

**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)

**CALIFORNIA INDEPENDENT SYSTEM OPERATOR CORPORATION
TRACK 1 PROPOSAL**

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I. Introduction

The California Independent System Operator Corporation (CAISO) submits this proposal regarding the treatment of resource adequacy imports pursuant to the January 22, 2020 Assigned Commissioner’s Scoping Memo and Ruling (Scoping Memo). The CAISO appreciates this opportunity to provide its proposal to address existing and emerging resource adequacy import issues. The CAISO shares many of the Commission’s concerns about the reliability, dependability, and affordability of resource adequacy imports. Given California’s long-standing reliance on resource adequacy imports, it must ensure there is sufficient committed resource adequacy import capacity to meet California’s capacity and energy needs, particularly as supply availability tightens across the west.

The CAISO agrees with the Commission that speculative import supply is a growing concern that the Commission should address in this proceeding.¹ The CAISO provides the following proposal specifically to reduce speculative import supply by strengthening qualification and verification requirements. The CAISO’s proposal includes priority actions the Commission should adopt in Track 1 to both establish stricter program rules and collect data necessary to enforce those rules.

Specifically, the Commission should require that resource adequacy imports:

- Provide source specific information at the time of the resource adequacy showings;²

¹ Commission Scoping Memo, Rulemaking 19-11-009, January 22, 2020, pp. 3-4.

² Source specification can be a specific generating unit, specified aggregation or system of resources, or specified balancing authority area, but should be clearly identified in advance.

- Provide an attestation or other documentation that the resource adequacy import is a specific resource, aggregation of physically linked resources, or capacity in excess of the host balancing authority area or supplier's existing commitments that is dedicated to CAISO balancing authority area needs; and
- Can be delivered to the CAISO balancing authority area boundary via firm transmission.

To support these proposed changes to the Commission's resource adequacy program, the CAISO intends to implement complementary market and CAISO tariff changes. These changes include:

- Modifying CAISO tariff-defined import market participation models to extend Must Offer Obligations³ to the Real-Time Market for all MWs included on resource adequacy showings;⁴
- Requiring attestations that all import resource adequacy supply included on resource adequacy supply plans are surplus, have not been committed to others, and will not be otherwise sold or relied upon to meet other areas 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 source specific supply can qualify as resource adequacy import capacity.

Collectively, the CAISO's proposal seeks to reduce or eliminate speculative import supply, which will also provide greater price transparency and the capability to validate import prices.

II. Discussion

The CAISO's resource adequacy import proposal is designed to reduce speculative import supply by establishing a source specification requirement for all resource adequacy-eligible imports. The CAISO also proposes that the Commission require load-serving entities purchasing resource adequacy imports to provide documentation at the time of the monthly or

³ Capitalized terms not otherwise defined herein are used as defined in the CAISO tariff. *See* <http://www.caiso.com/Documents/AppendixA-MasterDefinitionSupplement-asof-Sep28-2019.pdf>.

⁴ This is already a requirement for dynamic resource specific resources and pseudo-ties. To reflect actual limitations of real physical resources, this change would not apply to long start resources that have been specified as individual Generating Units under resource specific models that have their start up time included in their Master File parameters that can be recognized by the CAISO markets.

annual resource adequacy showing verifying that any resource adequacy imports represent real, physical supply that has been committed exclusively to providing resource adequacy capacity to meet CAISO balancing authority area needs. In addition, the Commission should require delivery of all resource adequacy import energy to the CAISO balancing authority area boundary via firm transmission. Under the CAISO's proposal, resources without a source specification would not be eligible to provide resource adequacy capacity.

A. The Commission Should Modify the Resource Adequacy Import Requirements to Ensure the Forward Commitment of Real Physical Resources.

At a fundamental level, the CAISO proposal seeks to ensure that resource adequacy imports provide reliable capacity from physical resources that are not dedicated to other balancing authority areas. To accomplish this fundamental goal, the CAISO recommends that the Commission impose requirements to ensure that resource adequacy imports:

- Provide source specific information at the time of the resource adequacy showings;
- Provide an attestation or other documentation that the resource adequacy import is a specific resource, aggregation of physically linked resources, or capacity in excess of the host balancing authority area or supplier's existing commitments that is dedicated to CAISO balancing authority area needs; and
- Can be delivered to the CAISO balancing authority area boundary via firm transmission.

