

**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 2019 and 2020 Compliance Years

Rulemaking 17-09-020
(Filed September 28, 2017)

**OPENING COMMENTS OF THE CALIFORNIA INDEPENDENT
SYSTEM OPERATOR CORPORATION**

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I. Introduction

The California Independent System Operator Corporation (CAISO) hereby provides opening comments on the *Proposed Decision Granting Motion Regarding Qualifying Capacity Value of Hybrid Resources with Modifications* (Proposed Decision), issued in this proceeding on November 26, 2019. The CAISO supports the Proposed Decision and recommends the Commission adopt San Diego Gas & Electric’s (SDG&E) proposal for an interim Qualifying Capacity (QC) counting methodology for hybrid resources, with certain minor clarifications, as discussed below.

II. Discussion

A. The CAISO Supports the Proposed Decision Interim QC Methodology for Hybrid Resources.

The Proposed Decision establishes an interim QC counting methodology for hybrid resources, which it defines as a “generating resource co-located with a storage project, having a single point of interconnection and represented by a single market resource ID.”¹ In establishing the interim QC methodology, the Proposed Decision distinguishes between hybrid resources with “operational restrictions” and those without such restrictions. Specifically, the Proposed Decision notes that hybrid resources without operating restrictions do not require a new QC methodology because “[e]ven if both resources are on a single interconnect, each resource can obtain an individual CAISO resource ID and thus receive individual values.”² The CAISO

¹ Proposed Decision, p. 7-8.

² Proposed Decision, p. 8.

agrees that hybrid resources without operating restrictions should receive QC equal to the sum of the QC of the individual components, capped at the interconnection request size. Similarly, hybrid resources with operational restrictions should receive the proposed QC (as discussed below), capped at the interconnection request size.

For hybrid resources with “operational restrictions,” the Proposed Decision provides that the QC will be the greater QC of the two resources. The CAISO supports this as an initial approach, but notes that the Proposed Decision does not adequately define the term “operational restriction.” The CAISO supports adopting Proposed Decision’s QC for hybrid resources with operating restrictions, on the condition that the Commission defines “operating restrictions” as the CAISO recommends below.

B. The Commission Should Define Operational Restrictions.

The Proposed Decision notes that hybrid resources with operational restrictions (or operational limitations) will receive a QC equal to “the larger of (i) the effective load carrying capability (ELCC)-based QC of the intermittent resource or the QC of the dispatchable resources, whichever applies, and (ii) the QC of the co-located storage device.”³ From context, the Proposed Decision seems to define “operational restrictions” as charging restrictions on the battery component of facility, specifically associated with Investment Tax Credit (ITC) requirements.

Clearly defining “operational restrictions” is critical to determining which resources are subject to the interim QC counting methodology. Use of the term “operational restriction” to describe the ITC requirements for hybrid resources is somewhat counterintuitive, because such financial restrictions would not be classified as an “operational restriction” in CAISO practice. Rather, the CAISO typically classifies “operational restrictions” as limitations on the infrastructure of the resource (*i.e.*, the resource cannot physically charge during certain periods). The CAISO does not oppose the Proposed Decision’s use of the term “operational restrictions” to refer to ITC charging restrictions, but recommends that the Commission explicitly define the term in its final Decision. Without this additional clarification, use of the term “operational restrictions” is ambiguous.

³ Proposed Decision, p. 6.

C. The Commission Should Clarify the QC Methodology to be Used for Monthly QC Values.

The Proposed Decision states that the QC value for hybrid resources will be the greater of the QC of the generating component or the QC of the storage component of the resource. However, the CAISO notes that the QC value for the individual generating component of a hybrid resource can change monthly. As a result, the Commission should clarify how it will determine hybrid resource QC values for each month. For example, for a solar-battery hybrid resource, the solar generating component may have a higher QC than the storage component in August, based on its August ELCC, but a lower QC than the storage component in January, when the solar ELCC is minimal. This determination has implications for how LSEs demonstrate compliance with both system and local resource adequacy requirements.

III. Conclusion

The CAISO appreciates the opportunity to provide comments on the Proposed Decision and looks forward to working with the Commission to establish permanent Qualifying Capacity values for hybrid resources.

Respectfully submitted,

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