

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

Order Instituting Rulemaking to Oversee the Resource Adequacy Program, Consider Program Refinements, and Establish Forward Resource Adequacy Procurement Obligations.

Rulemaking 19-11-009
(Filed November 7, 2019)

**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 the CAISO's *ex parte* discussion with Leuwam Tesfai, Chief of Staff and Legal Advisor to Commissioner Shiroma, and Andrew Dugowson, Interim Energy and Transportation Advisor to Commissioner Shiroma. Anna McKenna, Vice President, Market Policy and Performance; Delphine Hou, Director, California Regulatory Affairs; and Jordan Pinjuv, Senior Counsel, participated via teleconference on behalf of the CAISO. The *ex parte* discussion occurred on June 18, 2021 from approximately 9:30 a.m. to 10:00 a.m.

The CAISO began the discussion expressing its support for President Batjer's June 3, 2021 *Assigned Commissioner's Ruling on Submission of Refreshed Effective Load Carrying Capability Study Results* (Ruling). The CAISO noted it is working effectively with investor-owned utilities to refresh effective load carrying capability (ELCC) results consistent with the scheduling in the Ruling. The CAISO noted that using a reliability-based counting methodology, such as ELCC, would allow the CAISO to make the appropriate filings at the Federal Energy Regulatory Commission (FERC) to waive the application of the resource adequacy availability incentive mechanism (RAAIM). This would then allow the Commission to direct investor-owned utilities to show demand response resources on supply plans rather than credit the capacity against the resource adequacy requirements. The CAISO explained its efforts to update its ELCC analysis and noted its plan to release preliminary refreshed results on June 18, followed by a workshop on June 24, and stakeholder comments on June 28. The CAISO indicated it is on

track to file the refreshed ELCC results with the Commission on July 1, 2021. The CAISO also explained that the refreshed ELCC values could effectively replace existing qualifying capacity values for investor-owned utility demand response resources.

The CAISO subsequently discussed the May 21, 2021 Proposed Decision to adopt 2022 resource adequacy requirements. Ms. McKenna noted capacity in the West is becoming increasingly constrained due to changes in the fleet and weather events like those experienced in summer 2020. The CAISO reiterated its belief that the most prudent course of action is requiring all resource adequacy imports to secure firm transmission to the CAISO border so they are not at risk of curtailment during constrained hours. The CAISO indicated that other balancing authority areas in the West have increased efforts to secure supply resources with firm transmission and that continued reliance on non-firm transmission is not prudent. The CAISO noted the need for a procedural vehicle in this proceeding for the Commission to consider further improvements for summer 2022 based on the results observed this summer.

To address these concerns, the CAISO recommended the Commission adopt the CAISO's proposal to resource adequacy imports to: (1) specify the source of generation, (2) provide high priority firm transmission on the last transmission leg to the CAISO system, and (3) meet attestation requirements to ensure they are committed to the contracting load serving entity. The CAISO also proposed resource adequacy imports should be required to provide a minimum availability of 16 hours a day, 7 days a week.

The CAISO noted its proposal for firm transmission is similar to the Commission's currently existing resource adequacy import rules. Specifically, the Commission's existing rules, in place since 2005, provide that resource adequacy import contracts must either (a) be delivered on firm transmission, or (b) specify a firm delivery point (*i.e.*, not seller's choice). The CAISO questioned how load serving entities currently enforce import contract provisions specifying a firm delivery point. The CAISO recommended that at minimum, the Commission should require a percentage of resource adequacy imports to be delivered on firm transmission, rather than simply specifying a firm delivery point under contract. The CAISO did not advocate any

specific percentage of resource adequacy imports should be required to have firm transmission, but recommended the Commission adopt appropriate requirements tailored to the contracting capabilities of its load serving entities.

Respectfully submitted

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