

**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)

**REPLY COMMENTS OF THE
CALIFORNIA INDEPENDENT SYSTEM OPERATOR CORPORATION
ON THE ADMINISTRATIVE LAW JUDGE'S RULING SEEKING
COMMENTS ON ELECTRICITY RESOURCE PORTFOLIOS
FOR 2025-2026 TRANSMISSION PLANNING PROCESS**

Roger E. Collanton
General Counsel
Sarah Kozal
Senior Counsel
California Independent System
Operator Corporation
250 Outcropping Way
Folsom, CA 95630
Tel: 916-956-8838
Fax: 916-608-7222
Email: skozal@caiso.com

Dated: October 7, 2024

Table of Contents

- I. Introduction..... 1
- II. Discussion..... 1
 - A. The Commission Develops and Adopts Resource Portfolios and Associated Portfolio Details Used in the CAISO Transmission Planning Process. 1
 - B. The CAISO Responds to Inaccurate Statements by PCF..... 2
 - 1. The CAISO Relies on Commission Resource Portfolios and the CEC’s Demand Forecast as Inputs to the CAISO TPP..... 2
 - 2. PCF Misrepresents the CAISO’s Role in Approving Transmission..... 3
- III. Conclusion 4

**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)

**REPLY COMMENTS OF THE
CALIFORNIA INDEPENDENT SYSTEM OPERATOR CORPORATION
ON THE ADMINISTRATIVE LAW JUDGE’S RULING SEEKING
COMMENTS ON ELECTRICITY RESOURCE PORTFOLIOS
FOR 2025-2026 TRANSMISSION PLANNING PROCESS**

I. Introduction

Pursuant to the September 12, 2024 *Administrative Law Judge’s Ruling Seeking Comments on Electricity Resource Portfolios for 2025-2026 Transmission Planning Process* (Ruling), the California Independent System Operator Corporation (CAISO) submits these reply comments to the California Public Utilities Commission (Commission).

The CAISO replies to opening comments submitted by California Western Grid Development LLC (CWG) and The Protect our Communities Foundation (PCF).

II. Discussion

A. The Commission Develops and Adopts Resource Portfolios and Associated Portfolio Details Used in the CAISO Transmission Planning Process.

In opening comments, CWG proposes that the Commission request the CAISO:

- 1) Study and verify the Commission’s assumption that the base case portfolio for the 2025-26 Transmission Planning Process (TPP) will allow substantial reduction in gas plant usage in transmission constrained local areas such as the LA Basin even though all existing gas fired generation is retained in the portfolio through 2040.
- 2) If CAISO’s studies in the 2025-26 TPP find that use of gas fired generation is not significantly reduced in transmission constrained local areas, and in fact increases due to local area transmission constraints, the CAISO should approve transmission

additions necessary to allow the use of local area gas generation to be significantly reduced by 2035, as required by Senate Bill 887.¹

The Commission, not the CAISO, develops resource portfolios and resource details that the CAISO uses as an input to its TPP. The CAISO is a party to this proceeding and, like other parties, has an opportunity to provide technical input on the portfolios as they are developed. The Commission is responsible for determining portfolio compositions, assumptions, and busbar mapping which provides locational specificity for portfolio resources. The CAISO does not subsequently re-assess or validate the Commission's portfolios after the portfolios have been vetted with parties and adopted by the Commission through the Integrated Resource Plan proceeding. The distinct roles of the CAISO and Commission in coordinated long-term planning processes are clearly delineated in the Memorandum of Understanding (MOU) between the CAISO, Commission, and California Energy Commission (CEC).²

CWG would have the Commission ask the CAISO to validate and potentially counter and undo assumptions in Commission-adopted portfolios, and then take certain actions if the Commission's portfolio assumptions are invalidated. Re-assessing and second-guessing Commission-adopted resource portfolios is not and should not be the CAISO's role. The Commission should continue providing resource portfolios to the CAISO, and those portfolios should include sufficient detail for the CAISO to model portfolios resources in the TPP.

