

**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)

**REPLY COMMENTS OF THE CALIFORNIA INDEPENDENT SYSTEM
OPERATOR CORPORATION ON FINAL 2021 LOCAL CAPACITY TECHNICAL
STUDY**

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I. Introduction

Pursuant to the Assigned Commissioner Scoping Memo and Ruling issued on January 22, 2020, the California Independent System Operator Corporation (CAISO) hereby provides reply comments in response to party comments on the Final 2021 Local Capacity Technical Study.

II. Discussion

A. The CAISO Agrees with the Continuing Need to Consider the Role of Energy Storage in Meeting Local Capacity Requirements.

Pacific Gas & Electric Company (PG&E) and San Diego Gas & Electric Company (SDG&E) request that the CAISO consider additional stakeholder processes, particularly to consider the role of energy storage resources in meeting local capacity requirements. The CAISO's 2021 Local Capacity Technical Study includes detailed information regarding the estimated characteristics (MW, MWh, discharge duration) required from battery storage resources to seamlessly integrate in each local area and sub-area. PG&E notes that this analysis "is a logical step to ensuring the 'right mix' of resources" but states that this new information "could have implications for integrated resource planning procurement and broader state efforts to decarbonize the grid."¹ PG&E concludes by recommending a

¹ *Comments of Pacific Gas & Electric Company (U 39 E) on the Final 2021 Local Capacity Technical Study*, May 8, 2020, p. 3 (PG&E Comments).

working group process “to discuss energy storage limitations” for local resource adequacy.² SDG&E similarly recommends “further assessment of energy storage in the context of [local capacity requirements] within the CAISO’s annual [transmission planning process].”³

The CAISO agrees with the need to continue to address energy storage options for local capacity areas in future stakeholder processes, including the annual transmission planning process and the local capacity technical study process. The CAISO’s transmission planning process already considers long-term local capacity requirements and potential transmission infrastructure improvements to reduce those requirements. The CAISO encourages parties to participate in the transmission planning and local capacity requirements processes to further assess opportunities for energy storage resources to replace existing greenhouse gas emitting capacity. Rather than instituting any new working group process, stakeholders should take advantage of these existing processes.

PG&E recommends that the Commission specifically delete the section of the Final Local Capacity Technical Study that references energy storage requirements. This recommendation is unnecessary and out of place in this process. The Commission does not adopt the CAISO’s Local Capacity Technical Study, but rather uses the study to establish local capacity requirements for its load-serving entities. Parties should raise any requests to modify or delete portions of the study in the CAISO’s local capacity study process. Furthermore, the energy storage analysis included in the Final Local Capacity Technical Study provides important information for the Commission and load-serving entities to consider in procurement decisions. Deleting this section of the study would only limit parties’ ability to effectively use the underlying information.

B. The CAISO Continues to Work with PG&E to Assess Greater Bay Area Local Capacity Requirements.

The Utility Reform Network (TURN) and PG&E note that the CAISO continues to work with PG&E to assess local capacity requirements for the Greater Bay Area. The CAISO will provide updated information in response to the Commission’s proposed decision establishing local capacity requirements. However, at this time, the CAISO has not identified a transmission solution to reduce Greater Bay Area requirements. As a result, the requirements established in the Final Local Capacity Technical Study are appropriate for

² *Id.*, p. 4.

³ *Comments of San Diego Gas & Electric Company (U 902 E) on California Independent System Operator 2021 Final Local Capacity Technical Study*, May 8, 2020, p. 2.

setting procurement requirements. The CAISO further notes that Greater Bay Area requirements are 6,353 MW and that there is approximately 7,418 MW of peak capacity available in the Greater Bay Area. The great majority of the 7,418 MW of capacity are necessary for system as well as Greater Bay Area needs. Because load-serving entities are likely to procure these resources for system needs, there is no need to artificially reduce Greater Bay Area procurement requirements.

C. Adjustments to the Local Capacity Requirement Timeline Would Require Joint Modifications by the CAISO, the Commission and the Energy Commission.

PG&E's comments note its concern "that the LCR process timing does not leave enough time for operators to adjust to the impacts of the procurement requirements" and recommends that the Commission work with the CAISO to "adjust the LCR timeline to better accommodate future changes."⁴ Although the CAISO understands that annual local capacity requirements are set on a compressed timeframe, the annual study cycle does not allow for significant adjustments to the process. The CAISO can only begin its study after receiving updated demand forecasts from the Energy Commission. The Energy Commission typically provides these forecasts in January or February of each year. The CAISO then immediately conducts its local capacity technical studies using the Energy Commission forecast. Under this framework, the CAISO agreed to produce its annual local capacity technical study no later than the end of June,⁵ though in practice the CAISO has completed the annual study by approximately May 1 of each year to accommodate the Commission's resource adequacy proceeding schedule. The CAISO files its final study with the Commission as soon as it is published and the Commission then works immediately to set local capacity requirements for its jurisdictional entities.

Without further modifications to the Commission or Energy Commission processes, there is no opportunity to further adjust the local capacity requirement schedule. The CAISO has worked to expedite its work to the greatest extent possible and in many years is pressed to complete its study process by May 1. The CAISO is willing to discuss changes to the current process, but those discussions must include the CAISO, the Commission and the Energy Commission at a minimum. Expediting the current process would increase the importance of stakeholders participating in the CAISO's annual local capacity technical

⁴ PG&E Comments, p. 3.

⁵ See CAISO Business Practice Manual for Reliability Requirements, p. 177.

study process rather than waiting for the report to be filed with the Commission.

III. Conclusion

The CAISO appreciates this opportunity to provide reply comments on the Final 2020 Local Capacity Technical Study.

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