

Memorandum

To: ISO Board of Governors

From: Roger Collanton, Vice President, General Counsel, Chief Compliance Officer,
and Corporate Secretary

Date: July 15, 2020

Re: **Regulatory update for the period March 11 - June 30, 2020**

This memorandum does not require Board action.

Highlights

- *ISO filed an amendment to enable updates to commitment cost and default energy bids based on verifiable actual or expected fuel costs.*
- *FERC accepted clarifications to the resource adequacy availability requirements.*
- *FERC accepted enhancements to off-peak deliverability requirements in the interconnection process, but rejected the ISO's proposal to limit self-scheduling based on deliverability commitments.*
- *FERC rejected the ISO's rehearing request of FERC's order rejecting the ISO's proposal to provide the Western energy imbalance market entities the ability to apply a net export limit under certain conditions.*
- *FERC accepted the increase to the capacity procurement mechanism soft offer cap.*
- *ISO filed comments supporting NERC's motion to defer supply chain risk management reliability standards in light of COVID-19.*
- *ISO filed comments supporting a black start agreement to facilitate the installation of a battery electric storage system at the Marsh Landing generating station.*
- *ISO submitted its draft 2021 Local Capacity Technical Study Report to the CPUC.*

Federal Energy Regulatory Commission

- **Commitment cost and default energy bid enhancements (ER20-2360)**

On July 9, 2020, the ISO submitted a tariff amendment to enable suppliers to request adjustments to their ISO-calculated commitment cost and energy price reference levels to more accurately reflect their actual or expected fuel costs. Currently ISO tariff rules do not permit suppliers to request updates to cost-based ISO-calculated reference levels. This can produce cost-based reference levels that do not sufficiently compensate suppliers and would prevent the ISO from scheduling or dispatching resources. The ISO thus proposes pre- and post-market procedures that allow suppliers to request changes to their reference levels to reflect increases in their fuel cost exposure. This tariff amendment arises out of the commitment cost and default energy bids enhancements stakeholder process and responds to issues raised by FERC in its order rejecting the ISO's first tariff amendment to implement these changes. Specifically, in response to FERC's guidance, the ISO no longer proposes to include any multipliers when calculating reference levels in the context of an adjustment based on verifiable actual or expected costs. Finally, this tariff amendment also includes certain refinements to these procedures that were developed in the local market power mitigation enhancements stakeholder initiative regarding the use of updated price indices. The ISO asked for an effective date of no earlier than October 1, 2020, and no later than January 31, 2021.

- **Electric transmission incentives policy under Section 219 of the Federal Power Act (RM20-10-000)**

On July 1, 2020, the ISO submitted comments on FERC's Notice of Proposed Rule Making (NOPR) on electric transmission incentives policy under Section 219 of the Federal Power Act. The ISO's comments focus on four topics, all of which directly or indirectly implicate Independent System Operators (ISOs) and Regional Transmission Organizations (RTOs) transmission planning processes: (1) the potential disconnect between the drivers for approving reliability projects in the transmission planning process and the NOPR's drivers for awarding return on equity (ROE) incentives and the problems this can pose for ISO/RTO transmission planning processes; (2) FERC's proposals to (a) afford ISO/RTO production cost study results a rebuttable presumption when determining whether a project merits an ROE incentive, and (b) use ISO/RTO production cost modeling study results as the basis for establishing eligibility thresholds, which is well beyond the intended use of such studies; (3) support automatic authorization of the abandoned plant incentive dating back to the date a project is approved in the transmission planning process, rather than the date of FERC's order approving the abandoned plant incentive following an applicant's submission of a petition for declaratory order; and (4) the need to clarify any grant of incentives, ROE or non-ROE, is not intended to prejudge the outcome of otherwise applicable ISO and RTO transmission planning processes and does not constitute approval of a project.

- **Resource adequacy related tariff changes (ER20-1592)**

On June 30, 2020, FERC accepted the ISO's tariff amendment clarifying certain elements of the ISO's resource adequacy program, effective July 1, 2020, as requested. These elements include the availability requirements and exemption status under the availability incentive mechanism for resources with operational limitations that are not eligible use limits, for run-of-river hydroelectric generators and for storage-backed hydroelectric generators.

