

Comments from the CA Public Utilities Commission Staff on CAISO's Regional Resource Adequacy Initiative

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Given the preliminary nature of this initiative and CAISO issue paper, the Staff of the California Public Utilities Commission (CPUC Staff) offer the following comments on the high level issues raised in the Regional Resource Adequacy stakeholder meeting held December 16th.

In the issue paper, CAISO identified multiple aspects of the Resource Adequacy program (which is presently jointly administered by the CPUC and CAISO for all CPUC jurisdictional load-serving entities, per the CA Public Utilities Code) that may need revision. These include: the RA capacity counting conventions—including quantifying capacity calculations for all resources—and capacity valuation for renewable resources; as well as load forecasting and determination of RA requirements for LSEs.

While the current proposal is not developed enough to offer specific comment on the aspects of the RA program that CAISO has identified “may need revision,” the CPUC Staff wishes to raise some high level concerns with the discussion presented in the issue paper.

First, the CPUC staff would not likely be supportive of new capacity valuation mechanisms that would apply to the CPUC’s RA program and resources procured by CPUC-jurisdictional LSEs in CPUC approved contracts. The CPUC currently determines the RA counting conventions and qualifying capacity methodology for many types of resources. Conventions and counting rules are adopted through CPUC decisions. Therefore, CPUC Staff would not support adopting a standardized approach applicable to all jurisdictions within a regional ISO.

Second, CPUC staff believe that load forecasts for CPUC-jurisdictional LSEs should continue to be determined by the CEC through the IEPR forecast process. This is also consistent with the California Public Utilities Code. The IEPR represents a major undertaking that occurs through a transparent, public process and CPUC staff believes that this process should continue. Furthermore, load forecasts for other jurisdictions within a regional ISO should be developed through an equally robust and transparent process.

Finally, CPUC Staff would be supportive of the need for other jurisdictions to adopt resource adequacy requirements as a pre-requisite to a regional ISO, which should remove the need for default RA provisions to be included in CAISO’s tariff. Ensuring that other jurisdictions adopt RA requirements would decrease the likelihood that other areas “lean” upon the resource sufficiency in the CAISO for reliability needs, which would be undesirable for a variety of reasons.