The CAISO believes these modifications are essential to mitigate speculative import supply and double counting concerns. In addition, the proposal provides comparable treatment between internal and external resource adequacy supply.

Resource Adequacy Import Requirement No. 1 – Require all resource adequacy imports to provide source specific information with resource adequacy showings.

To count as resource adequacy, imports should provide a source specification at the time of showings. Source specification means that the resource adequacy importer will need to provide specification of either the specific unit, aggregation of units, or the source balancing authority area. This will help ensure that importers truly have excess capacity surplus to their existing commitments. To implement this rule, the CAISO recommends that the Commission adopt requirements for its jurisdictional load-serving entities to provide specification of the physical sources backing resource adequacy import showings. The CAISO also proposes that all import supply provide similar specification of the physical sources backing resource adequacy

import showings to the CAISO, to ensure this requirement is applied to all resource adequacy imports, not only those included on Commission jurisdictional showings. The CAISO also recommends a verification process for source specific forward commitments supported through documentation and compliance measures as the CAISO discusses in the next section.

The CAISO recognizes there may be additional costs associated with this more rigorous standard, but the requirement to provide source specification puts resource adequacy imports on par with internal resource adequacy resources from both a quality and obligation standpoint. Adopting a source specification requirement will require host balancing authorities and suppliers to secure the necessary fuel and position their resources to meet their own needs and their commitments to the CAISO balancing authority area. Adopting requirements for forward source specification from real, physical resources committed to serving the CAISO will address both the speculative import supply and bidding behavior concerns because it ensures actual physical resource capacity is designated for the resource adequacy commitment.

Resource Adequacy Import Requirement No. 2 – Require an attestation or other documentation that resource adequacy imports represent real, physical supply that has been committed exclusively to providing resource adequacy capacity to meet CAISO balancing authority area needs.

To validate source specification and ensure that any resource adequacy import is in excess of existing commitments, the CAISO recommends that the Commission require an attestation or other documentation that assures the designated resource adequacy import is backed by real, physical capacity in excess of the supplier's existing commitments. Resource adequacy import contracts should require suppliers to attest that the capacity sold to serve CAISO balancing authority area's needs will not be committed or sold to any other entity during the entire duration of their resource adequacy commitment. The Commission should also require that resource adequacy import contracts include an attestation by the supplier or owner of the resource to ensure that supply is physical and has been dedicated to meeting the CAISO balancing authority area's needs. The CAISO will also pursue complementary modifications to its tariff requirements to require resource adequacy import suppliers to provide a similar attestation to the CAISO for all resource adequacy import supply shown on supply plans. This will ensure that the source specification requirements apply to all resource adequacy import suppliers.

The Commission should require resource adequacy import contracts to include documentation to allow the CAISO and the Commission the ability to verify that the supply source is surplus and can reasonably be designated to provide reliable supply to the CAISO balancing authority area. The documentation required may vary based on the disposition of the supplier, *e.g.*, a marketer versus external load serving entity in another balancing authority area. For instance, a load-serving entity designating a specific balancing authority area source as a source-specified import should be required to provide documentation that its CAISO-dedicated resource adequacy import capacity is in excess of its own projected load needs and any other supply commitments made to other entities.

A supplier of resource adequacy with no other load serving commitments that designates an aggregation of resources as its specified supply source may have different documentation requirements. At the time of the resource adequacy showings, these suppliers may not be able to provide documentation that their specific resources will not be relied upon by other balancing authorities or load-serving entities. To address this circumstance, the Commission can require suppliers to attest that they (1) have not made commitments to sell the amount of supply committed as California resource adequacy to other entities and (2) will not sell the capacity in question after the showing. By pairing this attestation with a requirement for telemetry on all underlying resources, or other verification of operational data, as the CAISO discusses in more detail in Section III.B below, the Commission and the CAISO can be reasonably certain that these independent generation owners or marketers have not caused the double counting of their supply.

Resource Adequacy Import Requirement No. 3 – Require delivery of all resource adequacy import energy to the CAISO balancing authority area boundary via firm transmission.

