

Environmental Justice Parties' Comments

Subject: Regional Resource Adequacy Initiative

Submitted by	Company	Date Submitted
Deborah Behles, Consultant (415) 841-3304 Shana Lazerow, Staff Attorney (510) 302-0430 x 18 Stephanie Chen, Energy & Telecommunications Policy Director (510) 898-0506	Asian Pacific Environmental Network, Communities for a Better Environment, and The Greenlining Institute.	January 11, 2017

The Asian Pacific Environmental Network (“APEN”), Communities for a Better Environment (“CBE”) and The Greenlining Institute (“Greenlining”) (hereinafter “Environmental Justice Parties”) respectfully submit these comments to the California Independent System Operator’s (“ISO”) December 1, 2016 Regional Resource Adequacy, Draft Regional Framework Proposal (“Draft RA Framework”). These comments reiterate our previous request for ISO to not expand its backstop authority as part of the regionalization effort. These comments also request ISO to respect states’ resource adequacy determinations and allow states to determine all the parameters of a planning reserve margin (“PRM”) determination.

DISCUSSION

A. ISO Should Not Expand Its Backstop Authority.

Importantly, ISO still has not demonstrated any reason why it needs to expand its backstop authority. ISO already has backstop procurement authority to maintain reliability.¹ ISO recently changed this backstop procurement to a competitive solicitation process.² Rather than assess whether the current backstop procurement meets its needs, ISO is now requesting a broad expansion of its current backstop authority to cover:

¹ Draft RA Framework at p. 30 (“The ISO is permitted to engage in backstop procurement pursuant to its Capacity Procurement Mechanism (“CPM”) provisions in a limited number of defined circumstances to maintain reliability.”)

² Draft RA Framework at p. 30 (noting that effective November 1, 2016, CPM capacity was procured pursuant to a competitive solicitation process).

- Insufficient RA resources in a LSE's annual or monthly RA plan
- Deficiency in local capacity area resources in a LSE's annual or monthly RA plan
- Collective deficiency in a local capacity area after accounting for all procured RA resources
- Cumulative deficiency in the total flexible RA capacity in the annual or monthly flexible RA capacity plans or in a flexible capacity category in the monthly RA plans of LSEs³

The only justification given for requesting this expansion now is that ISO's proposed system PRM may show a shortage. That justification, even if it was valid, does not support ISO's request for an expansion of its backstop authority. Indeed, two of the four categories relate to local capacity area resources, not system resources. ISO's proposed PRM relates to the system, not local area.⁴ Therefore, ISO's proposed expansion of its backstop authority for local area needs is not justified in reliance on potential system expansion. The other two categories request backstop procurement authority based solely on forward looking annual or monthly plans. However, earlier in the Draft RA Framework, ISO describes situations for modifying monthly forecasts and for increasing imports within the month.⁵ Moreover, ISO fails to describe why its current backstop authority is not adequate for these situations.

In addition to failing to provide justification for its expansion, ISO should not expand its backstop authority because it conflicts with statutory authority and jurisdiction of local regulatory authorities ("LRAs") such as the California Public Utilities Commission ("CPUC").⁶ Procurement decisions are currently made by LRAs such as the CPUC, which have statutory responsibilities related to the administration and oversight of the procurement processes. These statutory responsibilities expand beyond reliability and include areas such as protecting disadvantaged communities and air quality.⁷ The Legislature entrusted the CPUC to make to implement these decisions and ensure that future procurement balances these types of considerations. An expansion of backstop procurement authority would undercut the CPUC's jurisdiction related to these important policies and mandates. To respect these authorities and LRA's jurisdiction, ISO should not expand its backstop authority.

For all these reasons, the Environmental Justice Parties request that CAISO revise its backstop procurement proposal to make it only advisory to LRAs and allow LRAs to retain their procurement authority.

B. ISO Should Respect LRAs' RA and ELCC Determinations.

³ Draft RA Framework at p. 31.

