

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

Order Instituting Rulemaking on the Commission’s Own Motion to improve distribution level interconnection rules and regulations for certain classes of electric generators and electric storage resources.

Rulemaking 11-09-011  
(Filed April 7, 2021)

**REPLY COMMENTS OF  
THE CALIFORNIA INDEPENDENT SYSTEM OPERATOR CORPORATION**

**I. Introduction**

The California Independent System Operator Corporation (“CAISO”) provides reply comments regarding Administrative Law Judge Hymes’ Proposed Decision (“PD”) modifying Rule 21, issued on May 6, 2022.

**II. Comments**

The CAISO continues to support the PD’s prudent order for “an immediate suspension of the net energy metering exception in Section B.1 of Rule 21” to address the safety and reliability concerns of net energy metering (“NEM”) facilities connected directly to the CAISO-controlled grid.<sup>1</sup> The CAISO agrees with the vast majority of comments that the PD is not only prudent, it is necessary to ensure reliability. As the CAISO stated in its opening comments, these Rule 21 transmission interconnections were never contemplated by the legislation or Commission proceedings that resulted in Rule 21 and the NEM tariffs. The PD is appropriate and timely to close this loophole before

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<sup>1</sup> PD, p. 1.

such resources proliferate. These resources can significantly impact reliability and the wholesale markets.

The Commission should not adopt the California Energy Storage Alliance’s (“CESA”) proposal to establish a working group in lieu of an immediate suspension. As noted in the PD for the Pacific Gas and Electric (“PG&E”) footprint, there are currently 10 projects in operation but another 28 projects in the process of interconnecting to the transmission grid via Rule 21.<sup>2</sup> The Commission should approve the PD and prevent Rule 21 from exacerbating reliability issues.

The CAISO also agrees with parties’ requests that the Commission clarify how the suspension applies to projects already in the study queue, in the implementation phase, or in commercial operation.<sup>3</sup> In clarifying this issue for the parties, the CAISO reminds the Commission that none of these projects have provided the level of information and visibility that the CAISO needs to address safety and reliability concerns adequately. If the Commission allows resources to move forward or remain in commercial operation, the CAISO urges the Commission, at minimum, to require provision of the necessary data to ensure safety and reliability.

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<sup>2</sup> PD, pp. 17-19.

<sup>3</sup> CESA Opening Comments, pp. 5-7; PG&E Opening Comments, p. 2.

### III. Conclusion

The CAISO continues to support the PD, and appreciates the opportunity to work collaboratively with the Commission and Energy Division staff to ensure grid reliability.

Respectfully submitted,

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