- **Impacts of COVID-19 on the energy industry (AD20-17)**

On June 30, 2020, the ISO submitted the prepared statement of Roger Collanton, on behalf of the ISO/RTO Council, in advance of Mr. Collanton's participation in a panel discussion during a FERC technical conference concerning access to capital: credit, liquidity and return on equity. As set forth in Mr. Collanton's prepared statement, we noted that The COVID-19 pandemic has resulted in increased attention on the financial health of wholesale electricity market participants, as well as ISO/RTO credit policies and procedures, which are necessary to ensure confidence in wholesale electricity markets. We further noted that, based on its financial reviews, the ISO has not, to date, observed increased risk among its market participants arising from the COVID-19 pandemic. The ISO also noted that while we have not seen increased credit risk at this point, it is critical that the ISO/RTOs remain vigilant as the long-term economic impacts of the COVID-19 pandemic have likely not yet materialized. Mr. Collanton participated in the panel discussion on July 9, 2020.

- **Resource adequacy availability incentive mechanism (ER20-1552)**

On June 23, 2020, FERC granted the ISO's petition for limited waiver of certain tariff provisions that govern the ISO's timeline for the settlement and invoicing process in order to adjust settlements for non-availability charges under the availability incentive mechanism for one market participant during April 2017. The waiver will permit the ISO to issue a one-time settlement statement with a reduction in the non-availability charge and the offsetting reduction in the availability incentive payment to the participants that met the performance requirements during that same month.

- **Amendment related to recovery of start-up and minimum load costs (ER04-835)**

On June 22, 2020, the ISO responded to FERC's May 21, 2020, deficiency letter to provide additional information regarding interest calculation methodology and an invoicing table listing how interest costs will be allocated and invoiced for each ISO market participant. This request is related to the ISO's March 2 and March 31, 2020 filings, in compliance with FERC's August 28, 2019, and to provide an update on the status of efforts to document interest on start-up costs and to propose a timeline for issuing settlement statements and invoices. This proceeding relates to start-up and minimum load compensation under the ISO's pre-nodal market rules.

- **FERC’s proposed policy statement - waiver of tariff requirements (PL20-7)**

On June 18, 2020, the ISO joined in comments of the ISO/RTO Council in response to FERC’s May 21, 2020, proposed policy statement regarding tariff waiver filings. The comments noted that FERC should specify in any final policy statement that an entity may seek remedial relief for prior actions or omissions through a petition for waiver when the relief the petitioner seeks does not call for a petition for declaratory order. In addition, FERC should clarify that the proposed “stronger showing” for waivers referenced in the policy statement does not apply when the petitioner is an ISO or RTO seeking remedial relief to address adverse impacts to its market caused by its own failure to implement its tariff requirements. Further, the comments asserted that FERC should confirm that it will not shift the evidentiary standard of review in its evaluation of waiver requests when faced with a protest claiming “undesirable consequences.”

- **Local market power mitigation and default energy bids for hydro resources (ER19-2347)**

On June 18, 2020, FERC denied the ISO’s request for rehearing of FERC’s September 30, 2019, order denying the ISO’s proposal to allow the Western energy imbalance market (EIM) entities the ability to limit net exports under certain conditions. FERC continued to find that if the EIM entities have the discretion to limit net exports in the real-time market based on market power mitigation results, the market outcome will be a departure from the competitive solution identified in the market power mitigation process, thereby limiting the effect of market power mitigation. FERC also expressed concern that the award of congestion revenue to the EIM entities under such conditions could potentially undermine ISO’s independent operation of the EIM and could incentivize inefficient and uneconomic scheduling and bidding by EIM entities. In the same order, FERC also granted the ISO’s request for clarification that load in a balancing authority area where local market power is triggered cannot be served by resources at prices based on unmitigated bids.

- **Southwest Power Pool – Western energy imbalance service market (ER20-1059/ER20-1060)**

On June 12, 2020, the ISO submitted comments for the sole purpose of clarifying the record and eliminating any potential confusion regarding the ISO’s Western energy imbalance service market design and operation. Southwest Power Pool’s May 22, 2020, response to FERC’s deficiency letter compared certain features of its proposed western energy imbalance service market to the ISO’s Western energy imbalance market, and reflected a misunderstanding of how certain elements of the Western energy imbalance market operate.

- **Capacity procurement mechanism soft offer cap (ER20-1075)**

On May 29, 2020, FERC accepted the ISO's February 25, 2020, tariff amendment increase the capacity procurement mechanism soft offer cap, effective June 1, 2020, as requested. This pending tariff amendment revises compensation for capacity procurement mechanism resources with cost offers above the capacity procurement mechanism soft offer cap. Commissioner Glick dissented, stating that the ISO had not shown it is just and reasonable to allow capacity procurement mechanism resources to receive an additional 20% adder on top of the resource's full going-forward costs and all market revenues.

