

**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)

**CALIFORNIA INDEPENDENT SYSTEM OPERATOR CORPORATION
TRACK 3 PROPOSALS**

I. Introduction

Pursuant to the January 29, 2019 Amended Scoping Memo and Ruling of Assigned Commissioner (Ruling), the California Independent System Operator Corporation (CAISO) submits these comments regarding Track 3 proposals in this proceeding. In light of the Commission’s approval of multi-year local resource adequacy procurement in at its February 21, 2019 voting meeting, the CAISO recommends that Commission focus its Track 3 efforts on refining multi-year resource adequacy construct and establishing system, local, and flexible procurement requirements for the 2020 resource adequacy compliance year.

II. Discussion

The Commission adopted a decision implementing multi-year local resource adequacy procurement requirements at its February 21, 2019 voting meeting.¹ The Decision requires load-serving entities to conduct three-year forward procurement for local resource adequacy requirements beginning in 2020. In addition, the Decision notes that the Commission intends to “develop workable implementation solutions for central procurement of multi-year local RA through workshops.”² The Decision identifies a list of implementation details to be addressed in Track 3 of this proceeding. The implementation details include (1) the identity of a viable central buyer, (2) the scope of central buyer procurement, (3) implementable cost allocation mechanisms, (4) oversight mechanisms, (5) other procurement details, (6) market power mitigation tools, and (7) necessary modifications to the resource adequacy timeline. The CAISO agrees that the Commission must address these details to implement a workable central procurement structure. The CAISO agrees with this list and recommends that the Commission

¹ *Decision Refining the Resource Adequacy Program*, D.19-02-022 (February 21, 2019) (Decision).

²*Id.*, p. 17.

also consider refinements to the local penalty and waiver process as part of the central buyer implementation.

To address the details discussed above, the Decision requires that the parties undertake a minimum of three workshops over the next six months to address the outstanding challenges associated with central procurement. The CAISO agrees with the Commission's effort to establish a proactive plan to address the central procurement implementation details in Track 3 of this proceeding. To that end, the CAISO recommends that any additional refinements to the resource adequacy program should not be addressed until the central procurement framework is established.

If the Commission addresses resource adequacy program refinements outside of the scope of the central procurement structure, the CAISO continues to support its proposals set forth in Track 2 of this proceeding. Aside from the multi-year and central buyer procurement issues, the CAISO's highest priority proposal was that the Commission address availability-limited resource procurement in local capacity areas.³

III. Conclusion

The CAISO appreciates this opportunity to file these comments and looks forward to collaborating with the Commission implement multi-year resource adequacy requirements and a workable central procurement structure.

Respectfully submitted,
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³ See CAISO Track 2 Testimony, Chapter 6, Availability-Limited Resources:
http://www.caiso.com/Documents/Jul10_2018_RAProceedingTrack2Testimon-Chapter6-AvailabilityLimitedResources_ProposalNo5_R17-09-020.pdf.