

**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
COMMENTS ON REHEARING OF DECISION 19-10-021**

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The California Independent System Operator Corporation (CAISO) submits these comments on rehearing of Decision (D.) 19-10-021. The CAISO files these comments pursuant to Administrative Law Judge Chiv’s March 20, 2020, email Ruling setting forth the procedural schedule on rehearing.

I. Introduction

In D.19-10-021, the Commission approved new requirements for import resource to count as resource adequacy resources. Specifically, D.19-10-021 concluded that non-resource specific resource adequacy imports “should be self-scheduled into the CAISO market consistent with the timeframe established in the governing contract.”¹ The CAISO and other parties filed petitions for rehearing primarily regarding the Commission’s adoption of a self-scheduling requirement for non-resource specific resource adequacy imports. The Commission granted the CAISO and other parties’ request for rehearing in D.20-03-016.

D.20-03-016 granted limited rehearing (1) to allow party comments as to the self-scheduling requirement, and as to the distinction between resource-specific and resource-non-specific RA import contracts; (2) to augment the existing evidentiary record regarding the distinction between resource-specific and resource-non-specific resource adequacy import contracts, and to provide a sufficient evidentiary basis for this distinction; and (3) to clarify certain specific terms used in D.19-10-021, including “resource specific” and “resource-non-specific,” as well as to clarify the timeframe within which resource adequacy importers are required to self-schedule in the CAISO market.

¹ D.19-10-021, *Decision Affirming Resource Adequacy Rules*, Oct 10, 2019, p. 20. (D.19-10-021)

D.20-03-016 also clarified that the Commission may incorporate the record from Rulemaking (R.) 19-11-009—the successor resource adequacy proceeding—for rehearing purposes. Track 1 of R.19-11-009 focused specifically on resource adequacy import issues. The CAISO and other parties presented proposals to improve the resource adequacy import rules.

II. Summary of Recommendations

The CAISO recommends that the Commission vacate its findings in D.19-10-021 and adopt the CAISO's R.19-11-009 Track 1 resource adequacy import proposal (Track 1 Proposal) and the associated terminology. The two essential elements of the CAISO's Track 1 proposal are (1) a source specific information requirement at the time of the resource adequacy showings, together with requirements for appropriate attestation or other supporting documentation to validate that shown capacity is backed by real, physical resources in excess of the supplier's or balancing authority area's existing capacity commitments; and (2) an extension of the CAISO's Must Offer Obligations to the Real-Time Market for resource adequacy imports included in resource adequacy showings. Pursuant to Administrative Law Judge Chiv's March 20 email ruling, the CAISO does not revisit its Track 1 Proposal in detail in these comments, but rather recommends that the Commission reference the CAISO's filings in Track 1 of R.19-11-009. The CAISO also supports incorporating the entire R.19-11-009 Track 1 into this proceeding.

As part of the Track 1 Proposal, the CAISO proposed changes to its own resource adequacy tariff provisions to complement the proposed source-specification requirement. Since filing its Track 1 Proposal and subsequent comments, CAISO has continued to develop these tariff changes in its Resource Adequacy Enhancements Initiative.² In these comments, the CAISO provides an update on the status of that initiative, with specific focus on the extension of the CAISO Must Offer Obligation to the Real Time Market for resource adequacy imports included in showings.

Although the CAISO opposes any self-scheduling requirement for resource adequacy imports, it provides additional comments regarding limitations on verification and

² See, <http://www.caiso.com/InitiativeDocuments/FourthRevisedStrawProposal-ResourceAdequacyEnhancements.pdf>, p. 24.

enforcement associated with any such requirement. Specifically, the CAISO notes that it has no system in place to track the bidding behavior of resource adequacy importers that may be subject to Commission-imposed self-scheduling requirements.

III. Discussion

A. The Commission Should Adopt the Record Developed in Track 1 of R.19-11-009.

The Commission provided an opportunity for parties to submit proposals regarding resource adequacy import requirements in Track 1 of R.19-11-009. The Commission also provided an opportunity for comments and reply comments on those proposals. The record developed in R.19-11-009 is robust and the Commission should incorporate it into the record for this proceeding for the purposes of rehearing D.19-10-021. On the basis of that record, the CAISO recommends that the Commission vacate the requirement that non-resource-specific resource adequacy imports self-schedule during their contract terms. The CAISO and other parties presented viable alternatives to the self-scheduling requirement to address speculative supply and double-counting issues directly. The Commission should adopt the CAISO's Track 1 Proposal and reject any self-scheduling requirement.