- **Pacific Gas & Electric Company – petition for limited waiver (ER20-1795)**

On May 29, 2020, the ISO filed comments to address the financial impacts of Pacific Gas & Electric's (PG&E) May 8, 2020, waiver request to resettle payments based on corrected meter data for relevant trade dates. The revised meter data would change pro rata weightings and potentially impact a number of charge codes that are allocated pro rata by load or measured demand. The ISO indicated the impacts are unlikely to affect the settlement figure significantly, and that the ISO could include PG&E's revised meter data on the next available recalculation settlement statements for relevant trading days.

- **Intertie deviation settlement (ER20-1890)**

On May 22, 2020, the ISO filed a tariff amendment to address issues the ISO market has experienced due to significant amounts of undelivered intertie transactions that the ISO's non-delivery charge has not deterred sufficiently. Specifically, the tariff amendment seeks to enhance tariff provisions regarding the treatment of intertie schedules and related rules regarding electronic tags, strengthen the ISO's non-delivery charge for deviations from scheduled intertie transactions, and clarify several aspects of the ISO's day-ahead intertie scheduling practices. The ISO requests an order by September 17, 2020, to be effective as of October 1, 2020.

- **Carbon pricing in FERC-jurisdictional organized regional wholesale electric energy markets (AD20-14)**

On May 19, 2020, the ISO commented on the petition filed by the Energy Trading Institute requesting FERC hold a technical conference or workshop to discuss integrating state, regional and national carbon pricing in wholesale electricity markets, in order to identify practical technical and implementation issues. The ISO indicated that these discussions are already occurring in ISO stakeholder processes and among Western policymakers and regulators seeking to implement carbon emission reduction programs. The ISO supports FERC's efforts in this area, but any technical conference or workshop scheduled by FERC should leverage and not intrude on these ongoing processes.

- **Crisis era litigation (EL00-95/EL00-98)**

On April 23, 2020, the ISO filed an answer to the California parties' April 22, 2020, petition for approval of settlement overlay calculations and related relief. The ISO is not a party to the settlement agreements that prompted the need for overlays, and does not take a position on the appropriateness of the adjustments made in the overlays to implement the settlement overlays. The ISO, however, does not object to the final clearing process proposed by the California parties, subject to certain clarifications regarding the retention of records by the ISO and the California PX. The ISO agrees that a FERC order granting hold harmless protection to the ISO and the California PX is appropriate, although the ISO would not be liable for any shortfalls even without such hold harmless order.

- **NERC petition for approval of reliability standard PRC-024-3 (RD20-7)**

On April 20, 2020, the ISO submitted comments supporting NERC's petition for approval of PRC-024-3, Frequency and Voltage Protection Settings for Generating Resources. The ISO participated on NERC's inverter based resource performance task force, from which this reliability standard was developed. The standard includes important clarifications to ensure that both synchronous and non-synchronous generating resources subject to the standard have a clear understanding with respect to their voltage and frequency protection settings, in order to support grid stability during defined system voltage and frequency excursions.

- **NERC motion to defer reliability standards implementation (RD18-4, RM15-4, RM16-22, RM17-3)**

On April 7, 2020, the ISO, joined in ISO/RTO Council comments in support of NERC's April 6, 2020, motion to defer implementation of reliability standards related to supply chain risk management previously approved by FERC and intended to take effect in the second half of 2020. NERC filed its request for additional time and flexibility to establish compliance with new obligations as a measure to help ensure grid reliability amid impacts posed by the COVID-19 outbreak.

- **EDF/AES Southland resources gas cost recovery stipulation and offer of settlement (ER19-458)**

On May 29, 2020, FERC accepted the stipulation and offer of settlement filed by EDF Trading North America, LLC (EDF), acting as the scheduling coordinator for AES Alamitos, LLC, AES Huntington Beach, LLC, and AES Redondo Beach, LLC filed on April 1, 2020. The ISO signed the settlement agreement which resolves all issues related to EDF's filing submitted on November 30, 2018, to recover the actual marginal fuel-related costs incurred by the AES resources from July 20, 2018 to August 10, 2018, under section 30.12 of the ISO's tariff.

- **Tariff amendment on deliverability assessment (ER20-732)**

In its May 19, 2020, FERC accepted tariff provisions regarding off-peak deliverability in the interconnection process. FERC also rejected tariff revisions tying off-peak deliverability to self-scheduling rights stating that it is not just and reasonable for the ISO to remove the self-scheduling option from resources that elect not to seek off-peak deliverability status. FERC found that the ISO has not adequately supported its proposal to give a self-scheduling benefit to interconnection customers with off-peak deliverability status, while restricting self-scheduling for other resources solely for the sake of preventing free-ridership. FERC found that the ISO had not justified why some interconnection customers should receive the proposed self-scheduling benefit in the energy market for upfront funding of transmission upgrades whose costs are eventually rolled into transmission rates and borne by all transmission customers, while other interconnection customers do not.

