

**UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION**

**California Independent System)
Operator Corporation)**

Docket No. ER26-1593

**MOTION TO INTERVENE AND COMMENTS
OF THE DEPARTMENT OF MARKET MONITORING
OF THE CALIFORNIA INDEPENDENT SYSTEM OPERATOR CORPORATION**

Pursuant to Rules 212 and 214 of the Rules of Practice and Procedure of the Federal Energy Regulatory Commission (“FERC” or “Commission”), 18 C.F.R. §§385.212, 385.214, the Department of Market Monitoring (“DMM”), acting in its capacity as the Independent Market Monitor for the California Independent System Operator Corporation (“CAISO”), submits this motion to intervene and comment in the above-captioned proceeding.

I. SUMMARY

In this filing, the CAISO seeks to (1) update the default qualifying capacity (QC) and planning reserve margin (PRM) methods to meet an expectation of one loss-of-load event every 10 years (0.1 LOLE), (2) increase visibility into resources that may be procured to meet system, local, or flexible resource adequacy (RA) reliability needs and, (3) retire the legacy Non-RA Capacity Report. The CAISO proposes these tariff amendments to improve and streamline reliability standards and operations, and require market participants to provide the requisite information to allow for the study and procurement of backstop resources for CAISO system reliability. The amendments to update reliability information and study methods are intended to enhance CAISO’s

reliability processes and support efficient procurement of backstop RA capacity, if needed. DMM supports the CAISO's proposal to enhance RA processes, as the proposed changes should increase the reliability of the CAISO balancing area.

II. COMMENTS

Background

The CAISO administers a resource adequacy program in coordination with local regulatory authorities (LRAs) that set RA requirements for their load serving entities. Under the CAISO tariff, load serving entities and scheduling coordinators submit RA plans that identify the resources procured to meet their RA requirements. Both load forecasting and resource reliability accounting require adjustments to ensure reliability at the system and local level. When a local regulatory authority does not provide a planning reserve margin (PRM) for load or a qualifying capacity (QC) value for resource capacity accounting, the CAISO tariff provides default values. These default rules have changed little since the beginning of the RA program, while the CAISO system has evolved significantly.

Market participants are only required to submit RA information to the CAISO up to the obligations of the resources, resulting in system capacity in which the CAISO has no visibility beyond the system requirements. This RA capacity that is not shown to the CAISO may be contracted or used for other purposes outside of CAISO visibility, and may lead to complications when the CAISO needs to procure any backstop capacity for system needs under the capacity procurement mechanism (CPM). As a result, the CAISO is proposing an informational improvement to identify resources that can be offered a CPM

designation and treated like RA resources, and thus have the same must-offer obligations to bid into the CAISO markets.

The CAISO proposes RA enhancements to (1) establish updated default PRMs and QC methodologies, (2) require scheduling coordinators to report the status of not-shown RA eligible capacity, and (3) retire the Non-RA Capacity Report to reduce the CAISO's administrative burden.

DMM supports updating the default planning reserve margin and qualifying capacity rules where an LRA has not established such values

The ISO proposes to update the default qualifying capacity and planning reserve margin methods to meet an expectation of one loss-of-load event every 10 years (0.1 LOLE). DMM supports these proposed updates to create a consistent modeling framework for the CAISO to determine system reliability needs. The default accounting rules would also establish these values where not established by the local regulatory authority, and can be voluntarily adopted by any local regulatory authority. DMM understands that qualifying capacity and planning reserve margin values established by a local regulatory authority will continue to take precedent where such values exist. DMM supports the importance the CAISO places on maintaining local regulatory authority autonomy.

DMM generally supports the improvements to the proposed default accounting methodologies, which include a methodology for storage resources that includes a measure of energy sufficiency. DMM supports the CAISO's proposal to include a resource-specific unforced capacity framework for some resource types, with a commitment to align with the California Public Utilities Commission (CPUC) unforced capacity framework when finalized in the future.

DMM continues to caution that the default qualifying capacity rules may lead to capacity accounting differences across local regulatory authorities because the CAISO uses the highest qualifying capacity value shown for a resource by any local regulatory authority. The proposal in this filing does not alter this aspect of current rules. However, DMM notes that if capacity valuations vary widely between different local regulatory authorities, this could incentivize sales of additional capacity (in excess of the CAISO's default values) from suppliers in one local regulatory authority to load serving entities under other local regulatory authorities.

Lastly, there are several unaddressed issues that the CAISO has stated will need to be revisited in the context of default values and modeling process. These include the seasonality of default values, unforced capacity, and the interaction of interdependent policies such as outage substitution, the resource adequacy availability incentive mechanism, and capacity procurement mechanism. DMM has already recommended to the CAISO to incorporate revisions to these policies into the default values and modeling process as the parallel policy development processes reach conclusion.

DMM supports increased visibility of resource adequacy capacity not shown to the CAISO

DMM supports the CAISO's proposal to increase the ability of the CAISO to identify additional resources that may be procured to meet system, local, or flexible resource adequacy reliability needs. The CAISO has tariff authority to procure backstop capacity using the capacity procurement mechanism by way of the competitive solicitation process. However, if no capacity is available through the competitive solicitation process, the CAISO can procure backstop capacity bilaterally. The proposal in this filing introduces

valuable informational enhancements that may improve visibility of available capacity, and facilitate efficient and expeditious bilateral procurement by the CAISO.

The CAISO has not recently had any deficiency for generic or local resource adequacy capacity. However, maintaining reliability is a key function of the CAISO, and the capacity procurement mechanism is a key tool for ensuring reliability in the case of capacity shortfalls. DMM further supports this effort in conjunction with the other proposed enhancements in this filing, which when used as a modeling framework will increase the CAISO's analytical capability to determine reliability needs. The added understanding of system reliability includes additional considerations, such as energy sufficiency of storage resources, which can then be incorporated into the capacity procurement mechanism as necessary.

In addition to reliability improvements, the increased visibility under the proposal in this filing can improve policy and modeling for the CAISO system. Additional visibility into resource adequacy resources internal to the CAISO balancing authority area will improve a system-wide understanding of recent trends in the capacity procurement mechanism and competitive solicitation process. Further, a better understanding of resource availability will improve the ability of the CAISO to model system reliability.

III. MOTION TO INTERVENE

DMM respectfully requests that the Commission afford due consideration to these comments and motion to intervene, and afford DMM full rights as a party to this proceeding. Pursuant to the Commission's Order 719, the CAISO tariff states "DMM shall review existing and proposed market rules, tariff provisions, and market design elements and recommend proposed rule and tariff changes to the CAISO, the CAISO Governing

Board, FERC staff, the California Public Utilities Commission, Market Participants, and other interested entities.”¹ As this proceeding involves CAISO tariff provisions that would affect the efficiency of CAISO markets, it implicates matters within DMM’s purview.

IV. CONCLUSION

DMM respectfully requests that the Commission afford due consideration to these comments as it evaluates the proposed tariff provisions before it.

Respectfully submitted,

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Independent Market Monitor for the
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Dated: March 24, 2026

¹ CAISO Tariff Appendix P, Section 5.1.

CERTIFICATE OF SERVICE

I hereby certify that I have served the foregoing document upon the parties listed on the official service lists in the above-referenced proceedings, in accordance with the requirements of Rule 2010 of the Commission's Rules of Practice and Procedure (18 C.F.R. § 385.2010).

Dated at Folsom, California, this 24th day of March, 2026.

/s/ Aprille Girardot
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