

**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 21-10-002
(Filed October 7, 2021)

**OPENING COMMENTS ON PROPOSED DECISION ON PHASE 1 OF THE
IMPLEMENTATION TRACK: MODIFICATIONS TO THE CENTRAL
PROCUREMENT ENTITY STRUCTURE OF THE
CALIFORNIA INDEPENDENT SYSTEM OPERATOR CORPORATION**

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Dated: March 2, 2022

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I. Introduction

The California Independent System Operator Corporation (CAISO) submits comments on Administrative Law Judge Chiv's Proposed *Decision on Phase 1 of the Implementation Track: Modifications to the Central Procurement Entity Structure* (Proposed Decision). The CAISO supports the Commission's Proposed Decision and recommends one clarification discussed below.

II. Discussion

A. The CAISO Supports the Proposed Decision's Framework for Allocating CPE Capacity Procurement Mechanism (CPM) Costs.

The CAISO supports the Proposed Decision's cost allocation framework for CPM costs allocated to the Central Procurement Entity (CPE).¹ Under this framework, the CAISO will continue to allocate CPM costs directly to the CPE, and the CPE will allocate CPM costs to individual LSEs using the Commission's cost allocation mechanism (CAM). The CPE will coordinate with Energy Division to identify LSEs who failed to make showings to the Commission or the CAISO consistent with their self-showing commitments to the CPE. The

¹ Proposed Decision, p. 14.

CPE will allocate CPM costs to non-performing LSEs without the CAISO's involvement. This approach allows the CAISO to continue assigning CPM costs directly to the CPE as the entity with the obligation to show local capacity to the CAISO. This approach maintains cost-causation principles, follows clear, *ex ante* CAISO cost allocation tariff rules, and aligns with the CAISO's tariff and the CAISO's CPE Implementation stakeholder process final proposal.² It also ensures the CAISO can timely implement changes necessary to accommodate the Commission's CPE framework for resource adequacy year 2023.

B. The CAISO Recommends the Commission Clarify The Proposed CPM Cost Allocation Framework Only Applies to CPM Costs Associated With Individual Local Resource Adequacy Deficiencies.

The CAISO recommends the Commission clarify the Proposed Decision to state explicitly the CPM cost allocation process applies only to CPM costs associated with *individual* local resource adequacy deficiencies. This clarification is appropriate because the CAISO process for allocating CPM costs for *collective* local resource adequacy deficiencies will be unchanged. Pursuant to its tariff, the CAISO will continue to allocate CPM costs for collective local deficiencies directly to load serving entities (LSEs) on a *pro rata* load share basis.³

The CAISO did not propose changes to its CPM cost allocation rules for collective local resource adequacy deficiencies in its parallel CPE implementation stakeholder process because such changes are unnecessary. CPEs do not have load shares in the CAISO system and, as a result, the CAISO will continue to allocate CPM costs for collective deficiencies directly to LSEs on a *pro rata* load share basis. The CAISO recommends the Commission clarify the CPM cost allocation process in the Proposed Decision applies only to individual local resource adequacy deficiencies, which maintains consistency with the CAISO tariff and the CPE Implementation final proposal.⁴

² CAISO, Central Procurement Entity Implementation and Resource Adequacy Availability Incentive Mechanism (RAAIM) Settlement Modification Final Proposal, February 8, 2022. Available here:

<http://www.aiso.com/InitiativeDocuments/FinalProposal-CentralProcurementEntityImplementation.pdf>

³ CAISO Tariff Section 43A.2.2

⁴ CAISO, Central Procurement Entity Implementation and RAAIM Settlement Modification Final Proposal, February 8, 2022. Available here: <http://www.aiso.com/InitiativeDocuments/FinalProposal-CentralProcurementEntityImplementation.pdf>

C. The Commission Should Adopt CPE Procurement Timeline Modifications Proposed by PG&E.

The Commission should adopt changes to the CPE procurement timeline proposed by Pacific Gas and Electric Company (PG&E). Under PG&E's timeline, CPEs will make local resource adequacy showings to the Commission by mid-August instead of late September, and system and flexible cost allocation mechanism (CAM) credits will be allocated to LSEs at the end of August instead of late September/early October.⁵ This modified timeline should provide LSEs additional time to manage their year-ahead system and flexible resource adequacy capacity positions based on the CPE's procurement, in advance of the CAISO's annual showings deadline on the last business day of October.

The CAISO also supports the Commission removing language from the original CPE procurement timeline in Decision (D.) 20-06-002 that suggested an early showing requirement (before the end of October) at the CAISO.⁶ Showing requirements before the end of October should only apply to showings to the Commission. The CAISO's showing process does not include requirements for early showings.

⁵ Proposed Decision, pp. 32-33.

⁶ California Public Utilities Commission, Decision (D.) on Central Procurement of the Resource Adequacy Program, D.20-06-002, *Order Instituting Rulemaking (R.) to Oversee, Consider Program Refinements, and Establish Annual Local and Flexible Procurement Obligations for the 2019 and 2020 Compliance Years*, R. 17-09-020, p. 70. The D. states, "Late September 2021: CPE and LSEs that voluntarily committed local resources to the CPE make local RA showing to the Commission and the CAISO."

III. Conclusion

The CAISO appreciates the opportunity to comment on the Proposed Decision.

Respectfully submitted,

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