

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

Order Instituting Rulemaking to
Oversee the Resource Adequacy
Program, Consider Program Reforms
and Refinements, and Establish
Forward Resource Adequacy
Procurement Obligations.

Rulemaking 23-10-011

**REPLY COMMENTS OF THE
CALIFORNIA INDEPENDENT SYSTEM OPERATOR CORPORATION
ON PROPOSED DECISION ADOPTING LOCAL CAPACITY OBLIGATIONS FOR
2025-2027, FLEXIBLE CAPACITY OBLIGATIONS FOR 2025, AND PROGRAM
REFINEMENTS**

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I. Introduction

Pursuant to Rule 14.3 of the California Public Utilities Commission’s (Commission or CPUC) Rules of Practice and Procedure, the California Independent System Operator Corporation (CAISO) submits reply comments on the May 17, 2024 *Proposed Decision Adopting Local Capacity Obligations for 2025-2027, Flexible Capacity Obligations for 2025, and Program Refinements* (PD).

The CAISO responds to comments of Middle River Power (MRP) recommending the Commission update 2025 local capacity requirements (LCRs) to reflect any changes in net qualifying capacity (NQC) values due to Slice of Day implementation. The CAISO clarifies that regardless of any Commission adjustments to LCRs, the CAISO’s resource adequacy processes must apply the LCRs determined in the CAISO’s Final Local Capacity Technical Report.

II. Discussion

A. CAISO's Resource Adequacy Processes Must Apply LCRs Established in the CAISO's Final Local Capacity Technical Study.

In opening comments, MRP states that the new exceedance methodology for wind and solar resources adopted in the PD could have a significant impact on the resulting NQC values.¹ Consequently, MRP recommends the Commission “work with the CAISO to identify any local capacity areas in which the LCR will be negatively impacted by such a change” for the 2025 RA compliance year.² MRP also recommends that “[i]f new NQC values would decrease the amount of capacity available to be contracted to meet the LCR[s], then the Commission and CAISO should not enforce LCR[s] that are unachievable.”³

The CAISO clarifies that pursuant to its tariff, the CAISO will enforce LCRs based on the results of its Final Local Capacity Technical Report.⁴ This means any affected processes, including local capacity procurement mechanism assessments, will apply the LCRs determined in the CAISO's Final 2025 Local Capacity Technical Report, regardless of any Commission adjustments to 2025 LCRs allocated to Central Procurement Entities (CPEs) or load serving entities (LSEs).

If the Commission's methodology to allocate local requirements to its jurisdictional LSEs does not fully allocate the total CAISO-calculated LCRs, then the CAISO will allocate the difference to “all Scheduling Coordinators for CPUC Load Serving Entities.”⁵

B. The Commission Should Continue to Enforce LCRs.

The Commission should continue to enforce LCRs, even if there is not enough capacity to meet full LCRs. Continuing to enforce full local requirements is important to encourage new development in local areas in need of additional capacity. CPEs and LSEs should take steps to meet local requirements before submitting showings to the CAISO.

The CAISO also notes that the Commission allows LSEs to pursue local waivers, which, if granted, could alleviate CPE and LSE local procurement obligations in the near term.

¹ MRP Opening Comments, p. 3.

² *Id.*

³ *Id.*, p. 4.

⁴ Section 40.3.1 of the CAISO tariff.

⁵ Section 40.3.2(c) of the CAISO tariff.

For the reasons set forth above, the Commission should not eliminate local procurement requirements if there is not enough capacity to meet current LCRs.

III. Conclusion

The CAISO appreciates the opportunity to provide reply comments on the PD.

Respectfully submitted

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