

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

Order Instituting Rulemaking to Establish  
Policies, Processes, and Rules to Ensure  
Reliable Electric Service in California in the  
Event of an Extreme Weather Event in 2021.

Rulemaking 20-11-003  
(Filed November 19, 2020)

**COMMENTS OF THE CALIFORNIA INDEPENDENT SYSTEM OPERATOR  
CORPORATION ON PROPOSED PHASE 2 DECISION DIRECTING PACIFIC GAS  
AND ELECTRIC COMPANY, SOUTHERN CALIFORNIA EDISON COMPANY, AND  
SAN DIEGO GAS & ELECTRIC COMPANY TO TAKE ACTIONS TO PREPARE FOR  
POTENTIAL EXTREME WEATHER IN THE SUMMERS OF 2022 AND 2023**

Roger Collanton  
General Counsel  
Anthony Ivancovich  
Deputy General Counsel  
Jordan Pinjuv  
Senior Counsel  
California Independent System  
Operator Corporation  
250 Outcropping Way  
Folsom, CA 95630  
T: 916-351-4429  
F: 916-608-7222  
Email: [jpjuv@caiso.com](mailto:jpjuv@caiso.com)

Attorneys for the California Independent  
System Operator Corporation

Dated: November 10, 2021

## Table of Contents

I.	Introduction.....	1
II.	Discussion.....	1
	A. The CAISO Proposed Establishing Both an 8:00 p.m. Resource Adequacy Requirement and Increasing the PRM. ....	2
	B. An Effective PRM Increase Does not Increase the CAISO’s Backstop Authority. ....	3
	C. Resource Adequacy Timeline.....	4
	D. Flex Alert Funding and Continued Discussion Regarding Trigger Criteria.....	4
	E. Demand Response Related Comments.....	5
III.	Conclusion .....	5

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

Order Instituting Rulemaking to Establish  
Policies, Processes, and Rules to Ensure  
Reliable Electric Service in California in the  
Event of an Extreme Weather Event in 2021.

Rulemaking 20-11-003  
(Filed November 19, 2020)

**COMMENTS OF THE CALIFORNIA INDEPENDENT SYSTEM OPERATOR  
CORPORATION ON PROPOSED PHASE 2 DECISION DIRECTING PACIFIC GAS  
AND ELECTRIC COMPANY, SOUTHERN CALIFORNIA EDISON COMPANY, AND  
SAN DIEGO GAS & ELECTRIC COMPANY TO TAKE ACTIONS TO PREPARE FOR  
POTENTIAL EXTREME WEATHER IN THE SUMMERS OF 2022 AND 2023**

**I. Introduction**

The California Independent System Operator Corporation (CAISO) submits comments on Administrative Law Judge Thomas' Proposed Phase 2 Decision (PD) issued on October 29, 2021.

**II. Discussion**

The CAISO appreciates the PD authorizing an additional 2,000 to 3,000 MW in resource procurement to address summers 2022 and 2023 peak and net peak needs.<sup>1</sup> The CAISO supports allowing the investor owned utilities (IOUs) to procure the authorized resources, which would result in a 20% to 22.5% effective planning reserve margin (PRM).<sup>2</sup> Importantly, the PD prioritizes “procurement of resources that are [resource adequacy] eligible and that will be visible to the CAISO in supply plans and participate in CAISO markets to the extent feasible.”<sup>3</sup> The procurement authorization level is prudent given the extreme weather and resulting stressed grid conditions experienced in summer 2020 and 2021. The CAISO agrees that “extreme conditions and supply risks...[such as] heightened risks associated with climate change, extreme

---

<sup>1</sup> PD, p. 23. The CAISO's testimony provided information based on actual summer 2021 showings whereas the PD estimated the illustrative impact after adjusting for August 2022 demand forecast and supply differences. The CAISO agrees with the PD's calculation.

<sup>2</sup> PD, p. 11.