⁴ Draft RA Framework at p. 21 (discussing the system-wide PRM ISO intends to calculate).

⁵ See, e.g., Draft RA Framework at p. 12.

⁶ See Environmental Justice Parties' October 27, 2016 Comments on Regional RA.

⁷ See, e.g., Cal. Public Util. Code §§ 399.13(a)(7), 454.52(a).

In its Draft RA Framework, ISO proposes to make resource adequacy determinations for resources by utilizing uniform counting rules, implementing new requirements for demand response, and developing Effective Load Carrying Capacity (“ELCC”) modeling for solar and wind resources. Many aspects of these proposals intrude upon the current jurisdiction of LRAs. In California, for example, these determinations fall squarely under the jurisdiction of the CPUC under requirements such as Section 380 of the California Public Utilities Code. This section requires the CPUC to balance many requirements including establishing new demand response products or tariffs and maximizing the ability of community choice aggregators to determine load.⁸ In addition, as the CPUC’s staff comments describe, the CPUC is currently developing an ELCC, and it has counting conventions for demand response.⁹ ISO should not undercut these determinations. Rather ISO can and should defer to these determinations.

C. ISO Should Not Unilaterally Decide Issues Related to the PRM.

In its Draft RA Framework, ISO proposes calculating a system-wide planning reserve margin. ISO does recognize that states should play an important role in setting the PRM.¹⁰ However, ISO’s current proposal decides several important questions including: whether states can set their own PRM, how the PRM should be calculated, and the type of reliability metric for calculating the PRM. These issues should be left to the states rather than decided unilaterally by ISO.

Initially, ISO should allow states to set their own PRM based on their own perceived need. As the CPUC staff notes, MISO has a process that allows states to rely on their own PRM.¹¹ A PRM process similar to MISO that defers to state determinations should be the initial default before states have an opportunity to decide whether and how a system-wide PRM should take individual LRA PRM decisions into account.

In its Draft RA Framework, ISO also proposes a “probabilistic study” to determine a default system-wide PRM target. ISO states that “[t]he specified level of reliability can be measured using an established reliability criterion, such as a 1-in-10 Loss of Load Expectation

⁸ See Cal. Public Util. Code § 380.

⁹ CPUC Staff Comments on the Third Revised Straw Proposal, October 27, 2016, *available at* <https://www.caiso.com/Documents/CPUCComments-RegionalResourceAdequacy-ThirdRevisedStrawProposal.pdf>.

¹⁰ Draft RA Framework at p. 21 (“The ISO recognizes that states should have significant input into establishing a system wide PRM and has proposed a specific role for the WSC in that regard.”)

¹¹ CPUC Staff Comments on the Third Revised Straw Proposal, October 27, 2016, *available at* <https://www.caiso.com/Documents/CPUCComments-RegionalResourceAdequacy-ThirdRevisedStrawProposal.pdf>.

(“LOLE”).”¹² These are exactly the types of decisions that should be made by the state. When the CPUC considered these issues in the 2014 Long Term Procurement Proceeding, there was disagreement about how LOLE should be defined and work was needed to validate the stochastic model before it could be relied upon.¹³ This demonstrates that neither of these issues are settled. In addition, there are other ways of calculating a PRM and reliability criterion. Therefore, these issues should be vetted by states before a decision is made as to what type of study to use and what the reliability criterion should be.

For all these reasons, the Environmental Justice Parties request that ISO not expand its backstop procurement authority, respect LRA’s RA authority, and allow states to determine the parameters of a PRM determination.

Thank you for the opportunity to submit these comments.

¹² Draft RA Framework at p. 21.

¹³ See CPUC Proceeding 13-12-010, ALJ Ruling Discontinuing Phase 1A and Setting Forth Issues for Phase 1B (March 25, 2015), *available at* <http://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M148/K825/148825409.PDF>.