

# Comments on Resource Adequacy Modeling and Program Design, Modeling and Default Rules (Track 1) Draft Final Proposal

## Department of Market Monitoring

September 16, 2025

### Comments

The Department of Market Monitoring (DMM) appreciates the opportunity to comment on the *Resource Adequacy Modeling and Program Design, Modeling and Default Rules (Track 1) Draft Final Proposal* dated August 25.<sup>1</sup>

DMM continues to support the Resource Adequacy Modeling and Program Design (RAMPD) Track 1 proposal to update the default methodologies for the planning reserve margin (PRM) and qualifying capacity (QC), as well as introduce a modeling rubric for setting CAISO balancing authority reliability.<sup>2</sup> The updated default rules would support greater system reliability, while maintaining local regulatory authority (LRA) autonomy. The default modeling methodology will create a consistent modeling framework for the ISO to determine system reliability needs. Together, these improvements will improve reliability and increase market efficiency and equity.

The updated default PRM and QC rules will be applicable for LRAs without their own RA rules, and can be adopted voluntarily by any LRA. DMM continues to support the proposal and the importance the ISO places on maintaining LRA autonomy.<sup>3</sup> DMM believes the robust default PRM and default resource accounting will create a more equitable backstop process by establishing a vetted approach to evaluate reliability needs, and provide for greater transparency moving forward in the case of any future backstop procurement.

In the development of the default QC values, the ISO initially worked on developing an unforced capacity (UCAP) resource-specific accounting framework that DMM supported. However, in the draft final proposal, the ISO has decided to defer to the California Public Utilities Commission (CPUC) on finalizing this policy development.<sup>4,5</sup> Although the proposal no longer directly uses a UCAP methodology,

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<sup>1</sup> *Resource Adequacy Modeling and Program Design, Modeling and Default Rules (Track 1) Draft Final Proposal*, California ISO, August 25, 2025:

<sup>2</sup> *Comments on Resource Adequacy Modeling, Default Rules, and Ambient Derates (Track 1) Straw Proposal*, Department of Market Monitoring, June 25, 2025: <https://www.caiso.com/documents/dmm-comments-on-resource-adequacy-modeling-default-rules-and-ambient-derates-track-1-straw-proposal-jun-25-2025.pdf>

<sup>3</sup> *Ibid.*

<sup>4</sup> *Comments on Resource Adequacy Modeling and Program Design Revised Discussion Paper and Final Recommendation Plan*, Department of Market Monitoring, August 12, 2024: <https://www.caiso.com/documents/dmm-comments-on-resource-adequacy-modeling-and-program-design-revised-discussion-paper-and-final-recommendation-plan-aug-12-2024.pdf>

<sup>5</sup> *Resource Adequacy Modeling, Default Rules, and Ambient Derates (Track 1) Straw Proposal*, California ISO, June 6, 2025: <https://stakeholdercenter.caiso.com/InitiativeDocuments/Track1StrawProposal-ResourceAdequacyModelingandProgramDesign-June62025.pdf>

DMM generally supports the improvements to the proposed accounting methodologies, especially the inclusion of a methodology for storage resources that includes a measure of energy sufficiency. In addition to the inclusion of an energy sufficiency measure for storage, DMM supports the ISO's inclusion of the resource-specific adjustments based on historical performance in place of the initially proposed UCAP framework.

DMM has cautioned and continues to emphasize that the default QC rules may lead to capacity accounting differences across LRAs because the ISO uses the highest QC value shown for a resource by any LRA. The ISO did not address this concern in the draft final proposal. This rule is the status quo and does not represent a change introduced in Track 1. However, DMM notes this rule could incentivize sale of additional capacity to other LRAs, beyond the ISO's default values, if valuations vary widely.<sup>6</sup>

Lastly, there are unaddressed issues that the ISO states will need to be revisited, including the seasonality of default values, UCAP, and the interaction of interdependent policies such as outage substitution, the resource adequacy availability incentive mechanism (RAAIM), and capacity procurement mechanism (CPM). DMM recommends the ISO incorporate these policies into the default value and modeling process as the parallel policy development processes reaches conclusion.<sup>7</sup>

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<sup>6</sup> *Comments on Resource Adequacy Modeling, Default Rules, and Ambient Derates (Track 1) Straw Proposal*, Department of Market Monitoring, June 25, 2025: <https://www.caiso.com/documents/dmm-comments-on-resource-adequacy-modeling-default-rules-and-ambient-derates-track-1-straw-proposal-jun-25-2025.pdf>

<sup>7</sup> *Comments on Resource Adequacy Modeling and Program Design Revised Discussion Paper and Final Recommendation Plan*, Department of Market Monitoring, August 12, 2024: <https://www.caiso.com/documents/dmm-comments-on-resource-adequacy-modeling-and-program-design-revised-discussion-paper-and-final-recommendation-plan-aug-12-2024.pdf>