- **Marsh Landing black start agreement (ER20-1074)**

On April 28, 2020, FERC accepted and suspended the agreement between the ISO and Marsh Landing LLC, to become effective April 26, 2020, as requested, subject to refund and establishing hearing and settlement judge procedures. The CPUC objects to the agreement arguing Marsh Landing has not met its burden to show that the agreement is just and reasonable, nor that it will be a cost-effective application of battery storage technology. The ISO has indicated its support for the battery storage system, capable of providing needed black start capability, and the depreciation schedule of the capital investment. The agreement facilitates the installation of a battery electric storage system at the Marsh Landing generating station to provide black start service for a five-year term. This capability will significantly improve system restoration capabilities in northern California, especially in the San Francisco Bay Area.

- **Credit reforms in organized wholesale electric markets (AD20-6)**

On March 12, 2020, the ISO filed comments in response to a December 16, 2019, petition filed by the Energy Trading Institute requesting that FERC schedule a technical conference and open a rulemaking to update credit and risk management rules in markets operated by ISOs and RTOs. The ISO and other RTOs and ISOs previously commented on January 24, 2020, through the comments of the ISO/RTO Council. The issues the Energy Trading Institute raises are not relevant to the ISO's credit policies or markets.

Non-Conforming Regulatory Agreements

- **Split participation agreement – Sutter Energy Center (ER20-1702)**

On June 29, 2020, FERC accepted the agreement between Calpine and the ISO to split the Sutter Energy Center into two generating units, through modeling and logical

metering, to participate in the ISO market. One part of the resource will participate in the EIM and the other will be part of the ISO balancing authority area and participate in the ISO day-ahead and real-time markets utilizing pseudo-tie functionality. The agreement is effective July 1, 2020, as requested.

- **Certificate of concurrence – affected PTO upgrade facilities agreement (ISO, Atlas Solar, LLC and Southern California Edison) (ER20-1856)**

On June 26, 2020, FERC accepted the certificate of concurrence in support of the facilities upgrade agreement filed on May 19, 2020. The agreement is effective April 14, 2020, as requested.

- **Western energy imbalance market entity agreement – Turlock Irrigation District (ER20-1761)**

On June 25, 2020, FERC accepted the EIM entity agreement with Turlock Irrigation District filed on May 4, 2020. The agreement is effective July 4, 2020, as requested, and Turlock Irrigation District will commence participation in the EIM on April 1, 2021.

- **Certificate of concurrence – Non-conforming large generator interconnection agreement (ISO, Luz Solar Partners Ltd., VIII, and Southern California Edison) (ER20-1989)**

On June 4, 2020, the ISO filed a certificate of concurrence in support of Southern California Edison's (SCE) filing of the May 29, 2020, Kramer Junction 8 non-conforming large generator interconnection agreement, requesting a May 30, 2020, effective date.

- **Amendment to adjacent balancing authority operating agreement with Nevada Power Company – Desertlink Harry Allen Eldorado (ER20-1514)**

On May 21, 2020, FERC accepted the amendment to the adjacent balancing authority agreement between the ISO and the Nevada Power Company, reflecting a new intertie at the Harry Allen and Eldorado substations, effective April 30, 2020, as requested.

- **Reliability Must-Run Agreement – California State University – Channel Island Site Authority (ER20-1708)**

On May 20, 2020, the ISO filed comments supporting the April 30, 2020, filing by California State University-Channel Islands of an executed reliability must-run service agreement for the Channel Islands generating station for the contract year 2020, to meet the 2020 local capacity requirement in the Santa Clara sub-area of the Big Creek/Ventura local reliability area. The ISO requests that FERC accept the agreement and permit it to become effective on May 1, 2020.

- **Non-conforming large generator interconnection agreement among Valley Electric Association, Inc., GridLiance West LLC, Sunshine Valley Solar, LLC and the ISO (ER20-1549)**

On May 29, 2020, FERC accepted the ISO's non-conforming large generator interconnection agreement filed on April 10, 2020, which supplants the original agreement executed by Valley Electric Association, Sunshine Valley Solar and the ISO on August 7, 2017. This agreement captures the bifurcation of work between Valley Electric and GridLiance West to enable GridLiance West to be reimbursed for the work originally assigned to Valley Electric. The agreement, effective June 10, 2020, as requested.