<sup>3</sup> PD, p. 17.

heatwaves, dry hydro conditions, potential West-wide capacity shortages, supply chain issues with procurement underway, and project contract failures, among a host of other planning uncertainties” may continue into 2022 and 2023 and therefore justifies the additional procurement.<sup>4</sup>

In addition to supporting the PD’s authorized procurement, the CAISO provides comments clarifying its testimony and explaining the different impacts of an effective versus official PRM increase. The CAISO also responds to the PD’s export assumptions and findings regarding the CAISO market processes. Finally, the CAISO supports the PD’s continued funding for the Flex Alert media campaign and provides comments on the PD’s specific demand response program provisions.

**A. The CAISO Proposed Establishing Both an 8:00 p.m. Resource Adequacy Requirement and Increasing the PRM.**

The PD states the CAISO’s resource adequacy program improvement proposals were “unclear” regarding “whether the proposed 17.5% PRM would be applied at net peak or...a 17.5% gross peak requirement and a 15% net peak requirement.”<sup>5</sup> However, the CAISO’s testimony and subsequent briefs clearly advocated the Commission set resource adequacy requirements to meet the 17.5% PRM at both the gross peak and the 8:00 p.m. hour.<sup>6</sup> The CAISO further noted it prioritized the addition of an 8 p.m. system resource adequacy obligation over the increased PRM. The CAISO’s proposals recognized the Commission could adopt an 8:00 p.m. system resource adequacy obligation while rejecting the PRM increase. The CAISO’s testimony demonstrated that a 15% PRM at 8:00 p.m. would improve resource adequacy compared to the current 15% gross peak PRM requirement, which led load serving entities to procure resources sufficient to meet a 10 to 12% implied PRM.<sup>7</sup>

---

<sup>4</sup> PD, p. 13.

<sup>5</sup> PD, p. 22.

<sup>6</sup> CAISO Opening Testimony Phase 2, p. 1. *See also*, CAISO Opening Testimony Phase 2, p. 10: “Once the Commission has developed the monthly 8:00 p.m. load by jurisdictional LSE, the Commission should apply the adopted planning reserve margin (*17.5% as proposed by the CAISO*) to derive the resource adequacy obligation at 8:00 p.m.”[Emphasis Added]; *See also*, CAISO Reply Brief, p. 1 “The CAISO urges the Commission to adopt the CAISO’s proposal to establish a system resource adequacy requirement at the 8:00 p.m. hour to reflect system needs at the net demand peak period for both the 2022 and 2023 resource adequacy compliance years ... *In addition, the Commission should increase the planning reserve margin for both the gross and net demand peak to 17.5%.*”[Emphasis Added]

<sup>7</sup> CAISO Opening Testimony Phase 2, p. 8. Based on actual summer 2021 resource adequacy showings.

The PD states the CAISO's proposed net load peak requirement methodology unfairly singled out solar resources when other resource outages may also contribute to tight conditions during net peak.<sup>8</sup> The CAISO strongly supports accounting for resource outages more accurately through the CAISO's unforced capacity (UCAP) proposal.<sup>9</sup> However, given the tight implementation timelines for this Phase 2 proceeding, the CAISO proposed a streamlined, but effective simplifying assumption focused on properly accounting for solar capacity value during the net peak. These impacts are particularly important because loss of solar generation is the primary cause of the net peak deficiencies. Until the Commission conducts a more thorough resource counting re-evaluation, the CAISO urges the Commission to adopt the CAISO's proposal for an 8:00 p.m. resource adequacy obligation to reflect net peak needs.

**B. An Effective PRM Increase Does not Increase the CAISO's Backstop Authority.**

Rather than adopting the CAISO's resource adequacy proposals, the PD would increase the "effective" PRM by directing additional procurement. The PD declines to adopt an official PRM increase due to the difficulty of and uncertainty in procurement.<sup>10</sup> Although the CAISO appreciates the additional procurement authorization, the CAISO has no automatic process to implement its backstop authority to enforce an "effective" PRM. The lack of an official PRM increase limits the tools available to the CAISO to assist the Commission and the state of California to ensure supply sufficiency. It does not allow the CAISO to engage in month-ahead resource adequacy deficiency procurement for the additional MW. The CAISO's 2021 use of its significant event capacity procurement mechanism is based on specific events identified in 2021. Deficiencies in meeting an "effective" PRM would not necessarily constitute a triggering condition for the CAISO to declare a significant event.<sup>11</sup> Lastly, including emergency-

---

<sup>8</sup> PD, p. 21.

