

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

Order Instituting Rulemaking to Continue
Electric Integrated Resource Planning and
Related Procurement Processes.

Rulemaking 20-05-003
(Filed May 7, 2020)

**OPENING COMMENTS OF THE
CALIFORNIA INDEPENDENT SYSTEM OPERATOR CORPORATION
ON ADMINISTRATIVE LAW JUDGE'S RULING SEEKING COMMENTS ON
STAFF PROPOSAL TO ALLOW TEMPORARY BRIDGE RESOURCES TO
MEET DIABLO CANYON REPLACEMENT OBLIGATIONS**

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Dated: June 11, 2024

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I. Introduction

Pursuant to the May 21, 2024 *Administrative Law Judge’s Ruling Seeking Comments on Staff Proposal to Allow Temporary Bridge Resources to Meet Diablo Canyon Replacement Obligations* (Ruling), the California Independent System Operator Corporation (CAISO) hereby submits its comments on the Ruling to the California Public Utilities Commission (Commission or CPUC).

The Commission should adopt Energy Division's proposal to create a category of “zero-emitting bridge contracts” that load-serving entities (LSEs) may use to temporarily meet the Diablo Canyon replacement portion of Decision (D.) 21-06-035 Mid-Term Reliability (MTR) procurement obligations. Allowing bridge procurement to backfill delays in Diablo Canyon replacement procurement will help maintain reliability targets in the near term until new resources come online.

II. Discussion

A. The Commission Should Adopt Energy Division's Proposal to Allow Bridge Resources to Temporarily Meet the Diablo Canyon Replacement Portion of MTR Procurement Obligations.

D.21-06-035 requires all LSEs to procure specific resources to ensure reliability following the planned closure of Diablo Canyon, including 2,500 megawatts (MW) of zero-emitting capacity, along with an energy component, by June 1, 2025.¹

In 2023, Pacific Gas and Electric Company (PG&E) and Southern California Edison Company (SCE) filed a Petition for Modification (PFM) to modify D.21-06-035 to delay replacement procurement for Diablo Canyon from 2025 to 2027, citing several challenges for new resources to come online by 2025. In opening comments on the January 10, 2024 *Proposed Decision Adopting 2023 Preferred System Plan and Related Matters, and Addressing Two Petitions for Modification*, PG&E, SCE, and San Diego Gas and Electric Company recommended the Commission require substitute procurement for delays in Diablo Canyon replacement procurement.² The CAISO supported these recommendations.³

In D.24-02-047, the Commission denied the PG&E and SCE PFM and parties' bridge procurement recommendations.⁴ However, the Commission acknowledged investor-owned utility procurement challenges and remained open to solutions to enhance near-term reliability.⁵ The CAISO agrees with Energy Division that "PG&E and SCE, 'which together hold 1,380 MW which is over half of the 2,500 MW of Diablo Canyon replacement capacity,' would be unlikely to meet" Diablo replacement procurement obligations, likely creating a clean energy shortfall.⁶

¹ CPUC, *Decision Requiring Procurement to Address Mid-Term Reliability*, D.21-06-035, June 24, 2021.

² PG&E, *Opening Comments on Proposed Decision Adopting 2023 Preferred System Plan and Related Matters, and Addressing Two Petitions for Modification*, January 30, 2024, p. 4;

SCE, *Opening Comments on Proposed Decision Adopting 2023 Preferred System Plan and Related Matters, and Addressing Two Petitions for Modification*, January 30, 2024, p. 5;

SDG&E, *Opening Comments on Proposed Decision Adopting 2023 Preferred System Plan and Related Matters, and Addressing Two Petitions for Modification*, January 30, 2024, p. 4.

³ CAISO, *Reply Comments on Proposed Decision Adopting 2023 Preferred System Plan and Related Matters, and Addressing Two Petitions for Modification*, February 5, 2024, p. 3.

⁴ D.24-02-047, Ordering Paragraph 14; D.24-02-047, p. 122.

⁵ *Id.*, p. 123.

⁶ Attachment A of the Ruling, p. 6.

As such, the CAISO supports Energy Division's proposal to create a category of “zero-emitting bridge contracts” that LSEs may use to temporarily meet the Diablo Canyon replacement portion of the D.21-06-035 MTR procurement obligations. Energy Division analysis from October 2023 found that a 1,078 MW shortfall below 0.1 loss of load expectation exists in 2025, even if all required resources come online.⁷ This shortfall would increase with a delay in Diablo Canyon replacement procurement. Allowing bridge procurement to backfill delays in Diablo Canyon replacement procurement will help maintain reliability targets in the near term until new resources come online. The Commission should adopt Energy Division’s proposal to allow LSEs to utilize bridge contracts until Diablo replacement capacity comes online.

III. Conclusion

The CAISO appreciates the opportunity to provide comments on the Ruling.

Respectfully submitted

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⁷ *Ruling Seeking Comment on Proposed 2023 Preferred System Plan and Transmission Planning Process Portfolios*, October 5, 2023, p. 45.