The CAISO proposes the Commission and CAISO require firm transmission delivery for all resource adequacy imports be demonstrated at the time of monthly showings. The CAISO prefers the requirement for demonstration of firm transmission at the time of monthly showings to provide the greatest assurance that deliveries from resource adequacy imports will be made over firm transmission. The Commission should require firm transmission along the entire delivery path from the source to the CAISO balancing authority area. These firm transmission requirements will provide more comparable treatment between internal supply and resource adequacy imports and to minimize delivery risk.

The Commission should consider the timing of requirements for securing firm transmission carefully to balance cost, market efficiency, and reliability. Some parties have previously indicated that firm transmission rights are more difficult and costly to secure in the month ahead timeframe. If the Commission decides to provide greater flexibility under these resource adequacy guidelines it may wish to simply require attestation that suppliers will deliver the energy from resource adequacy imports over firm transmission. At minimum, the CAISO believes the Commission should require that firm transmission be demonstrated in the day-ahead timeframe.

A day-ahead e-tagging requirement for suppliers to provide a day-ahead transmission profile may be able to satisfy requirements for demonstration of firm transmission in the day-ahead timeframe. Day-ahead transmission profile e-tagging requirements would allow verification that firm transmission has been secured by the supplier across all balancing authority areas along the delivery path. The suggested approach of requiring day-ahead e-tagging of firm transmission may also address concerns about the availability of firm transmission along the entire delivery path at the time of month ahead showings. This concept provides more flexibility while still attempting to ensure the delivery to be made via firm transmission. The CAISO notes that more flexible approaches that allow for securing firm transmission after the monthly showing timeframe may not guarantee that firm transmission can always be secured for delivery. The Commission should also consider if penalties or other enforcement actions are necessary in the case that delivery is not made via firm transmission.

B. The Commission Should No Longer Count Firm Energy Contracts without Source Specific Designations as Resource Adequacy Resources.

Firm energy contracts are not a substitute for real physical capacity. Although the CAISO supports non-resource specific firm energy contracts for hedging and to provide economic energy, they do not address speculative supply or double counting concerns. Firm energy contracts and related hedging mechanisms can help mitigate day-ahead and real-time market price risk, but they do not alone ensure that real physical supply is secured in advance, which is the purpose of the resource adequacy program.

In the Commission's Decision (D.) 05-10-042, it disallowed liquidated damages (LD) energy contracts from internal supply because of the potential for double counting. D.05-10-042 established that LD contracts (which are "non resource-specific" contracts) would be phased out

for resource adequacy purposes because they allowed the possibility of double-counting resources and were not subject to deliverability screens.⁵

The decision specifies that LD contracts do not qualify as resource adequacy because they do not specify a physical source in advance, thereby allowing potential double counting of resource adequacy resources. The D.05-10-042 continues to explain why the Commission continued to accept firm LD import energy contracts for resource adequacy purposes. Decision D.05-10-042 specifically states:

Firm import LD contracts do not raise issues of double counting and deliverability that led us to conclude that other LD contracts should be phased out for purposes of RAR. We note that firm import contracts are backed by spinning reserves. Accordingly, we approve the exemption of firm import LD contracts from the sunset/phase-out provisions applicable to other LD contracts as adopted in Section 7.4.⁶

This determination relies on the faulty premise that because firm import LD contracts are backed by spinning reserves, they do not double count resources and should be permitted to qualify as resource adequacy. However, the presence of spinning reserves does not change the fact that firm energy contracts without a specified source generates the same double counting concern the Commission expressed in disallowing internal LD contracts. In other words, non-specified resource adequacy imports are by nature not source specific and, therefore, without requirements for documentation of the sources backing these imports to support resource adequacy showings the non-specified resources may be relied upon by another balancing authority area or load-serving entity, especially in tight system conditions.

C. The Commission Should Not Conflate Speculative Supply Concerns with Energy Bidding and Market Power Concerns.

Speculative supply is a different but related concern to economic energy bidding and energy market power. The CAISO proposal addresses potential speculative import supply by limiting opportunities for physical withholding, but would provide a pathway to encourage economic energy bidding and mitigate energy market power issues. If the Commission adopts the CAISO proposal and requires capacity contracts backed by real physical resources, the suppliers will have the incentive to bid marginal costs resulting in an efficient energy dispatch in

⁵ D.05-10-042, p. 101.

