

**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)

**REPLY COMMENTS OF THE CALIFORNIA INDEPENDENT SYSTEM OPERATOR
CORPORATION ON THE PROPOSED DECISION ON PHASE 2 OF THE RESOURCE
ADEQUACY REFORM TRACK**

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I. Introduction

Pursuant to Rule 14.3 of the California Public Utilities Commission’s (“Commission”) Rules of Practice and Procedure, the California Independent System Operator Corporation (CAISO) respectfully submits its reply comments on the March 3, 2023 *Proposed Decision on Phase 2 of the Resource Adequacy Reform Track* (PD).

The CAISO agrees with parties that the Commission should provide clear direction on the process to set the planning reserve margin (PRM) under the Slice of Day framework in advance of the 2024 test year. The CAISO also agrees with parties that the Commission should revisit a single annual PRM approach in advance of the test year. The CAISO supports party recommendations that the Commission reevaluate the proposed wind and solar counting approach and Qualify Capacity (QC) values provided to the CAISO after some experience with the test year. Lastly, the CAISO clarifies differences between CAISO generation deliverability studies and studies used to establish off-peak deliverability status (OPDS).

II. Discussion

A. The Commission Should Revisit a Single Annual PRM Approach and Further Consider Multiple PRM Approaches.

The CAISO agrees with the Natural Resources Defense Council (NRDC) and the Center for Energy Efficiency and Renewable Technologies (CEERT) that the Commission should consider approaches that apply more than one PRM across the year to the Slice of Day

framework.¹ The CAISO agrees with NRDC that issues with a single annual PRM approach, and alternative solutions, were discussed at length in the Resource Adequacy Reform Workshop Report.² However, the PD adopts a single annual PRM approach with limited rationale and limited discussion of the shortcomings of this approach identified in workshops last year.

The CAISO agrees with NRDC, the Western Power Trading Forum (WPTF), and Middle River Power (MRP) that the Commission should re-evaluate the single annual PRM approach in advance of the test year.³ Pacific Gas and Electric Company (PG&E) also recommends the Commission potentially revisit the PRM approach before 2025. The CAISO agrees with WPTF and MRP that the Commission should direct additional workshops to further develop and test the process to set the PRM under the Slice of Day framework before the start of the test year.⁴ The process to set the PRM should include identifying the annual resource portfolio from the results of a loss of load expectation (LOLE) study, using the conversion tool to translate the portfolio to Slice of Day counting, and establishing the PRM (or multiple PRMs) that will meet at least a 1 in 10 LOLE.

B. The Commission Should Revisit the Wind and Solar Counting Approach and QC Values Provided to the CAISO After Experience With the Test Year.

The CAISO agrees with Southern California Edison Company (SCE) and MRP that the Public Advocates Office at the California Public Utilities Commission’s (Cal Advocates) exceedance approach adopted by the PD can over-value wind and solar resources.⁵ The CAISO agrees with MRP that “[u]sing Cal Advocates’ method does not ensure that the resulting profile values would accurately represent the generation during critical hours, because the method treats all hourly differences the same.”⁶ In opening comments, the CAISO expressed similar concerns that the Cal Advocates approach may over-count resource production in peak hours.⁷

The CAISO continues to support exceedance approaches that better ensure counting values will cover historic production in peak hours. The Commission should re-evaluate the

¹ NRDC Opening Comments, pp. 1-2; CEERT Opening Comments, p. 3.

² NRDC Opening Comments, p.1.

³ PG&E Opening Comments, p. 2.

⁴ WPTF Opening Comments, p. 3; MRP Opening Comments, p. 3.

⁵ SCE Opening Comments, pp. 3-4; MRP Opening Comments, pp. 6-7.

⁶ MRP Opening Comments, p. 6.

⁷ CAISO Opening Comments, p. 4.

proposed wind and solar counting approach under the Slice of Day framework after some experience with the test year.

The wind and solar counting methodology also impacts the QC values the Commission will provide the CAISO. The CAISO agrees with MRP that the Commission should revisit the QC values provided to the CAISO for use in the CAISO’s resource adequacy processes in a subsequent resource adequacy track and after the CAISO has launched its own stakeholder process.⁸

C. CAISO Studies to Establish OPDS Do Not Consider Large Area System Constraints.

The Independent Energy Producers Association (IEPA) recommends, “The PD should be revised to explicitly state the deliverability requirements for resources serving standalone energy storage (or supplementing paired mixed charging energy storage), which should include resources with [full capacity deliverability status (FCDS), partial capacity deliverability status (PCDS), interim deliverability status (IDS)], or OPDS.”⁹

The CAISO clarifies that studies used to establish OPDS are different from generation deliverability studies. OPDS studies only consider local constraints, not larger area system constraints. Only generation deliverability studies used to establish FCDS, PCDS, and IDS study larger system constraints. If a resource only has OPDS, then larger area transmission constraints may limit the resource frequently and the resource will not be able to serve load (including the charging of energy storage) reliably across the transmission system. An FCDS, PCDS, or IDS designation is the best assurance that a resource is able to serve load (including charging of energy storage) across the transmission system.

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⁸ MRP Opening Comments, pp. 4-5.

⁹ IEPA Opening Comments, p. 4.

III. Conclusion

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

Respectfully submitted

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