

# Memorandum

**To:** ISO Board of Governors

**From:** Roger Collanton, Vice President, General Counsel, Chief Compliance Officer, and Corporate Secretary

**Date:** October 27, 2021

**Re:** Regulatory update since last report dated September 15, 2021

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***This memorandum does not require Board action.***

## **Highlights**

- *The ISO filed a tariff amendment to enhance market participation by hybrid and co-located resources and to allow the use of multiple aggregate capability constraints by co-located resources at a single generating facility.*
- *FERC issued an order approving the ISO's "supercluster" tariff amendment.*
- *FERC issued an order granting the ISO a tariff waiver to allow it immediately to interconnect two emergency generating units to help address potential capacity shortfalls and maintain reliability.*
- *The Department of Energy granted an emergency order allowing certain resources to operate at their maximum generation output levels when directed to do so by the ISO, notwithstanding any air permit or other permit limits.*

## **Federal Energy Regulatory Commission and Other Federal Agencies**

- **Amendment 60 – Must Offer Cost Allocation (ER21-2718/ER04-835)**

On October 21, 2021, FERC issued an order accepting the August 13, 2021, uncontested settlement agreement among the ISO, Pacific Gas & Electric Company, Southern California Edison Company, and Shell Energy N.A (Shell). The settlement resolves Shell's issues regarding the allocation of must offer obligation costs under Amendment 60 of the ISO tariff.

- **Advanced Notice of Proposed Rulemaking – Building for the Future through Electric Regional Transmission Planning and Cost Allocation and Generator Interconnection (RM21-17)**

On October 12, 2021, the ISO filed comments in response to the July 15, 2021, Advanced Notice of Proposed Rulemaking regarding potential reforms in three areas: (1) reforms for

longer-term regional transmission planning processes that take into account more holistic planning, including planning for anticipated future generation; (2) rethinking cost responsibility for regional transmission facilities and interconnection-related network upgrades; and (3) enhanced transmission oversight over the identification of, and costs associated with, new transmission facilities.

- **Hybrid and Co-Located Resources (ER21-2853)**

On October 6, 2021, the ISO filed an answer asking FERC to reject Middle River's arguments that hybrid resources should not be exempt from resource adequacy availability incentive mechanism charges.

- **Climate Change, Extreme Weather and Electric System Reliability (AD21-13)**

On September 27, 2021, the ISO filed post-technical conference comments responding to questions set forth in FERC's August 11, 2021, notice. The comments stated that any FERC action in the proceeding should help identify and rethink strategies for the electric industry to prepare for, adapt to, and mitigate threats to electric system reliability posed by climate change and extreme weather events. The ISO stated that, in identifying any strategies, the Commission should consider regional differences, the need for regional flexibility, and efforts already underway in the various regions to address the threats posed by climate change and extreme weather events.

- **Generator Interconnection Procedures – Supercluster Interconnection Procedures (ER21-2530)**

On September 24, 2021, FERC issued an order accepting the ISO's July 27, 2021, tariff amendment to revise the generator interconnection procedures for cluster 14, *i.e.*, the 2021 "supercluster" of interconnection requests.

- **Emergency Generation Connection – California Department of Water Resources (ER21-2753)**

On September 15, 2021, FERC issued an order granting the ISO's request for a tariff waiver to immediately allow it to interconnect two emergency generating units to help address potential capacity shortfalls and maintain reliability.

- **Business Day Clarification (ER21-2853)**

On September 8, 2021, the ISO filed a tariff amendment to use the undefined term "business day" in the tariff sections related to settlements and invoicing.

- **Hybrid/Co-Located Resources (ER21-2854)**

On September 8, 2021, the ISO filed a tariff amendment to enhance market participation by hybrid and co-located resources and to allow the use of multiple

aggregate capability constraints by co-located resources at a single generating facility.

- **Emergency Order – Generation (Department of Energy)**

On September 10, 2021, the Department of Energy issued an emergency order granting the ISO's September 7, 2021, request to allow certain resources in California to test and operate at their maximum generation output levels when directed to do so by the ISO, notwithstanding any air permit or other permit limits. The order made available to the ISO an additional 200 MW of supply through November 9, 2021.

- **FERC Order No. 2222 (ER21-2455)**

On September 3, 2021, the ISO filed an answer to comments concerning the ISO's tariff revisions to comply with FERC Order No. 2222, regarding distributed energy resource aggregations.