- **Revised transmission control agreement – DesertLink, LLC (ER20-1137)**

On April 21, 2020, FERC accepted the revised agreement Transmission Control Agreement filed by the ISO on March 2, 2020. The ISO revised the Transmission Control Agreement to add DesertLink, LLC, as a new participating transmission owner. The ISO also revised the application procedures required to become a participating transmission owner. The ISO will exempt new participating transmission owners chosen as approved project sponsors through the competitive solicitation process from the new participating transmission owner application process. The revised agreement is effective April 30, 2020, as requested.

- **Amendment to adjacent balancing authority operating agreement with Nevada Power Company (ER20-1514)**

On April 8, 2020, the ISO filed a fifth amendment to the adjacent balancing authority operating agreement between the ISO and Nevada Power. The amendment revises schedule A to reflect the interconnection of the 500 KV transmission line from Nevada Power's Harry Allen substation to the Eldorado substation, which creates a new intertie between the balancing authority areas of Nevada Power and the ISO. The ISO requested an effective date of April 30, 2020.

- **Reliability coordinator service agreement – Los Angeles Department of Water and Power (ER20-965)**

On March 16, 2020, FERC accepted the ISO's notice of cancellation of a non-conforming reliability coordinator service agreement with LADWP, effective January 24, 2020, as requested.

- **Western energy imbalance market implementation agreement – Tucson Electric Power Company (ER20-596)**

On March 13, 2020, FERC accepted Tucson's EIM implementation agreement, effective April 1, 2020, as requested.

Informational reports filed

- **Aliso Canyon – Maximum Gas Burn Constraint (ER20-273)**

On June 30, 2020, the ISO submitted an annual report, pursuant to FERC's December 30, 2019 order, on the impacts of the maximum gas burn constraint on ISO markets when the constraint is enforced. The ISO enforced the maximum gas constraint in the day-ahead and real time markets during three different periods between April – June, 2020, to manage actual and anticipated gas curtailments for planned outages on the gas system in Southern California.

- **Western energy imbalance market transition period reports (ER15-2565)**

FERC, in its October 29, 2015, order directed the ISO and its Department of Market Monitoring to file monthly informational reports on the transition period for new EIM during their first six months of participation. During this six-month transition period, the ISO does not apply penalty factors, and instead calculates energy prices based on the last economic price signal. On June 10, 2020, the ISO provided a transition period report for the first six months of Salt River Project's participation in the Energy Imbalance Market for April 2020. On June 3, 2020 and June 30, 2020, the ISO provided a transition period report for the first six months of Seattle City Light's participation in the Energy Imbalance Market for April 2020 and May 2020.

- **Proposed New Reliability Must-Run (RMR) Designations (ER19-1961)**

On March 30, 2020, the ISO filed an informational report regarding the ISO Board of Governors authorization to designate three units as RMR resources: Greenleaf II Cogen, Channel Islands Power and E. F. Oxnard Incorporated.

- **Market disruption reports (ER06-615 and ER07-1257)**

On March 16, 2020, April 15, 2020, May 15, 2020 and June 15, 2020 the ISO filed informational market disruption reports for the time periods of January 16, 2020 – February 15, 2020, February 16, 2020 - March 15, 2020, March 16 – April 15, 2020, and April 16, 2020 – May 15, 2020, respectively. A market disruption is an action or event that causes a failure of the ISO market related to system operation issues or system emergencies.

- **Exceptional dispatch reports (ER08-1178 and EL08-88)**

On March 16, 2020, April 15, 2020, May 15, 2020 and June 15, 2020, the ISO filed exceptional dispatch informational reports on: (1) the price impact of exceptional dispatches as ordered by FERC in its September 2, 2009, order; and (2) an analysis of the degree of mitigation as required by tariff section 34.11.4. These reports cover the months of January 2020, February 2020, March 2020 and April 2020, respectively. On March 12, 2020, the ISO filed a 120-day exceptional dispatch informational report for the period November 1, 2019 through February 26, 2020. An exceptional dispatch is a dispatch or a commitment issued by the ISO to a resource outside the operation of the ISO market to address operational needs that the ISO market cannot address.

- **Negotiated default energy bids, major maintenance adders, custom operations and maintenance adders, and calculated opportunity costs (ER06-615)**

On April 7, 2020, May 7, 2020, June 8, 2020, and July 7, 2020, the ISO filed an informational report containing the rates or formulas used to calculate negotiated default energy bids, major maintenance adders, custom operations and maintenance adders, and calculated opportunity costs that the ISO implemented, modified, or terminated in the months of March, April, May and June 2020.

