

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

Order Instituting Rulemaking to Continue
Electric Integrated Resource Planning and
Related Procurement Processes.

R.20-05-003

**OPENING COMMENTS OF
THE CALIFORNIA INDEPENDENT SYSTEM OPERATOR CORPORATION ON
THE PROPOSED DECISION**

Pursuant to Rule 14.3 of the Commission’s Rules of Practice and Procedure, the California Independent System Operator Corporation (CAISO) submits these comments on the Proposed *Decision Establishing Process for Backstop Procurement Required by Decision 19-11-016* (Proposed Decision). The CAISO supports the Proposed Decision and appreciates the Commission’s efforts to develop a compliance process and backstop mechanism to acquire capacity resources necessary to meet electric reliability requirements.

The Proposed Decision adopts requirements for load-serving entities (LSEs) procuring electric capacity pursuant to Decision (D.) 19-11-016 to file bi-annual reports on their procurement progress towards reaching the defined contractual and procurement milestones defined in this decision. The Proposed Decision requires LSE compliance filings on February 1 and August 1 of 2021, 2022, and 2023. The Proposed Decision also lays out general criteria for Commission staff to use in reviewing the procurement information and in recommending the need for backstop procurement.

The CAISO agrees with the milestones and required compliance filings in the Proposed Decision. It is critical that the Commission work to monitor the LSE procurement efforts directed in D.19-11-016 and, if necessary, direct supplemental procurement by the investor-owned utilities. The Proposed Decision is an important step in meeting those requirements.

In addition, the CAISO strongly agrees with the Proposed Decision’s determination that the incremental capacity procurement directed in D.19-11-016 has not been rendered

unnecessary by the COVID-19 pandemic.¹ There is no evidence that the pandemic has reduced energy or capacity requirements. Moreover, the conditions experienced in August and September 2020 demonstrate that demand levels can exceed the California Energy Commission 1-in-2 demand forecast. The August 2020 heat wave has also clearly shown how high temperature events can impact demand throughout the west for an extended period, thereby limiting the imports available to California.

The CAISO recently filed an analysis for resources needed for summer 2021 in the Commission's recently opened Order Instituting Rulemaking on electric reliability.² That analysis shows that resource needs remain tight and that there is a need for incremental procurement in addition to that directed in D.19-11-016 to maintain reliability next summer. The Commission should reject any unfounded assertions that the procurement directed in D.19-11-016 is no longer necessary.

Respectfully submitted,

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¹ Proposed Decision, p. 12.

² Rulemaking 20-11-003.