

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

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

Rulemaking 21-10-002
(Filed October 7, 2021)

**RESPONSE OF THE CALIFORNIA INDEPENDENT SYSTEM OPERATOR
CORPORATION TO THE CALIFORNIA LARGE ENERGY CONSUMERS
ASSOCIATION'S PETITION FOR MODIFICATION**

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I. Introduction

In accordance with Rule 16.4(f) of the California Public Utilities Commission's (Commission) Rules of Practice and Procedure, the California Independent System Operator Corporation (CAISO) submits its response to the California Large Energy Consumers Association's (CLECA) August 24, 2023 Petition for Modification (PFM) of Decision (D.) 23-06-029. The CAISO does not opine on the merits of the requests in the PFM, but provides clarification on issues CLECA raises regarding CAISO processes. The CAISO also provides clarification on the use of Reliability Demand Response Resources (RDRR) during the July 20, 2023 Emergency Energy Alert (EEA) 1 event (July 20 Event).

II. Discussion

A. Changes to CAISO's Tariff are Beyond the Scope of this Proceeding.

In Section D of the PFM, CLECA focuses its concerns on certain provisions of the CAISO Tariff.¹ Specifically, CLECA raises issues with CAISO tariff rules regarding operational parameters of RDRR and how the CAISO models these resources in the market. CLECA recommends the Commission defer implementation of updated RDRR dispatch guidance until the CAISO changes certain aspects of its tariff to address CLECA's concerns.

The CAISO notes that changes to its tariff rules must be initiated and vetted through a CAISO stakeholder process, approved by the CAISO Board of Governors, and then approved by the Federal Energy Regulatory Commission. To the extent CLECA seeks changes to CAISO's policies and tariff, it should raise such issues directly with the CAISO and seek to have them

¹ PFM, pp. 11-13.

addressed in a CAISO stakeholder process. Changes to the CAISO's tariff are beyond the scope of this proceeding.

B. Changes to CAISO Operating Procedures are Beyond the Commission's Jurisdiction.

In Section C of the PFM, CLECA states that CAISO does not have an adequate review process for Operating Procedure changes.² This issue is outside of the Commission's jurisdiction. CLECA must address CAISO issues with the CAISO directly.

C. Commission Precedent Reflects that RDRR Dispatch Does Not Require the CAISO to Wait Until Immediately Before Canvassing Neighboring Balancing Authorities.

The PFM states, "Commission precedent is clear that RDRR should only be triggered economically when prices move extremely higher as a proxy for emergency conditions, or triggered exceptionally only immediately prior to canvassing neighboring balancing authorities."³ Contrary to CLECA's assertion, Commission precedent reflects that RDRR have always been available for in-market or exceptional dispatch under a Warning Stage, and do not require the CAISO to wait until immediately prior to canvassing neighboring balancing authorities.⁴

D. The CAISO Clarifies Details Regarding the July 20 Event.

Section B of the PFM includes CLECA's summary of the July 20 Event.⁵ CLECA states that "relying on [the Base Interruptible Program (BIP)] for such a short duration for short-term operating reserve shortfalls is an inappropriate departure from the long-standing use of BIP in emergency situations that threaten firm load shed."⁶

The CAISO exceptionally dispatched RDRR to avoid more severe emergency conditions, including the risk of load shedding. The CAISO clarifies that the grid conditions of the July 20 Event were not dissimilar from conditions under which the CAISO utilized RDRR prior to D.23-06-029. The difference was merely procedural: in CAISO operational processes prior to D.23-06-029, the CAISO had to declare an EEA 2 when it utilized RDRR.

² PFM, pp. 9-11.

³ *Id.*, pp. 3-4.

⁴ D.18-11-029, p. 40.

⁵ PFM, pp. 7-9.

⁶ *Id.*, p. 8.

As detailed in the CAISO's July 2023 Market Performance Report, the CAISO faced emergency conditions that necessitated deploying additional resources to mitigate intra-hour supply shortfalls during the July 20 Event.⁷ Although the July 20 Event and its rapid precipitation of real-time shortfalls was different in nature from emergency events in prior years, the need for load reduction to maintain grid reliability was not different from prior events.

Since July 20, the CAISO has made several adjustments to prevent rapid onset events from happening in the future. These adjustments are described at length in CAISO's July 2023 Market Performance Report and include: (1) adjustments to use of load conformance to position resources prior to each hour more effectively; (2) adjustments to levels of Western Energy Imbalance Market advisory transfers; (3) corrections to operator displays of available dispatchable capacity; (4) clarifications of tagging rules for export curtailments; and (5) corrections to how the CAISO modeled certain flows across specific transmission system paths.⁸

Following the July 20 Event, the CAISO issued EEA Watch notices on July 25 and July 26, but it did not utilize RDRR or economically release RDRR bids into the real-time market. July 20 is the only day the CAISO dispatched RDRR this year outside of voluntary day-ahead RDRR participation.

III. Conclusion

The CAISO appreciates the opportunity to respond to issues raised in the PFM.

Respectfully submitted,

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⁷ CAISO, July 2023 Summer Market Performance Report, September 18, 2023, pp. 98-99: <http://www.caiso.com/Documents/Summer-Market-Performance-Report-for-July-2023.pdf>

⁸ *Id.*, pp. 154-55.