California Public Utilities Commission and other State Matters

- **A.16-10-012 DCR Transmission (Ten West Link Project)**

On June 18, 2020, the ISO provided the rebuttal testimony of Neil Millar, Yi Zhang and Nebiyu Yimer in response to opening testimony of the California Public Advocates Office, regarding the ISO's assumptions and analysis of the Ten West Link Project.

- **R. 20-05-003 (Integrated Resource Planning)**

On June 15, 2020, the ISO provided comments on the preliminary scoping memo, highlighting priorities that have reliability consequences that impact the ISO's ability to plan and operate the grid.

- **R.19-11-009 (Order Instituting Rulemaking to Oversee the Resource Adequacy Program, Consider Program Refinements, and Establish Forward Resource Adequacy Procurement Obligations)**

On June 11, 2020, the ISO provided opening comments on the proposed decision issued by the administrative law judge adopting local capacity and flexible capacity obligations regarding resource adequacy. The ISO does not oppose adopting lower local capacity requirements for the Greater Bay Area for 2022 and 2023, especially in light of ongoing PG&E and ISO efforts to reduce requirements going forward. The ISO proposes a lower response capacity measurement for demand response resources than recommended by the proposed decision, consistent with one of the options presented by the Energy Division. The ISO also strongly supports reviewing the system planning reserve margin in Track 3 of this proceeding and the adoption of the consensus hydro counting methodology as an optional counting methodology. The ISO supported the proposed decision's definitions for hybrid and co-located resources, arguing it will reduce confusion and align resource adequacy counting with bidding and market participant's requirements established by the ISO.

On June 1, 2020, the ISO responded to a motion requesting consideration of the effects of COVID-19 on system resource adequacy requirements for the 2021 compliance year.

Thus far, COVID-19 impacts are not uniform, with some loads increasing and others decreasing and some parts of the load shape decreasing but others remaining the same; the ISO acknowledges there is uncertainty as to how COVID-19 will affect demand in 2021.

On May 15, 2020, the ISO provided its final 2021 Flexible Capacity Needs Assessment and final 201 Availability Assessment Hours reports. This assessment includes, for the first time, an accuracy analysis comparing the forecasted maximum three-hour net load ramp with actual observed ramps for each month from 2016 through 2019. The analysis compares the forecast for each year, which was developed using the previous year's one-minute actual load, wind, and solar data, with the actual observed three-hour net load ramp. The analysis found that the forecasting methodology typically has a low bias, representing that actuals came in higher than what was forecasted. Across all four years, 33 of the 48 months were under-forecasted and at most by 30 percent variance between forecast and actual observed performance, including accounting for curtailment in 2018 and 2019. On the other hand, the ISO over-forecasted in only 15 of the 48 months and at most by 16 percent.

On May 13, 2020, the ISO provided reply comments regarding its final 2021 Local Capacity Technical Study Report. The ISO encourages parties to participate in the transmission planning and local capacity requirements process to further assess opportunities for energy storage resources to replace existing greenhouse gas emitting capacity.

On May 1, 2020, the ISO submitted its final 2021 Local Capacity Technical Study Report, after providing a draft report on April 8, 2020. The 2021 Local Capacity Technical Study results are provided to the CPUC for consideration in its 2021 resource adequacy requirements program. These results will also be used by the ISO as Local Capacity Requirements (minimum quantity of local capacity necessary to meet the Local Capacity Requirements criteria) and for assisting in the allocation of costs of any ISO procurement of capacity needed to achieve the Reliability Standards notwithstanding the resource adequacy procurement of load serving entities.

On March 23, 2020, and April 2, 2020, the ISO submitted comments on workshop reports and Track 2 proposals.

- **R.17-09-020 (Resource Adequacy OIR - 2019 - 2020 Compliance Years)**

On June 8, 2020, the ISO provided opening comments on the proposed decision adopting resource adequacy import requirements, asking that the CPUC clarify that adopted revisions to the RA import rules are an interim measure, and also non-resource specific self-scheduling or bidding requirements. The ISO commented that it continues to believe that the CPUC should pursue source specification requirements for resource adequacy imports to ensure they are backed by real, physical supply resources. The ISO will continue to pursue the necessary changes to its tariff to ensure that the CPUC can adopt a source specification requirement in the next annual resource adequacy cycle.

On April 20, 2020, the ISO submitted reply comments on the proposed decision on central procurement. The ISO recommended that the CPUC: (1) minimize central procurement entities' incentives to rely on the ISO backstop capacity procurement mechanisms, (2) maintain the directive for central procurement entity to consider ISO local effectiveness factors to guide local procurement, (3) work closely with the ISO to smoothly integrate future central procurement entity and/or CPUC-jurisdictional load serving entity showing and validation processes with current ISO systems.

