

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

Order Instituting Rulemaking Regarding
Microgrids Pursuant to Senate Bill 1339
and Resiliency Strategies

Rulemaking 19-09-009
(Filed Sep. 12, 2019)

**REPLY COMMENTS OF
THE CALIFORNIA INDEPENDENT SYSTEM OPERATOR CORPORATION
ON THE ASSIGNED COMMISSIONER’S AMENDED SCOPING MEMO AND
RULING FOR TRACK 3**

I. Introduction

The California Independent System Operator Corporation (“CAISO”) submits these Reply Comments to Opening Comments submitted on the Assigned Commissioner’s Amended Scoping Memo and Ruling for Track 3 (“Ruling”), issued by Assigned Commissioner Genevieve Shiroma on February 9, 2020.

II. Reply Comments

The CAISO agrees with opening comments that both in-front-of-the-meter and behind-the-meter (“BTM”) distributed energy resources (“DERs”) in microgrids, subject to meeting qualification requirements, can provide a wide variety of wholesale energy and ancillary services, including transmission deferral.¹ As the CAISO previously

¹ See R.19,09-009 (March 3, 2021): Pacific Gas & Electric Co. (“PG&E”) Opening Comments on Track 3, p. 15; Southern California Edison Co. (“SCE”) Opening Comments on Track 3, p. 15; San Diego Gas & Electric Co. (“SDG&E”) Opening Comments on Track 3, p. 19; California Energy Storage Alliance Opening Comments on Track 3 (“CESA”), p. 5; Public Advocates Office at the California Public Utilities Commission (“Cal Advocates”) Opening Comments on Track 3, p. 8.

Resources providing energy and ancillary services in the CAISO markets must meet all tariff requirements. Ancillary service requirements include continuous energy requirements, autonomous responsiveness to frequency disturbances, and telemetry requirements.

commented in this proceeding, the CAISO participation models can accommodate a wide range of generation technologies, fuel types, and interconnection levels.²

Based on opening comments, it is unclear to the CAISO how microgrids avoid costs that were already incurred to provide electric service to customers. Avoiding the charges for a particular class of customers may simply lead to inappropriate cost shifts.³

Several parties also commented on customer generators or microgrid projects' apparent risk of being "over-compensated" or "double-counted from among multiple programs."⁴ The CAISO agrees that such risks exist and should be monitored and mitigated. Importantly, double-counting can negatively impact reliability as well. For example, energy from resources under net energy metering tariffs and other load modifying programs is already accounted for in the California Energy Commission's demand forecast. As such, this energy or capacity should not be counted again as wholesale supply, or the CAISO may be erroneously led to believe there is more capacity to serve load than exists. The Commission must ensure that there is no double counting of capacity or energy under various programs and among BTM, distribution-connected, and transmission-connected resources.

² CAISO Comments on Utility And Staff Proposals, R.19-09-009, p. 2. (January, 30, 2021).

³ SDG&E Opening Comments on Track 3, p. 20.

⁴ *See, e.g.*, SCE Opening Comments on Track 3, p. 17; PG&E Opening Comments on Track 3, p. 18.

III. Conclusion

The CAISO appreciates the opportunity to offer Reply Comments in this proceeding.

Respectfully submitted,

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