

September 22, 2021

**VIA ELECTRONIC SUBMISSION**

Kimberly D. Bose, Secretary  
Federal Energy Regulatory Commission  
888 First Street, N.E.  
Washington, D.C. 20426

**Re: *California Independent System Operator Corporation,*  
Docket No. ER19-1641-\_\_\_\_  
Informational Report for Proposed New RMR Designation**

Dear Secretary Bose:

Pursuant to ordering paragraph C to the Order Accepting Tariff Revisions issued in the above referenced docket on September 27, 2019,<sup>1</sup> the California Independent System Operator Corporation (“CAISO”) submits this informational report to notify the Commission that on July 15, 2021 the CAISO Board of Governors authorized CAISO management to designate the Agnews Power Plant as a reliability must-run (“RMR”) resource effective November 1, 2021 through December 31, 2022.

In the September 27 Order, the Commission accepted CAISO’s offer to file an informational report for each new RMR designation. As proposed by CAISO and accepted by the Commission, the reports should explain the need for the RMR designation and identify the transmission access charge (“TAC”) area(s) in which the reliability need arises.<sup>2</sup>

The Agnews facility and the reliability need it meets are described in the attached memorandum from Neil Millar, Vice President of Infrastructure and Operations Planning at CAISO to the CAISO Board of Governors. The CAISO notes, however, that the owner of the Agnews Power Plant has rescinded its prior notice to retire or mothball the plant in September, 2021 because it has entered into a resource adequacy capacity

---

<sup>1</sup> *California Independent System Operator Corp.*, 168 FERC ¶ 61,199 (2019) (“September 27 Order”).

<sup>2</sup> *Id.* at P 33 (the Commission directed CAISO to file the reports in this docket and explained that they would not be noticed or require Commission action).

The Honorable Kimberly D. Bose  
September 22, 2021  
Page 2

contract for the plant for 2022. Accordingly, RMR negotiations for an RMR contract for 2022 have terminated at this time.

Respectfully submitted,

**/s/ Sidney Mannheim**

Roger E. Collanton  
General Counsel  
Anthony Ivancovich  
Deputy General Counsel  
Sidney Mannheim  
Assistant General Counsel  
California Independent System  
Operator Corporation  
250 Outcropping Way  
Folsom, CA 95630  
Tel: (916) 608-1744  
Fax: (916) 608-7222  
Email: [smannheim@caiso.com](mailto:smannheim@caiso.com)

*Counsel for the California Independent  
System Operator Corporation*

Attachment

cc: Service list, Docket No. ER19-1641-000 (with attachment)

**Attachment A – Memo to CAISO Board of Governors**  
**Proposed New RMR Designation**  
**California Independent System Operator Corporation**  
**July 7, 2021**

# Memorandum

**To:** ISO Board of Governors

**From:** Neil Millar, Vice President of Infrastructure and Operations Planning

**Date:** July 7, 2021

**Re:** **Decision on reliability must-run designation for Agnews Power Plant**

---

***This memorandum requires Board action.***

## EXECUTIVE SUMMARY

Management seeks the Board of Governors' authorization to designate the Agnews Power Plant unit for reliability must-run (RMR) service, subject to negotiation of an RMR contract with rates, terms and conditions reasonably acceptable to Management, to ensure compliance with reliability criteria applicable to the balancing authority area.

On November 20, 2020, O.L.S. Energy-Agnews, Inc. (OLSEA) submitted notice of retirement for the Agnews Power Plant generating unit, effective November 1, 2021.

The ISO's Local Capacity Technical Report for 2022 demonstrates that the Agnews Power Plant is required for reliable operation of the local transmission system and is needed for the ISO's local reliability needs in 2022. Moreover, the reliability need cannot be addressed with other alternatives.

Management therefore seeks Board approval of the designation of the Agnews Power Plant unit as an RMR resource, in order to prevent their imminent retirement/mothballing. Management notes that neither the RMR designation nor the execution of an RMR agreement precludes the resource from being procured as a resource adequacy resource by a load serving entity.