On April 15, 2020, the ISO provided comments on the proposed decision on central procurement. The ISO supports the CPUC's efforts to establish and implement central buyer procurement for resource adequacy capacity. The proposed decision presents a workable central procurement framework that relies on SCE and PG&E to act as central procurement entities for local resource adequacy capacity in their respective transmission access charge areas. However, the proposed decision fails to adopt multi-year forward procurement requirements for system and flexible resource adequacy capacity.

On April 6, 2020, the ISO provided comments on rehearing of Decision 19-10-021 regarding new requirements for import resource to count as resource adequacy resources. The ISO recommends that the CPUC vacate its findings in D.19-10-021 and adopt the ISO's resource adequacy import proposal in Track 1 of proceeding R.19-11-009.

- **I.17-02-002 (Order Instituting Investigation: Aliso Canyon)**

On March 24, 2020, the ISO submitted opening comments on hydraulic modeling simulations and sensitivity cases. The ISO generally supports the CPUC's efforts to streamline modeling processes and provides questions and clarifications to be addressed in finalizing the scenarios framework.

- **R.16-02-007 (Integrated Resource Planning Framework)**

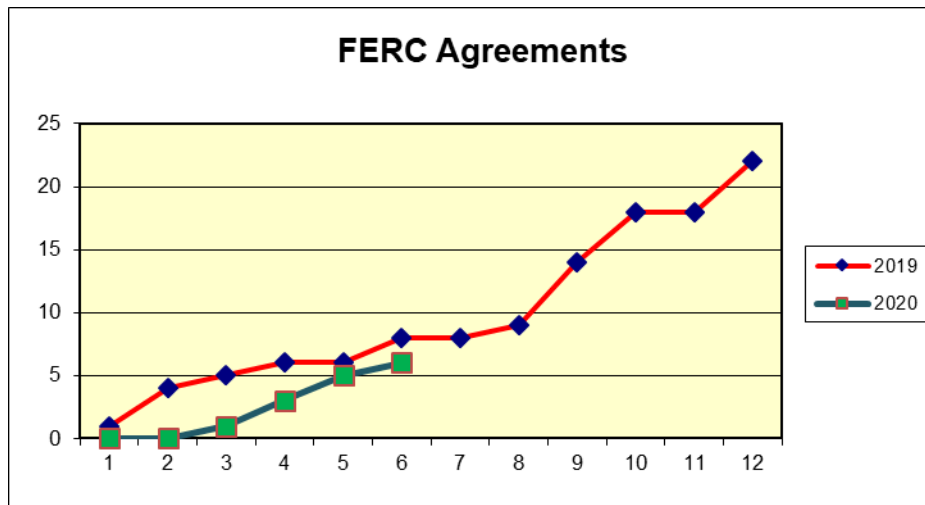
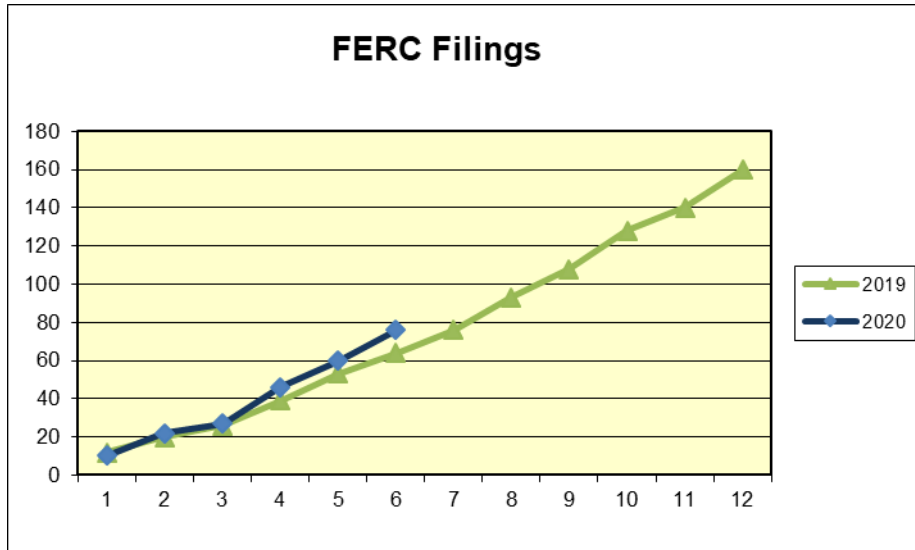
On March 17, 2020, the ISO provided reply comments on the proposed decision, supporting comments recommending the CPUC adopt a more aggressive greenhouse gas emissions target, and responding to City of Redondo Beach's comments regarding the extension of once-through-cooling compliance date.