B. The CAISO Responds to Inaccurate Statements by PCF.

1. The CAISO Relies on Commission Resource Portfolios and the CEC's Demand Forecast as Inputs to the CAISO TPP.

In opening comments, PCF states, "[t]he Commission should examine rather than automatically accept the CAISO's TPP assumptions, which presume the need for a vast expansion of transmission lines without acknowledging and incorporating all the [behind the meter (BTM)] solar and storage resources available to meet need."³ The CAISO clarifies that the CEC's demand forecast is an input to both the Commission's resource portfolios and the

¹ CWG Opening comments, p. 6.

² *Memorandum of Understanding Between the CPUC, CEC, and CAISO Regarding Transmission and Resource Planning and Implementation*, December 2022: <https://www.caiso.com/documents/iso-cec-and-cpuc-memorandum-of-understanding-dec-2022.pdf>

³ PCF Opening comments, p. 17.

CAISO's TPP. The CEC's forecast embeds assumptions about BTM solar and storage, and the CEC reviews these inputs and assumptions annually through its public Integrated Energy Policy Report (IEPR) process.⁴ The Commission incorporates the CEC's forecast into the portfolios it transmits to the CAISO for study in the TPP. The CAISO does not adjust the CEC's adopted forecast or the Commission's portfolios, nor is this the CAISO's role. Instead, the CAISO works collaboratively with the CEC and Commission on updates to the CEC's demand forecast each cycle. The CEC then adopts an updated forecast each year, which the CAISO uses as a direct input into the TPP. The MOU between the CAISO, Commission, and CEC specifies the distinct roles of the CAISO, Commission, and CEC in long-term energy planning for the CAISO balancing area.⁵

2. PCF Misrepresents the CAISO's Role in Approving Transmission

In opening comments PCF states,

[T]he Commission should also consider and assess, and then model all the costs of the rampant transmission development adopted by the CAISO. Most importantly, the Commission should reject the punishingly expensive CAISO assumption that all transmission will be authorized by FERC [(Federal Energy Regulatory Commission)].⁶

PCF goes on to say, "Myriad criticisms of FERC's extraordinarily generous transmission profiteering incentives contained in Order 679 demonstrate that the Commission should reject the CAISO's presumption of FERC approval."⁷

PCF ignores that the CAISO approves transmission based on the resource portfolios adopted by the Commission and strict application of North American Electric Reliability Corporation (NERC) reliability criteria. PCF also ignores that it is the Commission that grants Certificates of Public Convenience and Necessity for new transmission projects. Only in extremely limited circumstances, not applicable here, does FERC have authority to approve new

⁴ The 2023 IEPR CEC California Energy Demand (CED) forecast assumes 30,298 MW of BTM solar installed capacity by 2034 and 32,525 MW by 2039; the 2023 IEPR CED forecast also assumes 5,686 MW of BTM storage installed capacity by 2034 and 6,163 MW of BTM installed capacity by 2039.

⁵ *Memorandum of Understanding Between the CPUC, CEC, and CAISO Regarding Transmission and Resource Planning and Implementation*, December 2022: <https://www.aiso.com/documents/iso-cec-and-cpuc-memorandum-of-understanding-dec-2022.pdf>

⁶ PCF Opening comments, p. 17.

⁷ PCF Opening comments, p. 18.

transmission. To the extent PCF is objecting to FERC's ratemaking practices, that is far beyond the scope of this proceeding.

III. Conclusion

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

Respectfully submitted

By: /s/ Sarah Kozal

Roger E. Collanton

General Counsel

Sarah Kozal

Senior Counsel

California Independent System

Operator Corporation

250 Outcropping Way

Folsom, CA 95630

Tel: 916-956-8838

Fax: 916-608-7222

Email: skozal@caiso.com

Dated: October 7, 2024