On October 1, 2021, FERC issued a letter requesting additional information to process the ISO's compliance filing, including details regarding the participation of distributed energy resource aggregations in ISO markets.

### **Non-Conforming Regulatory Agreements**

- **Large Generator Interconnection Agreement – Arica Solar LLC/ Southern California Edison/ISO (“Sol Catcher BESS”) (ER21-2762)**

On October 8, 2021, FERC issued an order accepting the ISO's August 25, 2021, certificate of concurrence.

- **Large Generator Interconnection Agreement – Pacific Gas & Electric/Calpine Greenleaf holdings/ISO (ER21-2898)**

On September 16, 2021, the ISO filed an amendment to the November 30, 2011, non-conforming large generator interconnection agreement, to interconnect two repowered generators following Governor Newsom's July 30, 2021, emergency proclamation authorizing measures to mitigate strain on the grid.

- **Large Generator Interconnection Agreement – Desert Quartzite LLC/ Southern California Edison/ISO (ER21-2589)**

On September 8, 2021, FERC issued a letter order accepting the ISO's August 2, 2021, certificate of concurrence.

## **California Public Utilities Commission and other State Agencies**

- **Integrated Resource Planning (R.20-05-003)**

On October 11, 2021, the ISO filed reply comments advocating that the CPUC adopt the preferred system plan in a timely manner and transmit the base case portfolio to the ISO for analysis in the ISO's transmission planning process.

On October 21, 2021, the ISO filed comments urging the CPUC to take action to address the risk of retirement of significant gas-fired resources and obviate the need for the ISO to rely on its backstop authority to prevent every retirement scenario.

- **High Distributed Energy Resources (R. 21-06-017)**

On October 8, 2021, the ISO filed comments in support of the CPUC's draft Distributed Energy Resources Action Plan 2.0 to ensure the state successfully integrates distributed energy resources to reinforce the reliability of both the distribution and transmission systems. The ISO supported the continued coordination and collaboration among the ISO, the CPUC, the Energy Commission, and the Air Resources Board to develop the Action Plan.

- **Ensure Reliable Electric Service in CA – Extreme Weather Event in 2021 (R.20-11-003)**

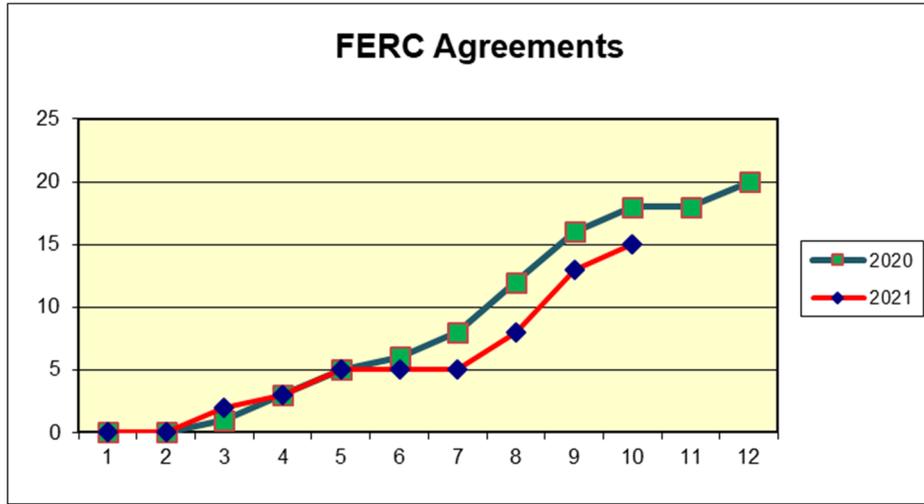
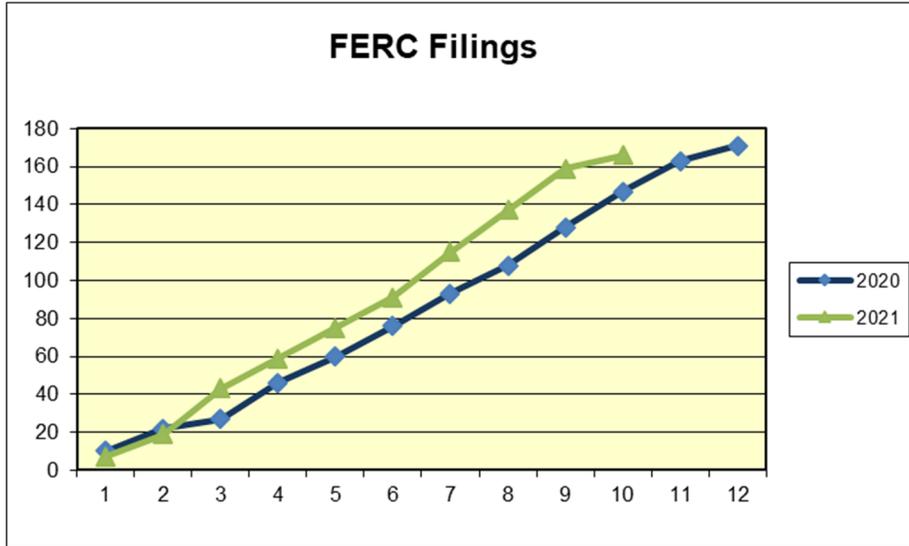
On September 1, 2021, the ISO submitted opening testimony recommending (1) setting an additional system resource adequacy requirement to meet demand and planning reserve margin at 8:00 p.m. for June through October, and (2) increasing the planning reserve margin from 15% to 17.5% to account for forced outages and increased potential for extreme weather events.