On March 12, 2020, the ISO submitted comments on the CPUC's proposed decision. The ISO strongly supports the proposed decision on portfolios for the transmission planning process, and recommends that the CPUC should authorize immediate incremental procurement to address medium-term needs, continue to focus on reliability in its modeling improvements and set policy direction on a variety of issues. The ISO filed reply comments on March 17, 2020, agreeing with parties recommending a lower greenhouse gas emissions target for the ISO footprint and clarifying comments made by Redondo Beach.

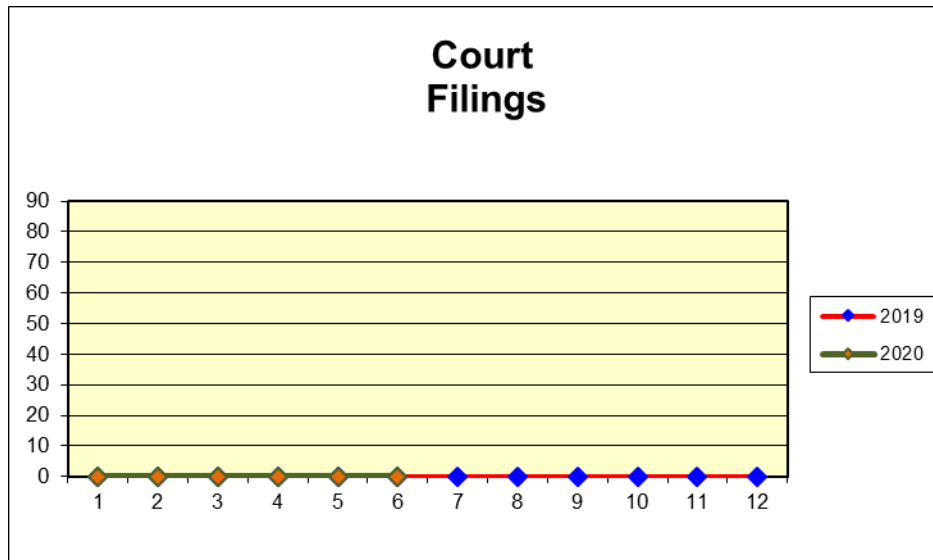
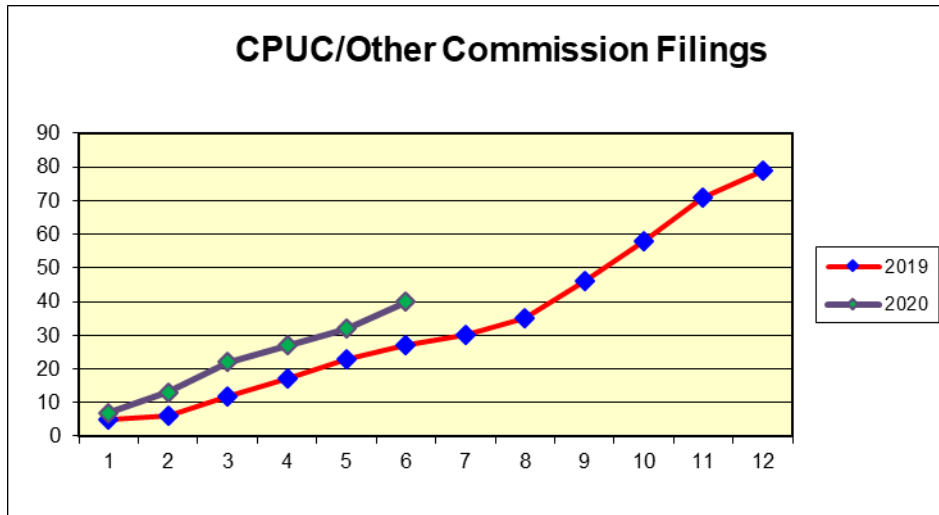
- **R.19-09-009 (Order Instituting Rulemaking – Microgrids)**

On March 11, 2020, the ISO submitted a joint report with SCE for the Track 2 Hydro Counting Working Group. PG&E, SCE, and the ISO developed a joint proposal to address resource adequacy qualifying capacity value of hydro resources. The ISO also submitted comments in reply to comments received on its opening comments on the Track 1 proposals pursuant to the assigned Commissioner's Scoping Memo and Ruling. The ISO recommends that the CPUC update its RA import rules to adopt the ISO's proposed source specification requirement and related attestation or documentation rules.

Regulatory Filings Through June 2020



Regulatory Filings Through June 2020



Regulatory Filings Through June 2020