⁶ *Id.* at p. 68.

the CAISO's day-ahead and real-time energy markets. In contrast, sellers providing speculative import supply have an incentive to submit high energy bids to avoid dispatch. The Commission and load-serving entities should mitigate lingering concerns regarding energy market power through forward contracting and hedging practices and the CAISO's energy market power mitigation procedures.

The purpose of a robust resource adequacy program is to secure durable commitments from real physical supply and to prevent physical withholding. In other words, resource adequacy should ensure suppliers dedicate sufficient physical resources, with the right attributes, to the market to meet the reliability criteria set forth in the resource adequacy program. The CAISO's must-offer requirements, availability incentive mechanism, deliverability studies, and net qualifying capacity calculations all promote physical availability and market participation. There will continue to be a gap between the CAISO's availability rules and the Commission's physical supply requirements if suppliers can (1) provide non-resource specific resource adequacy imports in the planning timeframe and (2) wait to fulfill physical energy delivery obligations until the CAISO markets provide commitment obligations. This is problematic from a physical withholding standpoint because there is no way to verify whether a physical resource is actually making itself physically available to the market or whether the purchased capacity is of the same quality as internal supply by observing outage rates. Additionally, it allows resource adequacy import sellers with no control over physical capacity to collect capacity payments and avoid market dispatch by submitting excessively high energy bids.

Requiring resource adequacy imports to be backed by a real, physical resources will eliminate speculative import supply and mitigate the importer's incentive to submit high energy bids. Absent market power, suppliers of real, physical capacity dedicated to the CAISO are motivated to self-schedule or bid their physical resources into the CAISO's market at marginal cost to profit from the use of their physical assets under the CAISO's must offer obligation. This will result in better, more efficient dispatch and market outcomes.

Similarly, concerns regarding energy market power should not be conflated with the issue of speculative supply. The CAISO defines energy market power as the ability of a supplier to artificially raise energy market clearing prices above marginal cost by physically or economically withholding supply from the market. Suppliers that exercise energy market power undermine efficient market operations and efficient energy price formation. The CAISO market

includes features to detect structurally uncompetitive conditions and mitigate energy bids to estimated cost-based levels. As the CAISO Market Surveillance Committee discussed in its recent *Opinion on System Market Power Mitigation*, the potential issue with suppliers offering resource adequacy imports at the \$1000/MWh bid cap is the likelihood that there is no resource supporting the offer, which means that no supply is being withheld because the seller has no supply to withhold. The submission of \$1000/MWh offers by import resource adequacy suppliers is an issue with the current resource adequacy program design and needs to be addressed as such.⁷ The Commission and load-serving entities should address market power concerns through forward energy contracting and through the CAISO's proposed system market power provisions.

D. The CAISO Supports Bundling Energy Sales with Capacity Sales as long as Energy Pricing Guidelines Allow for Economic Dispatch of the Underlying Physical Resource.

The Commission should consider adding energy contracting requirements to address day-ahead and real-time market price exposure. However, energy contracting requirements should not substitute for a resource adequacy import source specification requirement. Instead, the energy contracting requirements should be in addition to the source specification requirement. Call options with strike prices or other hedging arrangements, such as contracts for differences, are commonly used trading mechanisms that the Commission can consider to address potential energy price concerns. However, these energy-contracting practices are not an adequate substitute for supply source specification and forward commitment of real, physical capacity.

In contrast, self-scheduling or other firm energy delivery requirements do not address reliance on speculative supply. These approaches would continue to allow importers to sign contracts to provide resource adequacy imports without securing physical resources at the time or the showings, even if the Commission adopts a must-flow or self-scheduling requirement. This puts CAISO balancing authority area reliability at risk because resource adequacy import availability is subject to the residual energy availability in the short-term bilateral markets. If the Commission only adopts firm energy delivery or self-scheduling requirements, suppliers may continue to include speculative supply on resource adequacy showings. This is possible because

⁷ See CAISO Market Surveillance Committee Opinion on System Market Power Mitigation dated November 5, 2019, p. 14.

without a source specification at the time of the showing, suppliers will still have the option to simply wait to secure firm energy supply until the operational timeframe, just prior to the real-time. This possibility undermines the reliability of the CAISO balancing authority area and the California resource adequacy program.