On September 20, 2021, the ISO filed an opening brief on phase 2 issues. The ISO asked the CPUC to adopt its proposals for immediate resource adequacy program modifications to ensure electric system reliability in 2022 and beyond, and to address program deficiencies by providing load serving entities more adequate resource adequacy targets.

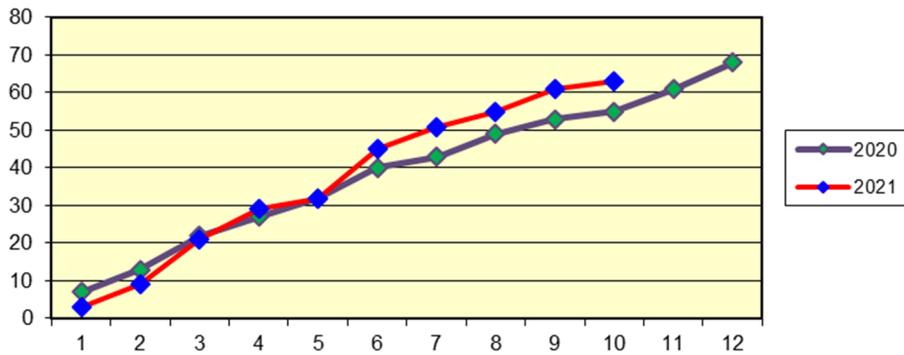
On September 27, 2021, the ISO submitted a reply brief on phase 2 issues, reiterating the need for the CPUC to (1) adopt a system resource adequacy requirement at 8:00 p.m. to reflect system needs at the net demand peak period for both the 2022 and 2023 resource adequacy compliance years, and (2) increase the planning reserve margin for both the gross and net demand peak so the ISO can identify resource deficiencies through its monthly resource adequacy validation process.

- **Ten West Link Project (A.16-10-002)**

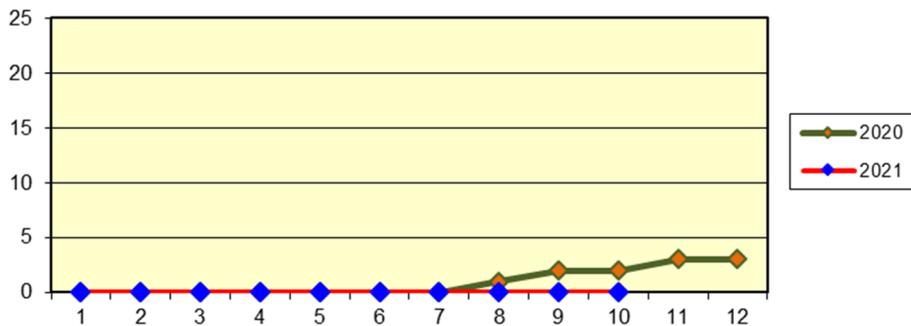
On October 21, 2021, the ISO filed opening comments in support of the CPUC's proposed decision granting a certificate of public convenience and necessity for the project.



### CPUC/Other Commission Filings



### Court Filings



# Total Filings

