

**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)

**REPLY COMMENTS OF THE CALIFORNIA INDEPENDENT SYSTEM
OPERATOR CORPORATION ON THE RESOURCE ADEQUACY REFORM
WORKING GROUP REPORT**

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Table of Contents

I. Introduction..... 1

II. Discussion..... 1

 A. The Commission Should Not Grant Energy Division Broad Discretion to Adjust the PRM in a Way That Decreases System Reliability 1

 B. The Commission Should Not Adopt CESA’s Proposal to Rely on Energy-Only Resources to Charge Storage Resources Across the Transmission System 2

 C. SEIA’s Recommendation that the CAISO Modify its Tariff to Allow EO Resources to Count Towards Co-Located Storage Charging Sufficiency Under Slice of Day is Misplaced..... 3

 D. The Commission Should Not Adopt Fervo’s MIC Allocation Process Recommendation. 3

III. Conclusion 3

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I. Introduction

The California Independent System Operator Corporation (CAISO) provides its reply comments on the *Resource Adequacy Reform Working Group Report*, dated November 15, 2022 (Report).

II. Discussion

A. The Commission Should Not Grant Energy Division Broad Discretion to Adjust the PRM in a Way That Decreases System Reliability

In opening comments, the Alliance for Retail Energy Markets (AReM) supported the Natural Resources Defense Council (NRDC) and East Bay Community Energy (EBCE) proposals to grant Energy Division discretion to make adjustments to the Planning Reserve Margin (PRM) if the loss of load expectation (LOLE) assumes more resources than are actually available.¹ Middle River Power (MRP) and Calpine did not support these adjustments.²

The Commission should not grant Energy Division broad discretion to adjust the PRM in a way that decreases system reliability. The CAISO agrees with MRP that there is no clear measure of “available” resources.³ Further, as noted by Pacific Gas and Electric Company

¹ AReM Opening Comments, p. 5.

² MRP Opening Comments, p. 21; Calpine Opening Comments, p. 5.

³ MRP Opening Comments, p. 21.

(PG&E) and the Western Power Trading Forum (WPTF), it is unclear under Slice of Day whether fewer resources will actually be built and available than what was planned when PRMs are established, such that LSEs cannot meet resource adequacy requirements.⁴ Thus, there is no clear basis to adopt NRDC's and EBCE's proposals at this time. The CAISO also notes that enhancements to forward procurement processes being considered in the Integrated Resource Planning proceeding (Rulemaking 20-05-003) could alleviate potential capacity shortfalls in the resource adequacy timeframe.

B. The Commission Should Not Adopt CESA's Proposal to Rely on Energy-Only Resources to Charge Storage Resources Across the Transmission System

In the Report, CESA proposes the Commission should not further assess individual load serving entity (LSE) storage charging sufficiency if the total energy output from all standalone energy-only (EO) variable energy resources (VERs) covers the charging needs of all standalone storage resource adequacy resources.⁵ CESA's proposal relies on EO resources to charge storage resources across the transmission system. However, as CalCCA stated in opening comments, CESA's proposal is flawed.⁶ CalCCA explained the following:

Charging storage with generation not onsite requires use of the transmission system, and therefore assurance that the generation can be delivered to the storage facility is necessary. The Commission should only assume EO generation can charge storage if it is onsite.⁷

The CAISO agrees with CalCCA. There is no guarantee EO VER resources can deliver generation to charge storage facilities under CESA's proposal. Therefore, the Commission should not adopt CESA's proposal because it could over-estimate the capability of the VER fleet to meet storage charging needs.

⁴ PG&E Opening Comments, pp. 8-9; WPTF Opening Comments, pp. 12-13.

⁵ Report, p. 87.

⁶ CalCCA Opening Comments, p. 14.

⁷ *Id.*

C. SEIA’s Recommendation that the CAISO Modify its Tariff to Allow EO Resources to Count Towards Co-Located Storage Charging Sufficiency Under Slice of Day is Misplaced

In opening comments, the Solar Energy Industries Association (SEIA) states, “SEIA hopes that the CAISO will take whatever steps are necessary to modify its [resource adequacy] tariffs and business practices to ensure that EO solar can be used in the [Slice of Day resource adequacy] program to meet the charging sufficiency test for co-located storage.”⁸ SEIA’s recommendation is misplaced because party proposals to allow EO resources to charge co-located storage only apply to charging sufficiency requirements under the Commission’s Slice of Day program. No changes to the CAISO’s tariff or business practices are necessary if the Commission adopts this framework under Slice of Day. However, the CAISO notes that because co-located VER resources under this configuration are EO (and are not fully or partially deliverable or do not have interim deliverability status), LSEs and suppliers cannot show these resources to the CAISO as resource adequacy.

D. The Commission Should Not Adopt Fervo’s MIC Allocation Process Recommendation.

Fervo Energy (Fervo) states, “Accounting for energy potential in calculating and allocating [Maximum Import Capability (MIC)] to resource-specific import capacity would acknowledge the value of firm resources that are not weather-dependent and can provide more consistent grid support” and “Fervo encourages the Commission to work with CAISO to incorporate this consideration into its MIC allocation process.”⁹ Fervo misunderstands the CAISO’s MIC allocation process. The CAISO does not allocate MIC directly to imports or to specific resources that support imports in neighboring balancing authority areas. Instead, the CAISO allocates MIC to LSEs who contract for import supply to meet resource adequacy obligations.

III. Conclusion

The CAISO appreciates the opportunity to provide reply comments and looks forward to working collaboratively with the Commission and parties to improve the resource adequacy

⁸ SEIA Opening Comments, p. 8.

⁹ Fervo Opening Comments, p. 5.

program to meet changing system conditions and resource needs.

Respectfully submitted

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