Although a self-scheduling requirement may partially address concerns raised by Commission staff regarding the bidding behavior of resource adequacy imports, it fails to address the greater reliability threat caused by speculative supply and potential double counting. Further, the application of a new must-flow or self-scheduling requirement will force delivery into the CAISO market, resulting in other undesirable market impacts caused by the inefficient dispatch⁸ of price insensitive, non-flexible supply. However, this would still result in frequent inefficient dispatch, which resource adequacy imports will reflect in higher capacity prices.

III. The CAISO Will Pursue Complementary Qualification, Participation, and Verification Rules for Resource Adequacy Imports.

To support the CAISO's proposed resource adequacy program changes, the CAISO will pursue the complementary modifications to its existing rules for resource adequacy imports. Specifically, the CAISO will:

- (1) Modify CAISO tariff-defined import market participation models to extend Must Offer Obligations to the Real-Time Market for all MWs included on resource adequacy showings;⁹
- (2) Require attestations that all import resource adequacy supply included on resource adequacy supply plans are surplus, have not been committed to others, and will not be otherwise sold or relied upon to meet other areas needs after monthly showings;
- (3) Require verification to ensure the resource specific supply remains available to the CAISO markets through the operational timeframe; and

⁸ For more details, *see* CAISO Application for Rehearing of Decision 19-10-021 of the California Independent System Operator Corporation, November 28, 2019.

⁹ This is already a requirement for dynamic resource specific resources and pseudo-ties. To reflect actual limitation of real physical resources, this would not apply to long start resources that have been specified as individual Generating Units under resource specific models that have their start up time included in their Master File parameters that can be recognized by the CAISO markets.

- (4) Consistent with the CAISO proposal for Commission resource adequacy import rules, clarify that only source specific supply can qualify as resource adequacy import capacity.

The CAISO believes that these items support the overall design of the resource adequacy import framework proposed above. However, the Commission should make the CAISO's proposed changes to its resource adequacy program guidelines as soon as possible, regardless of whether the CAISO resource adequacy rules are changed. The CAISO will pursue supporting modifications to its tariff as needed, but the Commission should not consider the timing and implementation of such changes as a barrier to adopting more robust forward requirements for source specification.

The CAISO has also recommended that the Commission adopt similar requirements for attestation that all import resource adequacy supply included on monthly showings have not been committed to others, and will not be otherwise sold or relied upon to meet other areas needs after monthly showings. The CAISO will also pursue this modification to include such requirements in the CAISO tariff to ensure that all resource adequacy import supply has not been committed to others, and will not be otherwise sold or relied upon to meet other area's needs after monthly showings.

A. Explanation of CAISO Resource Adequacy Import Participation Models.

The CAISO proposes that the Commission should require all resource adequacy imports to specify its source(s) at the time of the showing. The CAISO provides the following description of how this source specification could fit into the CAISO's existing import resource models, as currently defined under the CAISO tariff. With the addition of the forward requirement for source specification and the related attestation and supporting documentation that the supply will be dedicated only to the CAISO, the following CAISO-defined imports types will be able to qualify resource adequacy imports: (1) Dynamic Resource-Specific System Resources or Pseudo-Tie resources, (2) Non-Dynamic Resource-Specific System Resources, and (3) Non-Resource Specific System Resources. In this section, the CAISO specifies the current availability and market participation requirements for these CAISO-defined resource types and potential modifications that the CAISO will pursue to complement the Commission's program.

1) Resource Specific (Pseudo-Tie or Dynamic)

- Pseudo-Tie Resources – Current CAISO tariff requirements include Day-Ahead and Real-Time Must Offer Obligation for all MWs included on resource adequacy showing. Must submit a bid for the Day-Ahead Market, and to the Real-Time market to the extent (1) the resource has a day-ahead schedule for energy or ancillary services, or (2) the resource is a short or medium start resource (regardless of day-ahead awards).
- Dynamic Resource-Specific System Resources – Current CAISO tariff requirements include Day-Ahead and Real-Time Must Offer Obligation for all MWs included on resource adequacy showing. Resources must submit a bid for the Day-Ahead Market for the full resource adequacy obligation; and to the Real-Time Market but only to the extent the resource has a day-ahead schedule for energy or ancillary services.

