

**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)

**NOTICE OF EX PARTE COMMUNICATION BY
THE CALIFORNIA INDEPENDENT SYSTEM OPERATOR CORPORATION**

Pursuant to Article 8.4 of the California Public Utilities Commission (Commission) Rules of Practice and Procedure, the California Independent System Operator Corporation (CAISO) hereby files this notice of oral *ex parte* communications in the above captioned proceeding.

This filing provides a summary of the CAISO's June 14, 2021 *ex parte* discussion from 11:30 a.m. to 12:00 p.m. with Maria Sotero and Kerry Fleisher, Energy Advisors to Commissioner Guzman Aceves, and Simone Brant of the Commission's Energy Division staff. Anna McKenna, Vice President, Market Policy and Performance; Delphine Hou, Director, California Regulatory Affairs; and Jordan Pinjuv, Senior Counsel, participated by Webex on behalf of the CAISO.

The CAISO began the discussion expressing its support for President Batjer's June 3, 2021 *Assigned Commissioner's Ruling on Submission of Refreshed Effective Load Carrying Capability Study Results* (Ruling). The CAISO noted it would work with investor-owned utilities to submit the refreshed effective load carrying capability (ELCC) results consistent with the scheduling in the Ruling. The CAISO noted that using a reliability-based counting methodology, such as ELCC, would allow the CAISO to make the appropriate filings at the Federal Energy Regulatory Commission (FERC) to waive the application of the resource adequacy availability incentive mechanism (RAAIM). This would then allow the Commission to direct investor-owned utilities to show demand response resources on supply plans rather than credit the capacity against the resource adequacy requirements.

The CAISO subsequently discussed the May 21, 2021 Proposed Decision to adopt 2022 resource adequacy requirements. Ms. McKenna noted the CAISO continues to be import

dependent and capacity in the West is becoming increasingly constrained due to changes in the fleet and weather events like those experienced in summer 2020. The CAISO reiterated its belief that the most prudent course of action is requiring all resource adequacy imports to secure firm transmission to the CAISO border so they are not at risk of curtailment during constrained hours. The CAISO explained its understanding that the Proposed Decision adopts a “wait and see” approach to understand the impact of the Commission’s recently adopted resource adequacy import rules. The CAISO expressed concern with the Proposed Decision’s finding that it is premature to consider requiring firm transmission for summer 2021. The CAISO noted there is no procedural vehicle for the Commission to consider further improvements for summer 2022 based on the results observed this summer.

To address these concerns, the CAISO recommended the Commission adopt the CAISO’s proposal to resource adequacy imports to: (1) specify the source of generation, (2) provide high priority firm transmission on the last transmission leg to the CAISO system, and (3) meet attestation requirements to ensure they are committed to the contracting load serving entity. The CAISO also proposed resource adequacy imports should be required to provide a minimum availability of 16 hours a day, 7 days a week.

The CAISO noted its proposal for firm transmission is similar to the Commission’s currently existing resource adequacy import rules. Specifically, the Commission’s existing rules, in place since 2005, provide that resource adequacy import contracts must either (a) be delivered on firm transmission, or (b) specify a firm delivery point (*i.e.*, not seller’s choice). The CAISO questioned how load serving entities currently enforce import contract provisions specifying a firm delivery point. The CAISO recommended that at minimum, the Commission should require a percentage of resource adequacy imports to be delivered on firm transmission, rather than simply specifying a firm delivery point under contract. The CAISO concluded by noting resource adequacy import delivery on firm transmission is critical as the CAISO faces increasingly challenging summer conditions dependent upon reliable import supply.

The CAISO also highlighted its evaluation regarding firm transmission availability in the West. Specifically, the CAISO provided data indicating numerous different parties—including load serving entities to power marketers—currently hold long-term firm transmission rights on the northern interties. The CAISO acknowledged that requiring firm transmission could result in cost increases, but noted that any increase would reflect reduced capacity throughout the West.

The CAISO provided its understanding that imports with firm transmission to the CAISO border provided more reliability during the summer 2021 heatwave events, while imports with non-firm transmission were curtailed earlier.

Respectfully submitted

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