

The CAISO received comments on the topics discussed at the May 18, 2021 stakeholder meeting from the following:

1. [California Community Choice Association \(CalCCA\)](#)
2. [Pacific Gas & Electric \(PG&E\)](#)

Copies of the comments submitted are located under “Potential reliability must run designation for Agnews Power Plant - May 18, 2021” at: <http://www.caiso.com/informed//Pages/MeetingsEvents/MiscellaneousStakeholderMeetings/Default.aspx>

The following are the CAISO’s responses to the comments.

1. California Community Choice Association (CalCCA) Submitted by: Eric Little		
No	Comment Submitted	CAISO Response
1a	<p>There is no basis in the CAISO tariff to designate Agnews as Local RMR compared to System RMR</p> <p>While the CAISO study of need for Agnews is not in contention, the designation of Agnews as RMR for local reliability needs is. The CAISO presentation on this matter states:</p> <p>“While it is possible for this resource to also be needed from a system wide perspective (depending on 2022 NQC values, amount and technology of new resources and magnitude of RA imports), the <u>CAISO considers the already established local capacity requirement to supersede any other requirement and therefore the RMR designation (and its cost allocation) will be assigned as “local”.</u>¹ (emphasis added)</p> <p>However, it is not evident that the CAISO tariff indicates that the local capacity need supersedes any other requirement. Indeed, section 41.3, Reliability Studies and Determination of RMR Status, states:</p> <p>“In addition to the Local Capacity Technical Study under 40.3.1, the CAISO may perform additional technical studies, as necessary, to ensure compliance with Reliability Criteria”²</p> <p>Likewise, section 40.3.1 does not provide any language that the need for local area capacity will supersede a need other than local area capacity.</p>	<p>Pursuant to CAISO tariff section 41.2, the CAISO’s designation is based on the study driving the designation. The study drives the designation and the designation establishes the cost allocation pursuant to section 41.9. In the case of the Agnews plant, the CAISO has a published local reliability need and it is this study that will form the basis for the local designation. Accordingly, the costs are allocated to the ratepayers within the PG&E TAC area pursuant to CAISO tariff section 41.9. There is no tariff obligation to determine whether there is a system need, or if so, a system designation should have priority over a local designation. In addition to no tariff requirement, prioritizing system designation. Moreover, for more than 20 years, the CAISO only designated resources for local reliability needs. The responsible utility bearing the RMR costs would have the incentive to invest in the needed infrastructure to eliminate the local reliability need. Now that the RMR contract can apply to system designation, we still need to maintain the incentive to invest in infrastructure to address local issues that drive local designations. Accordingly, even if the CAISO were to find Agnews was needed for system reliability, it is important for PG&E and other ratepayers within the PG&E footprint to have the incentive to eliminate the local constraint. Once the local issue is addressed, if Agnews is needed for system, and remains under an RMR contract, the designation would transition to a system designation.</p>
1b	<p>The CAISO has previously demonstrated a need for System RMR in the designation of Midway Sunset and Kingsburg</p> <p>In its Board briefing that was also transmitted to the FERC, the CAISO noted that there was a system deficiency of capacity under a 15% PRM in the month of September exceeding 1,000 MWs.³ With the sum of the Kingsburg and Midway Sunset designations representing less than 300 MWs, this system</p>	<p>The CAISO is currently evaluating the system wide reliability needs for summer of 2022. Regardless of this on-going system wide evaluation, Agnews has already been found to be needed for local namely the San Jose sub-area 2022 requirement.</p>

¹ <http://www.aiso.com/Documents/PresentationPotentialReliabilityMustRunDesignationAgnewsPowerPlant-May182021.pdf> at 7

² CAISO tariff section 41.3

³ <http://www.aiso.com/Documents/Apr9-2021-InformationalReport-ProposedNewRegulatoryMustRun-RMR-Kingsburg-ER19-1641.pdf> Table 2 at 8



No	Comment Submitted	CAISO Response
	<p>deficiency is still present at the time of the proposed RMR designation for Agnews.</p> <p>While there is no disagreement that there is a local area need for Agnews, it is clear that the CAISO also has a system need for the same resource and even absent the San Jose area need would designate the resource as RMR for system needs.</p>	
1c	<p>It is appropriate to allocate costs in a manner that reflects benefits received</p> <p>The costs for local RMR are allocated to all LSE's serving load in the TAC area in which the local area is located. The costs for system RMR are allocated to all LSEs in all TAC areas since the resource serves needs across the entire system.</p> <p>In the case of Agnews, it is inappropriate to allocate costs only to LSEs in the local area as all customers will benefit from the reliability to the system afforded by the RMR.</p>	<p>The CAISO tariff drives the cost allocation based on the RMR designation as discussed above in response to 1a. In its 2018 RMR policy initiative, these issues were discussed with stakeholders and the resulting cost allocation is reflected in the tariff.</p>
1d	<p>Conclusion</p> <p>For all of the reasons above, the CAISO should designate Agnews as RMR for system reliability needs and allocate costs to all customers that benefit from such provision.</p>	<p>CAISO disagrees with the conclusion reached by CalCCA for the reasons discussed above.</p>



2. Pacific Gas & Electric (PG&E) Submitted by: Pedram Arani		
No	Comment Submitted	CAISO Response
2a	Pacific Gas and Electric Company (PG&E) appreciates the California Independent System Operator's (CAISO) stakeholder call and presentation that was held on May 18, 2021 to review and discuss the Reliability Must-Run designation to the Calpine's Agnews Power Plant. PG&E offers the following comments on the designation:	Thank you for your comments.
2b	The CAISO has not justified the basis of considering local requirements to supersede other reliability requirements that are being met simultaneously including the system wide deficiency.	See response to comment 1a above.
2c	Agnews noticed their intention of mothballing in November 2020 to permit Calpine to make business decisions regarding their resources. During this time the CAISO did not evaluate or consider alternatives to the RMR designation to mitigate the reliability need. PG&E would like to understand why alternative solutions to mitigate the identified need were not contemplated? For future mothball requests, can the CAISO evaluate or consider alternatives to designating the resource as an RMR?	CAISO has looked at alternatives to mitigate the Metcalf #1 & #2 230 kV transformers and found that no alternative can meet a November 1, 2021 in-service date. If PG&E, as the owner of the limiting asset, finds that there are alternatives that can mitigate the San Jose need they should submitted them in the CAISO open window for expedited processing. The window opens August 15, 2021. CAISO always looks to more cost effective alternatives than RMR.
2d	The RMR designation for the remainder of 2021 and 2022 exceeds the one-year tariff authority for RMR designations. Additionally, it is unclear of the reliability need being met for the remainder of 2021 when the basis of the need was from the summer peak load assumptions forecasted in the LCT study results.	Specifically for Agnews the Tariff authority is given by Section 41.2.2 b) and states: "Under Section 41.3, the CAISO will study whether the Generating Unit is needed for reliability in the upcoming Resource Adequacy Compliance Year and may study whether the Generating Unit is needed for reliability by the end of the following Resource Adequacy Compliance Year." The CAISO must act while the resource is still under the PGA, therefore the deadline for declaring the unit as RMR is driven by when the retirement notice is received and/or the requested retirement date. The need justification needs to exist within two Resource Adequacy Compliance Years as stated under 41.2.2 a) and b).