

CAISO Resource Adequacy Workshop: Current Processes and Interoperability with the CPUC's Slice of Day Reform

Comments on behalf of the Cities of Anaheim, Azusa, Banning, Colton, Pasadena, and Riverside, California

(June 20, 2023)

The Cities of Anaheim, Azusa, Banning, Colton, Pasadena, and Riverside, California (the "Six Cities") provide the comments set forth below on discrete issues addressed during the California Independent System Operator ("CAISO") workshop on Resource Adequacy ("RA"): Current Processes and Interoperability with the CPUC's Slice of Day Reform ("Workshop").

As publicly-owned utilities that are not subject to the jurisdiction of the California Public Utilities Commission ("CPUC"), the Six Cities appreciate the CAISO dedicating time to informing stakeholders regarding the newly-adopted slice of day ("SOD") reforms adopted by the CPUC and potential approaches to implementation of the SOD program elements within the CAISO. It is apparent that the SOD program will require significant implementation work, and the Six Cities support the CAISO's efforts to provide stakeholders with a high degree of transparency and input as the CAISO considers how to incorporate relevant elements of the SOD program into the CAISO's established RA rules.

As the CAISO considers SOD-related tariff revisions, it will be critical for the CAISO to acknowledge that not all load-serving entities within the CAISO are subject to the resource planning and procurement jurisdiction of the CPUC. Each of the Six Cities, for example, is regulated by its City Council and/or Public Utilities Board as its local regulatory authority, which retains jurisdiction over resource planning and procurement, including the Cities' respective resource adequacy programs and elements such as planning reserve margins and resource counting and qualifying criteria. Non-CPUC local regulatory authorities may exercise discretion to adopt a different form of RA program for their load-serving entities, or they may exercise discretion to retain the structure and form of existing RA programs. Only if a local regulatory authority elects to adopt SOD program elements should non-CPUC jurisdictional entities be subject to these new requirements. Any potential CAISO tariff revisions to implement the SOD program should therefore continue to accommodate RA programs that may not include these features or may reflect a different design.

The Six Cities note that the CAISO has solicited feedback and input from non-CPUC jurisdictional load-serving entities regarding potential changes to the CAISO's RA requirements. The Six Cities appreciate such outreach and will coordinate with the CAISO as its RA-related initiatives progress.

In addition to considering SOD implementation, the Six Cities request that the CAISO evaluate potential RA reforms in other areas. It has been the Six Cities' observation in recent months that the RA capacity market has become extremely tight, and compliance with existing RA requirements has become more challenging and costly. This is likely due to the confluence of multiple factors, including, for example, state regulatory policies, regional RA policy development, energy and bilateral capacity market dynamics, and macroeconomic drivers such as such labor costs and supply chain issues. While these factors may be outside of the control of the CAISO, the Six Cities nonetheless urge the CAISO to evaluate and consider reforms that may mitigate the impacts of some of these drivers, including potential changes in RA counting and qualification rules (including to enable greater use of import RA) and reforms to the

CAISO's deliverability requirements for RA resources. The Six Cities look forward to collaborating with the CAISO and other stakeholders on these topics.

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