

The ISO received comments on the topics discussed at the October 30, 2023 stakeholder call from the following:

1. Pacific Gas and Electric (PG&E)

Copies of the comments submitted are located on the Local Capacity Requirements Process Page at:
<http://www.caiso.com/informed/Pages/StakeholderProcesses/LocalCapacityRequirementsProcess.aspx>.

The following are the ISO's responses to the comments.



No	Comment Submitted	CAISO Response
1	<p>Pacific Gas and Electric (PG&E) Submitted by: Igor Grinberg</p>	
1a	<p>1. Please provide a summary of your organization’s comments on the 2025 Local Capacity Requirements, Methodology, and Assumption.</p> <p>PG&E acknowledges the tremendous efforts by the CAISO staff to develop the Draft Study Manual for the 2025 Local Capacity Technical (LCT) Study. PG&E offers the following comments below to better understand the procurement needed to meet the local area reliability criteria and subsequent local RA capacity requirements.</p> <p>A. PG&E Requests CAISO to Clarify How Local RA Compliance Will be Determined Given Implementation of the Slice-of-Day Framework.</p> <p>Currently, CAISO evaluates compliance under its local RA program rules using a single net qualifying capacity (NQC) value for a respective month to meet the local RA requirement that is applied across all months of the year. With the implementation of the Commission’s slice-of-day (SOD) framework, it became clear that a single NQC value would need to be identified to ensure some level of alignment between the Commission’s and CAISO’s local RA program rules and requirements. In Decision (D.) 23-04-010, the Commission stated that it would provide CAISO with “the greater of the peak hour value and a very small non-zero value (e.g., 0.01 MW) if the minimum value is zero.”¹ It is PG&E’s understanding that this would apply for system RA requirements only. As a result, there is ambiguity on how this process would coincide with determining compliance with local RA requirements at both the Commission and CAISO.</p> <p>For example, it remains unclear (1) who will determine the peak hour value at the local capacity area level, (2) when and how that value will be determined, and (3) whether the CAISO and the Commission will use the same NQC value to evaluate compliance under their respective local RA program rules. Further, because the Commission explicitly requires the use of the August NQC, while CAISO explicitly requires the use of the respective month’s NQC, compliance determination with the local RA program is unclear.</p> <p>Absent any clarity, it will be difficult for LSEs within San Diego Gas & Electric Company’s service territory or the central procurement entities (CPE) for PG&E’s service territory or Southern California Edison Company’s (SCE)</p>	<p>Thank you for your comments.</p> <p>PG&E’s understanding is incorrect. Under the CAISO Tariff there is a single NQC value and it is the same for system and local RA accounting. The only reason a resource counts for local is because it is located within a local area, all other rules are the same.</p> <p>The CPUC establishes the single QC value and CAISO has the right to reduce the value for deliverability and/or Pmax test before establishing a final single NQC value.</p> <p>As implicitly recognized by PG&E there no single local RA program and there is no single system RA program. There is one RA program administered by the CAISO (on behalf of all LRAs) and one RA program administered by the CPUC (for their jurisdictional LSEs and CPEs). Clearly each RA program has its own compliance rules.</p>

¹ D.23-04-010, p. 87.



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	<p>service territory to make procurement decisions to meet their respective local RA requirements.</p> <p>PG&E requests additional discussions and clarification on the matter prior to the release of the results from the draft 2025 LCT Study, which is scheduled for April 2024.</p> <p>B. PG&E Requests the CAISO Perform the 10-Year Local Capacity Requirements Analysis on an Annual Basis</p> <p>PG&E recommends the CAISO leverage its existing Transmission Planning Process (TPP) to conduct the 10-year local capacity requirements (LCR) study, including the LCR reduction studies, on an annual basis and as part of the CAISO's TPP as opposed to bi-annually and as part of the LCT Study process.</p> <p>Given that the CAISO TPP is an annual process and the transmission projects that get approved via that process have a direct impact to the long-term LCR and LCR reduction studies, it is important that CAISO leverage existing processes and incorporate their results into the annual LCT Study process to ensure market participants have the most up-to-date information. This information allows market participants to understand the 10-year outlook on the need in various local capacity areas and helps guide long-term procurement decisions.</p>	<p>Nothing has changed regarding individual LSE/CPE compliance with local requirements at the CAISO since 2005-06 when the RA program started. Please address the CPUC for compliance questions vis-à-vis the CPUC local RA program.</p> <p>Based on the alignment of the CAISO Transmission Planning Process (TPP) with the CEC Integrated Energy Policy Report (IEPR) demand forecast and the CPUC Integrated Resource Plan (IRP), the Long-Term LCR assessment is to be evaluated every two years.</p> <p>Load Serving Entities and Central Procurement Entities have only a three year requirement for procurement of local resources. LCR studies for year one and five will continue to be performed every year and if needed the CPEs can use the 10-year out for guidance (regardless how often is produced). The yearly changes in the 10-year out base cases do not warrant an every year study unless the LSEs/CPEs have a ten year out procurement requirement</p>
1b	<p>2. Please provide your organization's comments on the 2025 Local Capacity Requirements Study Criteria, Methodology, and Assumptions and October 30 stakeholder call discussion.</p> <p>PG&E has no comments at this time.</p>	