BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking to Oversee the Resource Adequacy Program, Consider Program Refinements, and Establish Annual Local and Flexible Procurement Obligations for the 2019 and 2020 Compliance Years

Rulemaking 17-09-020 (Filed September 28, 2017)

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

Pursuant to Article 8.2 of the California Public Utilities Commission (Commission) Rules of Practice and Procedure, the California Independent System Operator Corporation (CAISO) hereby files this notice of written ex parte communication in the above captioned proceeding.

On January 15, 2019, CAISO Counsel, Jordan Pinjuv, sent the attached letter *via* email to President Michael Picker, Commissioner Liane Randolph, Commissioner Martha Guzman Aceves, and Commissioner Clifford Rechtschaffen. The email was also copied on Commissioner Edward Randolph and the service list for this proceeding.

Respectfully submitted,

By: /s/ Jordan Pinjuv

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Dated: January 15, 2019



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CAISO Ex Parte Communication - R.17-09-020 Local Resource Adequacy Multi-Year Framework

Date: Tuesday, January 15, 2019 3:02:47 PM **Attachments:** 2019-01-15 CAISO ExParteLetter.pdf

Commissioners,

Subject:

Please find attached ex parte communication from the California Independent System Operator Corporation. This communication is also being copied on the service list for Proceeding No. R.17-09-020.

Legal & Regulatory













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January 15, 2019

President Michael Picker Commissioner Liane Randolph Commissioner Martha Guzman Aceves Commissioner Clifford Rechtschaffen California Public Utilities Commission 505 Van Ness Avenue San Francisco CA 94102

> R.17-09-020 Local Resource Adequacy Multi-Year Framework Re:

Commissioners.

Based on the recent all-party meeting and subsequent communications regarding the Proposed Decision in R.17-09-020, the California Independent System Operator Corporation (CAISO) requests that the Commission modify the Proposed Decision directing load-serving entities, rather than utility distribution companies, to conduct three-year forward procurement beginning in the 2020 resource adequacy cycle. Directing procurement by load-serving entities appears to be the most feasible method of implementing multi-year procurement requirements for the 2020 resource adequacy cycle.

At the January 4, 2019 all-party meeting, many parties raised concerns regarding the role of the utility distribution companies as central buyers in the Proposed Decision. The utility distribution companies requested financial protections to operate as central buyers, while load-serving entities, resource owners, ratepayer advocates, and environmental groups raised policy and legal concerns associated with the full procurement framework.

Subsequently, on January 7, 2019, the California Community Choice Association, San Diego Gas & Electric Company, and Calpine Corporation submitted a joint letter requesting that the Commission adopt a multi-year local resource adequacy framework for 2020, but notes the obstacles to implementing the Proposed Decision's full procurement framework. The joint letter correctly notes that "all parties appear to support adoption of a multi-year framework," but highlights challenges that could significantly postpone implementing multi-year procurement.

Given the concerns raised at the all-party meeting and in the joint letter, it appears that the most feasible way to implement multi-year procurement requirements for 2020 is to direct loadserving entities to conduct procurement for the initial three-year cycle. The Commission can subsequently hold workshops to define the role of the central buyer and address cost allocation

¹ The CAISO recommends maintaining the procurement targets outlined in the Proposed Decision, with load-serving entities procuring 100%, 100% and 80% of local capacity requirements in years one through three, respectively.

issues. The CAISO recommends that the Commission modify the Proposed Decision to (1) direct load-serving entities to conduct three-year forward procurement beginning in the 2020 resource adequacy cycle and (2) clarify that the Commission will use the existing resource adequacy framework to validate initial multi-year showings.

Sincerely.

Jordan Pinjuv

Senior Counsel

California Independent System

Operator Corporation

cc: