

195 FERC ¶ 61,105  
FEDERAL ENERGY REGULATORY COMMISSION  
WASHINGTON, DC 20426

May 11, 2026

In Reply Refer To:  
California Independent System  
Operator Corporation  
Docket No. ER26-1593-000

California Independent System Operator Corporation  
250 Outcropping Way  
Folsom, CA 95630

Attention: David S. Zlotlow

Dear Mr. Zlotlow:

1. On March 3, 2026, California Independent System Operator Corporation (CAISO) filed an amendment to its Open Access Transmission Tariff (Tariff), pursuant to section 205 of the Federal Power Act (FPA)<sup>1</sup> and Part 35 of the Commission's regulations,<sup>2</sup> to implement elements of its Resource Adequacy Modeling and Program Design Initiative (RA Initiative).<sup>3</sup> As discussed below, we accept CAISO's Tariff amendments, to become effective as of the actual implementation date, as requested.

2. CAISO states that California's Resource Adequacy (RA) program, which CAISO administers in coordination with the California Public Utilities Commission (CPUC), seeks to secure enough capacity to support the safe and reliable operation of the CAISO system. CAISO states that under the RA program, load serving entities (LSEs) provide both year-ahead and month-ahead RA plans that list the resources the LSE has obtained to meet its requirements.<sup>4</sup> CAISO explains that an LSE's capacity requirement is based

---

<sup>1</sup> 16 U.S.C. § 824d.

<sup>2</sup> 18 C.F.R. pt. 35 (2025).

<sup>3</sup> See Appendix for tariff records accepted in this order.

<sup>4</sup> While the CPUC sets capacity requirements for California's investor-owned utilities, CAISO sets capacity requirements for LSEs under non-CPUC local regulatory

on its forecasted load for a month plus a percentage of that load, known as the Planning Reserve Margin (PRM), determined by the LSE's local regulatory authority. CAISO notes that the Tariff specifies a default PRM of 15 percent for LSEs whose local regulatory authority has not established a PRM.<sup>5</sup>

3. CAISO also explains that local regulatory authorities also set the amount of RA capacity a resource can provide through their own methodology to calculate qualifying capacity (QC) values for their jurisdictional LSEs. CAISO explains that, as with the PRM, the Tariff has default QC calculation methodologies for each resource type if a local regulatory authority has not calculated a value.<sup>6</sup>

4. CAISO states that it began its RA Initiative on September 22, 2023. CAISO proposes revisions to its Tariff to implement Track 1 of its RA Initiative, focusing on system modeling, resource counting, and reserve margins.<sup>7</sup>

5. First, CAISO proposes new default rules for PRM and capacity accreditation that will apply if a local regulatory authority fails to establish a PRM for its jurisdictional LSE, or if no local regulatory authority has established a capacity value for a resource. Specifically, CAISO amends Tariff section 40.2.2.1(b) to remove the default static PRM of 15 percent and replaces it with a month-specific PRM based on an annual probabilistic reliability study.<sup>8</sup> CAISO states that the new monthly default PRM would equal the additional MW of qualifying capacity above the peak demand forecast in the CAISO Balancing Authority Area (BAA) for that month needed to meet a 0.1 loss of load expectation as a percentage of the peak CAISO BAA demand forecast for that month.

---

authorities. The CAISO Tariff contains distinct RA requirements for CPUC LSEs and non-CPUC LSEs. *See generally* CAISO, CAISO eTariff, § 40.2 (Information Required for CPUC Load Serving Entities) (9.0.0).

<sup>5</sup> Filing at 2-3.

<sup>6</sup> *Id.* at 3.

<sup>7</sup> *Id.* at 4. Track 2 focuses on outage substitution and availability incentives, and Track 3 focuses on backstop procurement reform and procurement of capacity to cure CAISO market failures of the Extended Day-Ahead Market resource sufficiency evaluation.

<sup>8</sup> CAISO, CAISO eTariff, § 40.2.2.1(b) (Reserve Margin) (10.0.0).

CAISO also proposes to amend the definition of “Reserve Margin” in Appendix A to clarify that the reserve margin is a percent above and beyond the forecasted load.<sup>9</sup>

6. CAISO asserts that setting a default PRM based on a probabilistic reliability study will align the default PRM with industry-accepted reliability norms and is necessary to link the PRM to a loss of load expectation value that accounts for probable supply and demand situations on a specific system. CAISO explains that the proposed Tariff revisions specify that the required annual probabilistic reliability analysis will be conducted, consistent with accepted industry practices, in a way that models system conditions and considers potential variability in relevant underlying factors, such as production from wind and solar units, forced outages, and forecasted consumption patterns from load. CAISO states that further details of the study will be provided in its business practice manual. CAISO states that it anticipates conducting its new PRM study annually after completing the summer assessment process.<sup>10</sup>

7. Second, CAISO proposes to update the default capacity accreditation methodologies set forth in section 40.8 of its Tariff.<sup>11</sup> CAISO proposes to use the average effective load carrying capability (ELCC) methodology for wind, solar, storage, run-of-river hydroelectric, and dispatchable hydroelectric resources.<sup>12</sup> CAISO states that the ELCC methodology uses probabilistic modeling to measure a class of resources’ contribution to maintaining reliability and proposes to calculate a resource’s monthly capacity value based on a percentage discount from its maximum power output using a sequential four-step methodological process.<sup>13</sup> CAISO asserts that the proposed methodology appropriately captures the energy-limited aspects of said resources, whose effectiveness at meeting system needs is dependent on system-wide conditions that are not necessarily predictable solely from plant performance.

8. CAISO proposes to use an unforced capacity methodology (UCAP) to assess resource availability for dispatchable thermal resources and pumped storage hydroelectric

---

<sup>9</sup> Filing at 6-7.

<sup>10</sup> *Id.* at 6.

<sup>11</sup> CAISO, CAISO eTariff, § 40.8 (CAISO Default Qualifying Capacity Criteria) (0.0.0).

<sup>12</sup> Filing at 8-11.

<sup>13</sup> Specifically, CAISO’s proposed steps involve: establishing a base case, determining a preliminary class discount, calculating a final class discount, and calculating a historical performance adjustment. *Id.* at 8-9.

resources, which are not subject to short-term energy limitations.<sup>14</sup> CAISO explains that the UCAP methodology will use a resource's historical forced outage rate during tight system conditions as a proxy for its capacity value; for each season of the year, it will calculate a UCAP discount based on forced outages that occur during the at-risk hours on the at-risk days during the evaluation period. CAISO states that it will then determine the resource's final UCAP value by taking a weighted average of the seasonal UCAP discount for the three prior years. CAISO asserts that using the UCAP is appropriate for dispatchable resources as there is less need to account for interactive effects in availability between individual resources.

9. Additionally, CAISO revises one aspect of demand response resource accreditation by proposing to calculate the performance of a demand response provider's entire fleet of resources and apply the proper performance adjustment to resources based on the portfolio's performance.<sup>15</sup> CAISO states that it has not proposed any other material changes to the existing Tariff default methodologies for resources not covered by UCAP or ELCC.<sup>16</sup> CAISO also proposes to delete a statement that would terminate the default accreditation provisions if the CPUC overturned certain decisions about its RA program; CAISO explains that the provision no longer makes sense and runs counter to the purpose of having default provisions, noting that section 40.8 would apply precisely in such a circumstance.<sup>17</sup>

10. Third, CAISO proposes revisions to section 40.4.7 of its Tariff to add subsection 40.4.7.4, which will include language imposing annual and monthly reporting requirements for all capacity that is RA-eligible, but not yet designated as RA<sup>18</sup> CAISO explains that subsection 40.4.7.4 requires scheduling coordinators for RA-eligible resources to provide a report to CAISO on why the resource was not shown for its full capacity.<sup>19</sup> CAISO further explains that this new reporting requirement will apply to all RA-eligible resources located within the CAISO BAA that are listed on CAISO's annual

---

<sup>14</sup> *Id.* at 11-13.

<sup>15</sup> CAISO explains that this change reflects the fact that the individual demand response resource fleet tends to change regularly, whereas the identity of the demand response providers and their performance is relatively stable. *Id.* at 13.

<sup>16</sup> *Id.*

<sup>17</sup> *Id.* at 14.

<sup>18</sup> CAISO, CAISO eTariff, § 40.4.7 (Submission of Supply Plans) (11.0.0).

<sup>19</sup> Filing at 21.

net qualifying capacity list.<sup>20</sup> Specifically, CAISO proposes that the following categories be reported as non-designated RA: (1) capacity sold outside the CAISO BAA; (2) capacity that is reserved as substitute capacity for RA in the event of an outage; (3) capacity that is potentially unavailable due to reported or expected outages; (4) capacity that is contracted to, or owned by, a CAISO LSE; and (5) non-contracted capacity that does not otherwise fit into the previous four categories.<sup>21</sup> CAISO further states that resources that do not appear on the net qualifying capacity list, as well as unstudied, energy-only resources, resources that have not yet reached commercial operation, and intertie resources are not subject to the reporting requirement.<sup>22</sup> CAISO explains these revisions will help CAISO administer its capacity procurement mechanism process more effectively by increasing resource visibility that CAISO does not currently have.

11. Finally, CAISO proposes to remove certain legacy informational reporting in section 43A.6.3 of its Tariff and retire the non-RA commitment report.<sup>23</sup> CAISO explains that, under existing section 43A.6.3, it must post a monthly report on market and non-market commitments of non-RA capacity. CAISO states that no stakeholder has cited this report in raising potential RA program improvements and asserts that information regarding non-market commitments is already provided separately through the Tariff-required market notice and capacity procurement mechanism designation report.<sup>24</sup> CAISO further states that producing and posting this report on a recurring basis creates an administrative burden on CAISO staff. CAISO states that it commits to providing aggregated information on the reasons RA-eligible capacity is not being shown as RA capacity.<sup>25</sup>

12. Notice of CAISO's filing was published in the *Federal Register*, 91 Fed. Reg. 11070 (Mar. 6, 2026), with interventions and protests due on or before March 24, 2026. Motions to intervene were filed by Public Citizen, Inc.; Bear Valley Electric Service, Inc.; Pacific Gas and Electric Company (PG&E); City of Santa Clara, California;

---

<sup>20</sup> *Id.* at 19.

<sup>21</sup> *Id.* at 19-20.

<sup>22</sup> *Id.*

<sup>23</sup> CAISO, CAISO eTariff, § 43A.6.3 (Non-Market And Repeated Market Commitment Of Non-RA Capacity) (0.0.0).

<sup>24</sup> Filing at 23-24.

<sup>25</sup> *Id.* at 24.

Constellation Energy Generation, LLC; Cities of Anaheim, Azusa, Banning, Colton, Pasadena, and Riverside, California; Northern California Power Agency (NCPA); Boston Energy Trading and Marketing LLC; California Department of Water Resources State Water Project (DWR); and CAISO's Department of Market Monitoring (DMM). PG&E, DWR, NCPA, and DMM filed comments in support of the filing. On May 1, 2026, Santa Paula Energy Storage, LLC and Black Walnut Energy Storage, LLC (collectively, BESS Operators) jointly filed a motion to intervene and comments out of time.

13. Pursuant to Rule 214 of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.214 (2025), the timely, unopposed motions to intervene serve to make the entities that filed them parties to this proceeding.

14. Pursuant to Rule 214(d) of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.214(d) (2025), we grant BESS Operators' late-filed motion to intervene given their interest in the proceeding, the early stage of the proceeding, and the absence of undue prejudice or delay.

15. In their supporting comments, PG&E and DWR urge the Commission to accept CAISO's proposed Tariff revisions. DWR explains that it has entered into a participating load agreement with CAISO and thus the proposed Tariff revisions will allow DWR to continue deploying its participating load to support CAISO's system in the event of a system emergency.<sup>26</sup> Similarly, PG&E argues that CAISO's proposals to replace the static default PRM with a new, probabilistic PRM and to update the default capacity accreditation rules better reflect resource performance and availability during system emergencies.<sup>27</sup> Additionally, PG&E notes that CAISO's proposed revisions align with other ongoing policy developments, such as the CPUC's unforced capacity proposal for LSEs that fall under CPUC jurisdiction.<sup>28</sup>

16. DMM also filed comments in support of CAISO's proposed Tariff revisions, stating that CAISO's proposal to enhance its RA process will help improve the reliability of the CAISO BAA.<sup>29</sup> DMM echoes PG&E's support for CAISO's proposal to revise its

---

<sup>26</sup> DWR Comments at 5.

<sup>27</sup> PG&E Comments at 2.

<sup>28</sup> *Id.* at 3 (citing *Assigned Comm'r's Scoping Memo & Ruling*, Docket No. R.25-10-003, at 4 (CPUC Dec. 12, 2025)).

<sup>29</sup> DMM Comments at 2.

unforced capacity framework in alignment with the CPUC's framework.<sup>30</sup> Further, DMM states that it supports CAISO's proposal to increase its visibility of RA capacity not currently available to CAISO, as it would provide CAISO with valuable information and would assist in facilitating bilateral procurement of such resources.<sup>31</sup>

17. NCPA also filed comments in support of CAISO's proposed Tariff revisions to the default PRM and capacity accreditation rules. NCPA argues that CAISO's proposal will improve the quality of information available to local regulatory authorities and market participants and ensure that the default rules more accurately depict market conditions.<sup>32</sup>

18. BESS Operators support CAISO's proposed Tariff revisions but are concerned that a Commission order accepting these revisions could be cited in later disputes involving feasibility, outage reporting, and availability within the context of CAISO's resource adequacy must-offer compliance and the Resource Adequacy Availability Incentive Mechanism (RAAIM). Specifically, they are concerned that such order could be used to support the proposition that tariff-authorized limitations at the distribution or sub-transmission level should be treated as dispositive market infeasibility even where the tariff provides no criteria or methodology to support foreseeability and attribution to a resource's voluntary interconnection elections. BESS Operators assert that their comments are intended to clarify that CAISO's filing does not redefine what constitutes market-recognized infeasibility and instead clarifies how existing market-side rules apply in specific operational contexts. They assert that this highlights an open question that CAISO should collaborate with stakeholders to answer.<sup>33</sup>

19. We find that CAISO's proposed Tariff revisions are just and reasonable and not unduly discriminatory or preferential because they will aid CAISO in ensuring the integrity of its system in the event of a system emergency and will better align with industry reliability norms. Specifically, we agree with CAISO that replacing its static default PRM with a probabilistic, month-specific PRM will better reflect the dynamic nature of energy supply and demand forecasts and thus help to ensure that reserve margins are more accurately tailored to system needs. Additionally, we accept CAISO's proposed ELCC methodology for energy-limited resources and UCAP methodology for dispatchable resources. We find that these resource-specific capacity accreditation methodologies will allow CAISO to better account for the diversity of resources

---

<sup>30</sup> *Id.* at 3.

<sup>31</sup> *Id.* at 4-5.

<sup>32</sup> NCPA Comments at 4-5.

<sup>33</sup> BESS Operators Comments at 3-7.

connected to its system, including, but not limited to, nuclear and dispatchable thermal resources, wind and solar resources, and non-generator resources. We also note that the Commission previously accepted Midcontinent Independent System Operator, Inc.'s proposed tariff revisions to adopt comparable ELCC and UCAP methodologies for default capacity accreditation.<sup>34</sup> Finally, we find that CAISO's proposal to enhance its reporting requirements for RA-eligible resources, and remove reporting requirements on the commitment of non-RA capacity, will streamline CAISO's RA-reporting process and improve overall visibility into available capacity, in the event of a system emergency.

20. We find BESS Operators' comments regarding future disputes involving feasibility, outage reporting, and availability within the context of CAISO's resource adequacy must-offer compliance and RAIM beyond the scope of this section 205 filing.

21. Accordingly, we accept CAISO's proposed Tariff revisions with an effective date of 12/31/9998, as requested. No less than seven days prior to the date CAISO implements the proposed Tariff revisions, CAISO is required to make a compliance filing in this docket through the Commission's eTariff system with the accepted Tariff record text that establishes the actual effective date of the Tariff records and designates the records accepted in this order as OBE (overtaken by events).<sup>35</sup>

By direction of the Commission.

Debbie-Anne A. Reese,  
Secretary.

---

<sup>34</sup> *Midcontinent Indep. Sys. Operator, Inc.*, 189 FERC ¶ 61,065 (2024), *order on reh'g*, 190 FERC ¶ 61,147 (2025).

<sup>35</sup> CAISO must make a compliance filing using Type of Filing Code 80 in this docket by including the associated filing identifier (`associated_filing_id`) for this filing at the filing level. The filing must include tariff records with the effective date for the previously-accepted tariff records and that also include, at the tariff record level, the associated filing identifier (`associated_filing_id`), associated record id. (`associated_record_id`), and associated option code (`associated_option_code`) of the original tariff records accepted with a 12/31/9998 date.

**Appendix – eTariff Records**

**California Independent System Operator Corporation**

**CAISO eTariff**

- [40.2.2, Non-CPUC Load Serving Entities and CPEs \(11.0.0\)](#)
- [40.4.7, Submission of Supply Plans and Reports on Capacity Status \(12.0.0\)](#)
- [40.8.1, Applicability of Default Criteria \(13.0.0\)](#)
- [40.8.2, General Qualifying Capacity Methodologies \(0.0.0\)](#)
- [40.8.3, Default Criteria for Specific Resource Classes \(0.0.0\)](#)
- [43A.6.3, \[Not Used\] \(1.0.0\)](#)
- [-, Reserve Margin \(1.0.0\)](#)