2) Resource Specific (Non-Dynamic)

- Non-Dynamic Resource Specific System Resources (with specified Generating Unit or specified aggregations or systems of fuel linked resources) – Current CAISO tariff requirements include Day-Ahead Must Offer Obligation for all MWs included on resource adequacy showing and Real-Time Must Offer Obligation for all MWs included on resource adequacy showing. Resources must submit a bid for the Day-Ahead Market for the full resource adequacy obligation; and to the Real-Time Market but only to the extent the resource has a day-ahead schedule for energy or ancillary services.

3) Non-Resource Specific (non-dynamic)

- Non-Resource Specific System Resource (non-dynamic) with a specified aggregation of resources, or specified balancing authority or suppliers with otherwise uncommitted capacity in their control – Current CAISO tariff requirements include a Day-Ahead Must Offer Obligation for all MWs included on resource adequacy showing and a Real-Time Must Offer Obligation for all MWs included on resource adequacy showing. Resources must submit a bid for the Day-Ahead Market for the full resource adequacy obligation; and to the Real-Time Market but only to the extent the resource has a day-ahead schedule for energy or ancillary services.

To address the Commission's concerns regarding bidding behavior, the CAISO is willing to pursue modifications as necessary for system resource bidding obligations. Specifically, 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 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. This would ensure that import supply is required to remain available to the CAISO balancing authority area through the real-time and would continue to be subject to any physical constraints on physical resources that can be modeled in the CAISO's systems.

Import sellers can currently specify the source balancing authority area or resource aggregations as a Non-Resource Specific System Resource. In order to facilitate the option of a resource aggregation or balancing authority being specified as a supply source, the continued use of the Non-Resource Specific System Resource participation model for resource adequacy imports will still be necessary. However, it is vital that this resource model option only be acceptable for resource adequacy imports if it is also combined with the addition of the requirement for the source specification and attestation that the supply will be dedicated only to the CAISO. The CAISO believes this option will also require a need for additional requirements for operational data to enable the CAISO to verify that import RA supply is offered exclusively to the CAISO markets and has not been sold to others or used to meet other balancing authority area's reliability needs, as discussed below.

The CAISO understands the Commission's interest in the Real-Time Must Offer Obligation for all MWs included on RA showings and shares the common goal of ensuring that supply is backed by real physical resources that have requirements to be made available to the CAISO markets with incentive to bid at their true marginal costs. As noted above, the CAISO is willing to make changes to the CAISO tariff to extend the CAISO Must Offer Obligation to Real-Time for all MWs included on RA Showings to address these concerns. The CAISO will expedite any necessary tariff changes to support the Commission's RA program guidelines.

B. The CAISO Will Pursue Options to Verify Resource Adequacy Import Capabilities and Performance to Support Compliance with Forward Requirements.

The CAISO will pursue modifications to its tariff to require resource adequacy import sellers to provide operational data that the CAISO can use to verify performance. This verification will allow the CAISO to ensure that supply committed as a resource adequacy import remains available to the CAISO markets through the operational timeframe. The CAISO can accomplish this verification via telemetry or the review of other acceptable performance data.

Resource adequacy importers can provide the necessary operational data for verification purposes without the CAISO having the direct operational control over the import resources. Suppliers across the West have indicated that these operational data requirements should not be problematic for real, physical supply to provide. This verification coupled with the forward requirements for source specification will allow the CAISO to monitor resource adequacy import behavior and refer potential tariff violations to the CAISO Department of Market Monitoring and the FERC Office of Enforcement.

IV. Conclusion

Resource adequacy import requirements must be considered comprehensively. The respective Commission and CAISO resource adequacy import rules and tariff provisions should be modified together to ensure consistency and clarity, and to help guarantee that resource adequacy imports represent real, physical supply that is secured at the time of resource adequacy showings. The CAISO encourages the Commission to take a first and immediate step to require resource adequacy importers to provide source specification for their capacity. The CAISO will pursue similar modifications in its tariff and will work with the Commission to develop the qualification criteria and documentation necessary to show imports as resource adequacy capacity. The CAISO will also work with the Commission to implement the requirements to timely validate resource adequacy import capability and performance in the operational timeframe, and will ensure all resource adequacy imports clearly understand and meet the

CAISO's market participation requirements and must offer obligations.

Respectfully submitted

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