Management recommends the following motion:

***Moved, that the ISO Board of Governors authorizes Management to designate the Agnews Power Plant unit for reliability must-run service contingent upon execution of a reliability must-run contract with rates, terms and conditions acceptable to Management, as described in the memorandum dated July 7, 2021.***

## **DISCUSSION AND ANALYSIS**

The Agnews Power Plant is required to meet the 2022 local capacity requirement in the San Jose sub-area of the Bay Area local area. The sub-area local capacity requirement has been determined to be 989 MW, and there are 848 MW of total available resources in the sub-area including the Agnews Power Plant unit. Currently there is no approved alternative to mitigate the need for this resource. At this time, the resource is under a resource adequacy contract until October 31, 2021 and it is actively seeking a new resource adequacy contract.

In light of the local reliability needs and in order to prevent imminent resource retirement, ISO Management proposes to designate the Agnews Power Plant unit as reliability must-run resource under tariff section 41. Upon designation, OLSEA would then be expected to develop their proposed cost of service rate schedules based on the ISO *pro forma* RMR Agreement. Time permitted, ISO staff would then work with OLSEA prior to OLSEA filing the RMR agreement with FERC.

## **POSITION OF PARTIES**

The owners' intention to retire the Agnews Power Plant unit was posted on the ISO's website in November 2020 as part of the ISO's process to provide transparency regarding potential retirements.

The ISO has discussed the proposed RMR designation with stakeholders in a call on March 11, 2021, and April 7, 2021, where the draft and final 2022 and 2026 local capacity study results were presented. Furthermore, the ISO presented the same information during the May 18, 2021, stakeholder call dedicated exclusively to the potential designation of the Agnews Power Plant as a reliability must-run resource.

The findings have been included in the final 2022 Local Capacity Technical Report, dated April 30, 2021, and already filed with CPUC and available on the ISO web site: <http://www.caiso.com/Documents/Final2022LocalCapacityTechnicalReport.pdf>.

Stakeholder questions and comments received during the stakeholder meeting and subsequent stakeholder call as well as in written form acknowledge the local reliability need for these resources.

In their written comments to the May 18, 2021, stakeholder call, Cal CCA and PG&E recommend that the reliability must-run designation be made system-wide rather than local due to a potential system-wide need in 2022.

The ISO disagrees with this proposed approach:

- Local reliability needs have been the foundational basis for the ISO's RMR designations for more than 20 years. Local reliability needs are shown through the annual local capacity technical study, which demonstrates the need for the Agnews designation, or other studies as may be necessary and appropriate to demonstrate a need to address other local issues, such as for voltage support. Although the ISO tariff permits the ISO to designate resources for system reliability needs based on system reliability study, the ISO tariff is clear that section 41.2 provides that the ISO study drives the RMR designation. Tariff section 41.9 allocates RMR cost responsibility to demand within the PG&E footprint. The ISO's designation is based on the local need described in this memorandum.
- Local designations should prevail in the event a resource is needed for both local and system needs. PG&E and other customers within its footprint should bear the costs of a local designation. Local cost allocation maintains the appropriate and longstanding incentive for PG&E, in this case to make the infrastructure investment to address the local issue. Once the local infrastructure issue is addressed and if system reliability needs require the resource to be retained under an RMR contract, the RMR designation transitions to a system designation and system cost allocation.

Written stakeholder comments received after the preparation of this memo will be discussed at the Board meeting.

## **CONCLUSION**

Management recommends and seeks the ISO Board approval of the designation of the Agnews Power Plant unit as an RMR resource.

## CERTIFICATE OF SERVICE

I certify that I have served the foregoing document upon the parties listed on the official service list in the captioned proceedings, in accordance with the requirements of Rule 2010 of the Commission's Rules of Practice and Procedure (18 C.F.R. § 385.2010).

Dated at Folsom, California, this 22<sup>nd</sup> day of September, 2021.

*Anna Pascuzzo*  
Anna Pascuzzo