

**BEFORE THE PUBLIC UTILITIES COMMISSION OF THE
STATE OF CALIFORNIA**

Order Instituting Rulemaking to Establish
Policies, Processes, and Rules to Ensure
Reliable Electric Service in California in the
Event of an Extreme Weather Event in 2021.

Rulemaking 20-11-003
(Filed November 19, 2020)

**COMMENTS OF THE CALIFORNIA INDEPENDENT SYSTEM OPERATOR
CORPORATION ON PROPOSED AMENDED SCOPING MEMO**

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Pursuant to Administrative Law Judge Stevens' August 2, 2021 *Email Ruling Seeking Responses Regarding a Proposed Amended Scope and Schedule to Address Reliability Issues in 2022 and 2023* (Ruling), the California Independent System Operator Corporation (CAISO) submits comments on the proposed amended scope and schedule.

I. Introduction

On July 30, 2021, Governor Newsom signed an emergency proclamation to address energy supply to meet demand during extreme heat events and expedite deployment of clean energy resources.¹ In response, Administrative Law Judge Stevens released the Ruling requesting comments on proposed issues in scope and a proposed procedural schedule. The CAISO hereby provides comments on the Ruling, focused primarily on the scope of this proceeding related to increasing peak and net peak resources in 2022 and 2023 and the proposed schedule. The CAISO also supports including the issues related to reducing peak and net peak demand in 2022 and 2023 within the scope of this proceeding. The CAISO looks forward to working with parties and the Commission in this proceeding to ensure reliability under these challenging circumstances.

II. Discussion

The following comments focus on the proposed issues listed in the Ruling to increase peak and net peak resources in 2022 and 2023 and the proposed schedule.

¹ Governor Newsom Emergency Proclamation to Expedite Clean Energy Projects and Relieve Demand on the Electrical Grid During Extreme Weather Events This Summer as Climate Crisis Threatens Western States, July, 30, 2021. Available at: <https://www.gov.ca.gov/2021/07/30/governor-newsom-signs-emergency-proclamation-to-expedite-clean-energy-projects-and-relieve-demand-on-the-electrical-grid-during-extreme-weather-events-this-summer-as-climate-crisis-threatens-western-s/>

A. Increase Peak and Net Peak Resources in 2022 and 2023.

1. Expedited Resource Procurement

The CAISO supports including expedited resource procurement within the scope of the proceeding. The CAISO also recommends the Commission consider the totality of potential resources available to expedite resource procurement for 2022 and 2023, including imports. The Commission should prioritize procurement of resource adequacy resources so that CAISO market and tariff rules can apply accordingly.

2. Updates to Resource Adequacy Requirements

The CAISO supports including updates to resource adequacy requirements in scope. However, the Commission should limit the scope of this proceeding to considering resource adequacy program refinements that will meaningfully enhance reliability for 2022 and/or 2023.

3. Support for the California Independent System Operator's Capacity Procurement Mechanism Authority

The CAISO agrees with addressing support for the CAISO's capacity procurement mechanism (CPM) authority in the scope of this proceeding. However, efforts to support CAISO CPM authority should acknowledge the resource adequacy program is the "front stop" mechanism to ensure sufficient resources to operate the grid. The CAISO's authority to use the CPM mechanism is interrelated with the resource adequacy requirements. As a result, the most meaningful support for the CAISO's CPM authority would be setting resource adequacy requirements properly reflecting system needs. As discussed below, the Commission should officially increase the planning reserve margin (PRM) and apply it to the load at 8 p.m. so the CAISO can leverage its CPM authority.

4. Analysis of Need, Particularly at Net Peak, and Resources Available to Meet This Need, in Light of Recent Trends in Weather and Resource Availability

The CAISO supports including an analysis of need and resources available to meet the need in the scope of this proceeding. The analysis of need should also quantify the resource shortfall to serve load at the 8 p.m. hour (as a proxy for the net demand peak period) when accounting for the current 15% PRM. As demonstrated in comments previously filed in this

proceeding,² the effective PRM at the 8 p.m. hour ranges from 6% to 14% of the current 15% PRM threshold throughout the summer months. By default, the resources used to meet gross peak are insufficient to support net peak needs in extreme conditions, as noted recently in President Batjer and California Energy Commission Chair Hochschild’s letter to the CAISO.³ This is also necessary to address the continuing challenges posed by significant changes in resource availability assumptions (*e.g.*, hydro generation).

5. Expedited Integrated Resource Plan Procurement

The CAISO agrees that the Commission should expedite procurement from the Integrated Resource Plan and include it in the scope of this proceeding.

6. Planning Reserve Margin Adjustment for 2023

The Commission should modify the proposed scope to include adjusting the PRM for 2022 in addition to 2023. The Commission should apply any adjustments to the PRM at both the gross demand and the load at 8 p.m. (as a proxy for the net demand peak period). Given the schedule laid out in the Ruling, the CAISO understands the Commission will be unable to implement changes targeted for the 2022 resource adequacy program prior to the annual showing deadline. Therefore, for 2022, any incremental capacity due to PRM adjustments should be shown on the monthly supply plans and apply only for the months of June through October. For 2023, the adjusted PRM should apply for the annual showing and all monthly showings. The Commission should officially change the PRM to support the CAISO’s CPM backstop authority.

B. Proposed Schedule

The CAISO applauds the Commission for taking quick action to address Governor Newsom’s emergency proclamation. The CAISO suggests slight modifications to the schedule to allow additional time for parties to develop testimony and briefs. The CAISO’s proposed alternative procedural schedule is included in Table 1 below. The extension for testimony and briefs will allow the CAISO and other parties time to gather, consolidate, and analyze any additional data available to support refinements to proposals to be considered in this proceeding.

² Legal and Policy Brief of the CAISO, *Order Instituting Rulemaking to Establish Policies, Processes, and Rules to Ensure Reliable Electric Service in California in the Event of an Extreme Weather Event in 2021*, R.20-11-003, February 5, 2021. Available here: <http://www.caiso.com/Documents/Feb5-2021-Legal-and-Policy-Brief-ReliableElectricService-ExtremeWeatherEvent-R20-11-003.pdf>

³CAISO, Capacity Procurement Mechanism Significant Event – Intent to Solicit and Designate Capacity, July 2, 2021. Available at: <http://www.caiso.com/Documents/CapacityProcurementMechanismSignificantEvent-Intent-Solicit-DesignateCapacity-070121.html>

Table 1. CAISO Proposed Schedule

Event	Due Date Per Ruling	CAISO's Proposed Schedule
Preliminary ruling issued	August 2, 2021	no change
Scoping Ruling	Early 2 nd week of August	no change
Guidance to parties for party proposals	Early 2 nd week of August	no change
Staff proposals released to parties	August 16, 2021	no change
Opening testimony	September 1, 2021	September 8, 2021
Reply testimony	September 10, 2021	September 17, 2021
Opening legal and policy briefs	September 20, 2021	September 27, 2021
Reply legal and policy briefs	September 27, 2021	October 4, 2021
Proposed Decision	October 29, 2021	no change
Final Decision	November 18, 2021	no change

III. Conclusion

The CAISO appreciates the opportunity to comment on the Ruling looks forward to collaborating with parties and the Commission to resolve these substantive items.

Respectfully submitted

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