<sup>9</sup> CAISO, Final Track 3.B2 Proposals of the California Independent System Operator Corporation, Proposal 1: Unforced Capacity Methodology for System Resource Adequacy, Rulemaking (R.)19-11-009, February 26, 2021.

<sup>10</sup> PD, pp. 16-17.

<sup>11</sup> For reference, the CAISO tariff defines a "CPM Significant Event" as a "substantial event, or a combination of events, that is determined by the CAISO to either result in a material difference from what was assumed in the resource adequacy program for purposes of determining the Resource Adequacy Capacity requirements, or produce a material change in system conditions or in CAISO Controlled Grid operations, that causes, or threatens to cause, a failure to meet Reliability Criteria absent the recurring use of a non-Resource Adequacy Resource(s) on a prospective basis."

contingent resources in the overall effective PRM procurement means that the CAISO will need to initiate emergency triggers in order to access such resources.

### C. Resource Adequacy Timeline

The PD requests the IOUs and Energy Division staff to work with the CAISO to allow imports that otherwise meet resource adequacy requirements to be shown on supply plans after T-30.<sup>12</sup> The CAISO understands the PD's request regarding the proposed change is narrowly tailored so that the resources are treated as resource adequacy under the CAISO's market mechanisms.<sup>13</sup> The CAISO will need to assess holistically the impact of any changes and whether there are significant impacts to the CAISO's current processes, timelines, or run counter to rules recently established for high priority wheeling through transactions.<sup>14</sup>

### D. Flex Alert Funding and Continued Discussion Regarding Trigger Criteria

The CAISO supports the PD's continued funding of the Flex Alert paid media campaign for 2022-2023.<sup>15</sup> The PD further encourages the CAISO to "develop an objective set of criteria that triggers CAISO's Flex Alert program" but provides conflicting direction. The PD first requests the CAISO to work with Energy Division staff to develop the criteria,<sup>16</sup> whereas Ordering Paragraph (OP) 11 directs the IOUs as well as Energy Division staff to work to develop the Flex Alert criteria. The CAISO recommends the Commission modify OP 11 to conform to the discussion in the PD and accurately reflect the objective of this effort. The CAISO recommends the following modifications:

11. ~~Pacific Gas and Electric Company, Southern California Edison Company, and San Diego Gas & Electric Company shall work collaboratively with the California Independent System Operator (CAISO) and t~~The California Public Utilities Commission's Energy Division **shall work collaboratively with the California Independent System Operator Corporation (CAISO) to develop articulate more clearly** an objective set of criteria that triggers CAISO's Flex Alert program **and consider any modifications.**

---

<sup>12</sup> PD, p. 107.

<sup>13</sup> *Id.*

<sup>14</sup> <https://stakeholdercenter.caiso.com/StakeholderInitiatives/Market-enhancements-for-summer-2021-readiness>.

<sup>15</sup> PD, p. 70.

<sup>16</sup> PD, pp. 58-59.

The CAISO considers several objective criteria, but ultimately it needs operational discretion to trigger Flex Alerts because any single criterion may not appropriately consider real time conditions.

#### **E. Demand Response Related Comments**

The CAISO appreciates the PD does not change the current prohibition of Base Interruptible Program (BIP) participation in emergency load reduction program (ELRP) non-overlapping events.

#### **III. Conclusion**

The CAISO appreciates the opportunity to comment on the PD and will work collaboratively with the Commission and Energy Division staff to ensure grid reliability.

Respectfully submitted

**By: /s/ Jordan Pinjuv**

Roger Collanton

General Counsel

Anthony Ivancovich

Deputy General Counsel

Jordan Pinjuv

Senior Counsel

California Independent System

Operator Corporation

250 Outcropping Way

Folsom, CA 95630

T: 916-351-4429

F: 916-608-7222

Email: [jpjuv@caiso.com](mailto:jpjuv@caiso.com)

Attorneys for the California Independent  
System Operator Corporation

Dated: November 10, 2021