

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

Order Instituting Rulemaking to Develop an
Electricity Integrated Resource Planning
Framework and to Coordinate and Refine
Long-Term Procurement Planning
Requirements.

Rulemaking 16-02-007
(Filed February 11, 2016)

**NOTICE OF EX PARTE COMMUNICATION BY
THE CALIFORNIA INDEPENDENT SYSTEM OPERATOR CORPORATION**

Pursuant to Article 8.4 of the California Public Utilities Commission (Commission) Rules of Practice and Procedure, the California Independent System Operator Corporation (CAISO) hereby files this notice of oral *ex parte* communications in the above captioned proceeding.

This filing provides a summary of an *ex parte* communication that occurred on October 31, 2019. The communication took place from 3:30 p.m. to 3:47 p.m. with Suzanne Casazza, Legal and Policy Advisor to Commissioner Randolph, and Jason Ortego, Policy Advisor to Commissioner Randolph. Delphine Hou, CAISO Director for California Regulatory Affairs and Mark Rothleder, CAISO Vice President for Market Quality and California Regulatory Affairs, participated in the communication by phone on behalf of the CAISO.

Mr. Rothleder and Ms. Hou first discussed the CAISO's concerns regarding the Revised Proposed Decision in Rulemaking (R.) 16-02-007. Specifically, the CAISO reiterated its comments on the Revised Proposed Decision, noting that decision's "import baseline, for purposes of the incremental procurement required" is set at the maximum import capability (MIC). In the CAISO's operational need calculation, resource adequacy-backed imports based on recent historical showings were only 5,340 MW, or about half the September MIC. This assumption was based on recent historical load-serving entity showings, which is in line with the Commission's own analysis from the June 20, 2019 Ruling and referred to in the Revised Proposed Decision. By assuming

resource adequacy imports up to the entire MIC, the Revised Proposed Decision is not reflecting historical reality.

Mr. Rothleder and Ms. Hou explained that the CAISO is separately concerned that not counting imports as incremental capacity could disincentivize load serving entities from pursuing resource adequacy import contracts. Given the short compliance time between now and 2023, this would put more pressure on securing new builds and the associated processes for procurement, studying, siting, and construction. On the other hand, imports rely on existing physical resources and importers can deliver capacity and energy relatively quickly.

Mr. Rothleder and Ms. Hou noted that to most effectively meet system needs while addressing the Commission's concerns regarding the delivery of imports, the CAISO urges the Commission to allow, at minimum, incremental resource-specific imports to count towards the incremental procurement requirement. This would allow the load serving entities to show, and the Commission to verify, that the import is truly incremental to a point in time baseline. Mr. Rothleder and Ms. Hou explained that the Commission could use the 2019 resource adequacy year as the benchmark to determine which resource-specific imports are duplicates or incremental to that benchmark year.

Finally, Mr. Rothleder and Ms. Hou noted that the Revised Proposed Decision expresses a concern over the lack of a multi-year CAISO MIC process. Mr. Rothleder and Ms. Hou pointed out that the CAISO committed to beginning a process to develop multi-year MIC allocation. In the meantime, allowing single year import procurement will allow for some flexibility to transition to new builds that require additional time to develop and construct.

Separately, Mr. Rothleder and Ms. Hou discussed the process and production cost modeling for the 2019-2020 IRP cycle. The CAISO noted that it has seen significant improvement in the IRP process and that the CAISO has worked closely with the IRP team. The CAISO noted its appreciation for the Commission's efforts and collaboration with the CAISO to ensure receipt of portfolios in a timely manner for the transmission planning process. Ms. Hou noted that for the regular IRP cycle, the CAISO is concerned that the current schedule does not allow modeling parties sufficient time to perform

production cost modeling analysis and provide the results into the proceeding for the benefit of the Commission and all parties.

The CAISO specifically requested that the IRP schedule incorporate the following:

1. A question and answer period after Energy Division results are released, rather than a single workshop. For comparison, the CAISO noted that the prior year's IRP schedule provided for detailed "office hours" for parties to submit questions and receive responses from Energy Division staff regarding the modeling efforts. The Commission publicly posted these questions and answers for the benefit of all parties;
2. A defined period, at least 6 weeks in length, for modeling parties to conduct production cost analyses on each iteration of Energy Division staff's results; and
3. A formal comment period and/or workshop following each round of stakeholder modeling, to allow parties to share results and provide them into the record.

The CAISO noted that the current IRP schedule provides that Energy Division staff will informally and formally release its model inputs and draft results in October for stakeholders to perform their own analyses to test and validate portfolios. To date however, Energy Division staff has only released the informal inputs and results, yet formal party comments are due in November. At this point, there does not seem to be an opportunity to provide any feedback on the first iteration of modeling results and parties might not have time to model the final results before formal comments are due.

Mr. Rothleder noted that the current schedule does not provide an opportunity to test the portfolios for operability and to provide meaningful comments. Ms. Hou noted that the CAISO participates in the IRP proceeding by (1) working with Energy Division staff to ensure that portfolios are transmitted to the CAISO for transmission planning purposes, and (2) conducting operability analyses on the portfolios through the use of production cost modeling. The operability analyses are a reliability check to ensure energy needs are met on an 8,760-hour basis over the course of the year, checking that ramping and load following needs are met, and meeting mandatory reliability standards, such as maintaining minimum operating reserves. Ms. Hou clarified that the CAISO's comments regarding the IRP process are limited to operability testing and the ability to

conduct production cost modeling and provide the results back into the proceeding for the Commission's and parties' consideration

The CAISO did not provide any written materials during the communication.

Respectfully submitted

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