

**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)

**COMMENTS OF THE
CALIFORNIA INDEPENDENT SYSTEM OPERATOR CORPORATION
ON PROPOSED DECISION**

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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 comments on the *Proposed Decision Adopting 2023 Preferred System Plan and Related Matters, and Addressing Two Petitions for Modification* (PD), issued on January 10, 2024.

The CAISO supports the majority of the PD’s directives. The CAISO will model the adopted base case portfolio as the reliability and policy-driven base case in the CAISO’s 2024-2025 Transmission Planning Process (TPP). The CAISO also will study the adopted sensitivity portfolio in the CAISO’s 2024-2025 TPP. The CAISO appreciates the significant work Energy Division staff undertook to develop portfolio recommendations for the CAISO’s TPP.

The CAISO also supports the PD’s proposal requiring load serving entities (LSEs) to backfill long-lead time (LLT) procurement delayed beyond 2028. In light of the petitions to delay ordered procurement, the CAISO continues to urge the Commission to prioritize developing the Reliability and Clean Power Procurement Program (RCPPP).

II. Discussion

A. The Commission Should Adopt the 25 Million Metric Ton Core Portfolio as the Preferred System Plan Portfolio.

The CAISO supports the PD's recommendation to adopt the 25 million metric ton (MMT) core portfolio as the Preferred System Plan portfolio for study as both the reliability base case and the policy-driven base case in the CAISO's 2024-2025 TPP.

The CAISO supports the Commission's updates to the 25 MMT core portfolio following the October 5, 2023 *Ruling Seeking Comment on Proposed 2023 Preferred System Plan and Transmission Planning Process Portfolios* (Ruling), including changes to out of state wind assumptions and inclusion of North Coast offshore wind resources.¹ These shifts in the 25 MMT core portfolio align with the base case portfolio the CAISO is studying in the 2023-2024 TPP. As noted in the CAISO's comments on the Ruling, the Commission should ensure consistency and stability in integrated resource planning (IRP) portfolios over successive years to support both planning and commercial certainty in forward years.²

The CAISO also appreciates Energy Division staff providing a comparison of the changes in base portfolio resource compositions between the Ruling and the PD in its busbar mapping dashboard.

B. The Commission Should Adopt the High Gas Retirement Sensitivity.

The CAISO supports the PD's recommendation to adopt the High Gas Retirement sensitivity. The CAISO will study the High Gas Retirement sensitivity as a sensitivity portfolio in the 2024-2025 TPP. The current thermal fleet provides the vast majority of reliability services. Resource retirements can significantly affect the need for additional reliability services, especially in constrained local capacity areas. The proposed gas retirement sensitivity will allow the CAISO to study the potential impacts of a significant amount of thermal retirements on reliability.

¹ PD, p. 72.

² CAISO, *Comments on the Administrative Law Judge's Ruling Seeking Comment on Proposed 2023 Preferred System Plan and Transmission Planning Process Portfolios*, November 13, 2023, pp. 2-3.

C. The Commission Should Prioritize Developing the Reliable and Clean Power Procurement Program This Year.

The PD would deny the Petition for Modification (PFM) of Southern California Edison Company (SCE) and Pacific Gas and Electric Company (PG&E) to delay Diablo Canyon Power Plant replacement procurement. The PD “encourage[s] all LSEs to make their best efforts to procure the Diablo Canyon replacement resources required in Ordering Paragraph 6 of D.21-06-035 by the June 1, 2025 deadline.”³ It is not clear whether the investor owned utilities (IOUs) will be successful in meeting the procurement directed under Decision (D.) 21-06-035 by 2025. Commission staff analysis found that a 1,078 MW shortfall below 0.1 loss of load expectation (LOLE) exists in 2025, even if all required resources come online. This shortfall would increase with a delay in Diablo Canyon replacement procurement.⁴ Therefore, regardless of whether the Commission grants the PFM, there may still be a capacity shortfall: either IOUs do not meet procurement timelines or procurement is delayed with no time to backfill.

The PFM highlights the need for continued development of the RCPPP. The Commission ordered procurement in 2021 and IOUs issued requests for offers in 2022 and 2023 to meet requirements by June 2025. In this case, ordering procurement four years ahead of the need was insufficient to complete procurement processes and account for risks of delays. This sequence highlights the need for the Commission to prioritize developing a multi-year procurement framework that establishes procurement requirements well ahead of the need to ensure LSEs have sufficient lead-time to complete procurement, interconnection, permitting, and construction processes and account for other risks such as the supply chain delays referenced by SCE and PG&E in the PFM.⁵

D. The CAISO Supports the PD’s Proposal to Require Replacement Procurement if LLT Procurement is Delayed Beyond 2028.

In response to the PFM of California Energy Storage Alliance and the Western Power Trading Forum, the PD would allow LSEs to file requests for extension to meet LLT

³ PD, p. 89.

⁴ Ruling, p. 45.

⁵ Southern California Edison Company’s (U 338-E) and Pacific Gas and Electric Company’s (U 39 E) Joint Expedited Petition for Modification of Decision 21-06-035, August 9, 2023, pp. 7-14.

procurement requirements beyond 2028 (but no later than 2031).⁶ If the Commission approves an extension request, the PD would require LSEs to backfill the balance of their LLT procurement requirements with generic resource adequacy capacity by 2028. The CAISO supports this replacement requirement. It will mitigate potential supply shortfalls due to risks the Commission identified in the Ruling, including project delays, impacts of extreme weather, and de-rates to power plants due to weather conditions.⁷

E. The Commission Should Formally Adopt a 0.1 LOLE Target as a Key Feature of the IRP Reliability Framework.

The Commission should formally adopt a 0.1 LOLE target as a key component of the IRP reliability framework. As the PD states, a 0.1 LOLE reliability level is an industry-accepted measure of supply sufficiency, and the Commission has used a 0.1 LOLE standard in prior IRP cycles.⁸

F. The Commission Should Update the Offshore Wind Output Factors in the Full Capacity Deliverability Status Transmission Capability Exceedance Calculations.

The Commission should update offshore wind output factors in the full capacity deliverability status (FCDS) transmission capability exceedance calculations to reflect the CAISO's latest values.⁹ The Commission's calculations currently use 100% for high system need (HSN) and 44.8% for secondary system need (SSN). The updated output factors should be 83% for HSN and 45% for SSN.¹⁰

⁶ PD, pp. 97-98.

⁷ Ruling, pp. 48-49.

⁸ PD, p. 50.

⁹ *Dashboard for the Proposed Decision Mapping of the 24-25 TPP Base Case:*
<https://www.cpuc.ca.gov/industries-and-topics/electrical-energy/electric-power-procurement/long-term-procurement-planning/2022-irp-cycle-events-and-materials/assumptions-for-the-2024-2025-tp>

¹⁰ CAISO, Presentation on 2023-2024 Transmission Planning Process, September 27, 2023, Slide 16: <https://www.caiso.com/InitiativeDocuments/CAISOPresentation-2023-2024TransmissionPlanningProcess-Sep27-2023.pdf>

III. Conclusion

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

Respectfully submitted

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