation for import resource adequacy resources. The ISO’s proposal would address concerns that non-resource specific import resource adequacy can bid themselves out of the day-ahead market process and have no further obligation to be available in real-time.

Today, the import resource adequacy rules in place as a result of the CPUC’s Decision Adopting Resource Adequacy Requirements (D.20-06-028)³ largely address these concerns in the ISO’s availability assessment hours. While the ISO has also indicated that the “CAISO proposal does not preclude the Commission from retaining or imposing further bidding/self-scheduling restrictions for RA imports,”⁴ DMM continues to support the ISO extending its import resource adequacy must offer rules into real-time. Requiring import resource adequacy to have a real-time must offer obligation could be a significant enhancement to current resource adequacy import rules by ensuring import capacity remains available to the ISO through real-time.

D. Continued coordination among the ISO and other WECC BAAs to clarify export curtailment priorities remains important to ensure that import resource adequacy is truly dedicated to the ISO, especially when WECC BAAs may face concurrent supply shortages.

DMM recommended in prior comments in the ISO’s RA Enhancements stakeholder process that the ISO require that the energy backing import resource adequacy not be recallable by external BAAs.⁵ After further discussion with the ISO, DMM agrees that it may not be

³ *Decision Adopting Resource Adequacy Import Requirements*, D.20-06-028, CPUC, June 25, 2020: <https://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M342/K516/342516267.PDF>

⁴ *Import RA: CPUC Workshop* (Track 3.B.1/Track 4 Workshops), California ISO, February 25, 2021, Slide 16.

⁵ *DMM comments of resource adequacy enhancements fourth revised straw proposal*, Department of Market Monitoring, April 21, 2020, pp. 1-3: <http://www.caiso.com/InitiativeDocuments/DMMComments-ResourceAdequacyEnhancements-FourthRevisedStrawProposal.pdf>

effective to embed energy non-recallability rules within import resource adequacy contracts since ultimately the BAAs retain authority over their export curtailment rules.

However, ensuring that the energy backing import resource adequacy is not recallable by external BAAs and is treated with the same priority as other BAAs' native load remains important in order to ensure that import capacity contracted by CAISO load serving entities is truly dedicated to the ISO. Assurance that import resource adequacy cannot be recalled for BAAs' own needs is especially important when the CAISO and other BAAs may face concurrent supply shortages.

Issues regarding export priorities among entities in WECC has been discussed further in the ISO's stakeholder process on Market Enhancements for Summer 2021 Readiness. In this policy, DMM suggested that if it is standard business practice for other WECC BAAs to curtail native load before exports of capacity contracted to outside entities, or before exports supported by day-ahead sales of their own capacity, then DMM would encourage CAISO to work with other WECC BAAs to document this standard in BAA OATTs and make this a clear written standard.⁶

⁶ *DMM comments on market enhancements for summer 2021 readiness*, Department of Market Monitoring, February 26, 2021, p. 4: <http://www.caiso.com/Documents/DMMComments-on-Market-Enhancements-for-Summer-2021-Readiness-Draft-Final-Proposal-Feb26-2021.pdf>

Respectfully submitted,

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