B. The CAISO Continues to Develop Enhancements to Its Resource Adequacy Import Tariff Requirements.

The Track 1 Proposal noted that the CAISO would advance additional changes to its resource adequacy tariffs to work in coordination with source-specification requirements. On March 17, 2020, the CAISO issued its fourth revised straw proposal in its Resource Adequacy Enhancements Initiative. The straw proposal notes that:

[the] CAISO will extend must offer obligations to the Real-Time Market for all MWs included on resource adequacy showings consistent with existing rules for internal resources and pseudo-ties. The CAISO would modify requirements for this category to provide all information and data on the resource configuration needed from resource adequacy import resources to ensure the CAISO master file accurately reflects start up times of the import resources. This would extend the must-offer obligation to import resources in the same manner that it applies to internal resources and pseudo-ties.³

In addition, the CAISO is moving forward with other tariff changes to complement

³ *Id.* at 29.

its Track 1 Proposal. These CAISO tariff changes include:

- Requiring attestations that all import resource adequacy supply included on resource adequacy supply plans is surplus, has not been committed to others, and will not be otherwise sold or relied upon to meet other area's needs after monthly showings;
- Requiring verification to ensure the resource-specific supply remains available to the CAISO markets through the operational timeframe; and
- Clarifying that only supply that has provided source specification can qualify as resource adequacy import capacity.

These additional tariff changes will complement the CAISO's Track1 Proposal for Commission resource adequacy import requirements. The CAISO will continue to pursue these changes as expeditiously as possible within its stakeholder process.

C. Any Commission Imposed Resource Adequacy Import Self-Scheduling Requirement Will Suffer from Limited Verification and Enforcement.

D.19-10-021 imposed a self-scheduling requirement for any non-resource specific resource adequacy imports during their contractual hours. The Commission proposed to implement this requirement through load-serving entities filing documentation as part of their annual and monthly compliance filings, "in the form of either contract language or an attestation from the contracting import provider or the scheduling coordinator for the resource."⁴

The CAISO cannot make system changes to implement a self-scheduling requirement on resource adequacy imports. Nor can the CAISO provide verification or controls to enforce such a requirement. The CAISO has no current systems or processes that can differentiate and report on or control the bidding behavior of Commission jurisdictional load-serving entities that import non-resource specific resource adequacy imports. The Commission would only be able to review the bidding data after the fact to verify if their jurisdictional entities were abiding by the self-scheduling requirements.

In addition, any Commission-imposed self-scheduling requirements would not apply to non-Commission jurisdictional load-serving entities participating in the CAISO market, such as publicly-owned utilities. These non-Commission jurisdictional entities would not

⁴ D.19-10-021, pp. 20-21.

have similar self-scheduling requirements. As a result, the CAISO would not be able to simply implement system changes to create controls for the Commission-jurisdictional load-serving entity requirements without a stakeholder process. That stakeholder process would consider the application of a uniform requirement for all resource adequacy imports, rather than Commission jurisdictional load-serving entities. Otherwise, the CAISO would need to develop complex methods to differentiate between those load-serving entities/scheduling coordinators that are subject to the Commission's self-scheduling requirements. This is not a feasible or cost effective implementation constraint due to the complexity and interrelated system impacts this change would require. Even if the CAISO were to embark in a stakeholder process to consider such changes, the CAISO could not implement any self-scheduling requirement in the fall 2020 release timeframe due to the established process and timeline precluding any changes that require FERC approval in advance. Any such change would require significant tariff drafting, impact assessments, and business requirements that are needed for making any system changes. It is uncertain at this time when such changes to the CAISO's system could be considered and implemented.

IV. Conclusion

For the reasons stated above, the Commission should vacate its findings in D.19-10-021 and adopt the CAISO's Track 1 Proposal for resource adequacy import rules.

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