

**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 23-10-011

**REPLY COMMENTS OF THE  
CALIFORNIA INDEPENDENT SYSTEM OPERATOR CORPORATION  
ON THE PROPOSED DECISION ADOPTING LOCAL CAPACITY OBLIGATIONS  
FOR 2026-2028, FLEXIBLE CAPACITY OBLIGATIONS FOR 2026, AND PROGRAM  
REFINEMENT**

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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) submits reply comments on the May 22, 2025 *Proposed Decision Adopting Local Capacity Obligations for 2026-2028, Flexible Capacity Obligations for 2026, and Program Refinement* (PD).

The CAISO highlights that party positions vary on the PD’s proposed allocation of Reliability Capacity Up (RCU), Reliability Capacity Down (RCD), and Imbalance Reserve revenues to load-serving entities. Given the lack of consensus on this aspect of the PD, and lack of discussion on this topic in this proceeding, the CAISO urges the Commission to not adopt an allocation approach for RCU, RCD, and Imbalance Reserve revenues at this time. The CAISO also supports American Clean Power – California’s (ACP-CA) recommendations that the Commission provide future opportunities for parties to discuss resource accreditation, alignment of Integrated Resource Planning (IRP) and Resource Adequacy (RA), and interoperability with the CAISO’s processes. Finally, the CAISO agrees with parties that the Commission should correct errors in PD’s table presenting the RA Measurement Hours.

## **II. Discussion**

### **A. The Commission Should Not Adopt an Allocation Approach for RCU, RCD, and Imbalance Reserve Revenues at this time.**

In opening comments, party positions vary on the PD's proposed allocation of RCU, RCD, and Imbalance Reserve revenues to load-serving entities (LSEs).<sup>1</sup> Given the lack of consensus on this aspect of the PD and lack of discussion on this topic in this proceeding, the Commission should not adopt an allocation approach for RCU, RCD, and Imbalance Reserve revenues at this time.

However, no parties oppose—and California Community Choice Association (CalCCA) and Pacific Gas and Electric Company (PG&E) support—the PD's removal of an existing requirement for RA resources to submit a zero dollar bid for RA capacity bid into CAISO's Reliability Unit Commitment (RUC) market and be eligible to receive revenues from RCU, RCD, and Imbalance Reserves.<sup>2</sup> The Commission should remove these existing restrictions on day-ahead market bidding and revenue eligibility for RA resources.

### **B. The Commission Should Provide Future Opportunities to Discuss Resource Accreditation and Alignment of IRP and RA.**

In opening comments, ACP-CA recommends “the Commission formalize a working group process to bring resource counting solutions forward” for issues including qualifying capacity for RA resources for showings into CAISO's RA process.<sup>3</sup> ACP-CA also recommends discussion of alignment between the Commission's RA program and its IRP program.<sup>4</sup>

The CAISO supports ACP-CA's recommendations. The Commission should provide future opportunities for parties to discuss resource accreditation, alignment of IRP and RA, and interoperability with the CAISO's processes. Although the PD does not adopt changes to the

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<sup>1</sup> Southern California Edison (SCE), PG&E, and Clean Energy Buyers Association (CEBA) support aspects of the PD's direction on the allocation of RCU, RCD, and Imbalance Reserve revenues, while Terra-Gen, LLC (Terra-Gen), Western Power Trading Forum (WPTF), Independent Energy Producers Association (IEP), CalCCA, AES Corporation (AES), and California Energy Storage Alliance (CESA) oppose aspects of the PD's direction. *See* SCE Opening Comments, pg. 5; PG&E Opening Comments, pg. 7; CEBA Opening Comments, pg. 10; Terra-Gen Opening Comments, pg. 7; IEP Opening Comments, pg. 2; CalCCA Opening Comments, pg. 14; AES Opening Comments, pg. 7; CESA Opening Comments, pg. 20.

<sup>2</sup> CalCCA Opening Comments, pg. 14; PG&E Opening Comments, pg. 7.

<sup>3</sup> ACP-CA Opening Comments, pg. 3.

<sup>4</sup> *Ibid.*, pg. 8.

qualifying capacity values passed by the Commission to the CAISO uses as the basis for the CAISO's net qualifying capacity list, the CAISO remains open to future discussion on alternative approaches to determine these qualifying capacity values.

As stated in past comments, the CAISO strongly supports the Commission ensuring coordination between the IRP and RA proceedings.<sup>5</sup> Coordination between IRP and RA is necessary to ensure the forward procurement in IRP occurs to meet reliability requirements in the RA timeframe cost-effectively. By convening working groups to address the IRP and RA alignment issues raised by ACP-CA, the Commission can help ensure this goal is met.

### **C. The Commission Should Correct Errors in the RA Measurement Hours.**

Several parties identify errors in the table presenting the RA Measurement Hours and suggest changes to the table to correct these errors.<sup>6</sup> The CAISO agrees with these parties that the table contains errors, supports the changes recommended by parties.

## **III. Conclusion**

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

Respectfully submitted,

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<sup>5</sup> See CAISO, Opening Comments of the CAISO Corporation on Order Instituting Rulemaking, R.23-10-011, pg. 2; CAISO, Comments of the CAISO Corporation on Track 1 Proposals, R.23-10-011, pg. 5.

<sup>6</sup> PG&E Opening Comments, pg. 5; SCE Opening Comments, pg. 4; Leapfrog Power, Inc. and OhmConnect, Inc. Opening Comments, pg. 6.