

**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)

**OPENING COMMENTS OF THE
CALIFORNIA INDEPENDENT SYSTEM OPERATOR CORPORATION
ON PROPOSED DECISION DETERMINING NEED FOR CENTRALIZED
PROCUREMENT OF LONG LEAD-TIME RESOURCES**

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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 opening comments on the July 19, 2024 *Proposed Decision Determining Need for Centralized Procurement of Long Lead-Time Resources* (Proposed Decision).

The CAISO supports the Commission’s efforts to develop a framework for centralized procurement of long lead-time (LLT) resources. Direction on procurement processes and timelines far in advance of the need will help ensure projects have sufficient lead time to complete procurement, interconnection, permitting, and construction processes and account for other risks such as supply chain delays. Significantly, clear and early direction will help move projects through the CAISO’s interconnection process.

If the full amount of centralized LLT procurement specified in the Proposed Decision is delayed or unfulfilled, the Commission should consider options for bridge or backstop procurement to ensure the resource plans adopted in the Commission’s Integrated Resource Plan (IRP) proceeding, and associated transmission developments, remain on track.

Finally, the CAISO recommends a correction to the Proposed Decision regarding CAISO’s prior comments on its Subscriber Participating Transmission Owner (SPTO) framework.

II. Discussion

A. The CAISO Supports the Commission's Efforts to Develop a LLT Procurement Framework.

The Proposed Decision addresses procurement of LLT resources with online dates of 2031 and beyond. The CAISO supports the Commission's efforts to develop a LLT procurement framework. Providing clear direction on procurement well ahead of the need, especially for LLT resources, will help ensure projects have sufficient lead time to complete procurement, interconnection, permitting, and construction processes and account for other risks such as supply chain delays.

B. Clear and Early Direction on LLT Procurement Will Help Projects Move through the Interconnection Process.

The Commission should provide clear and early direction on when and how it will issue LLT procurement in order to help align Commission procurement processes with the CAISO's interconnection processes.

Without defined procurement timelines and processes, it is challenging for project developers to determine when to enter the CAISO interconnection queue and when to anticipate and meet the various milestones required to remain in the queue and request and retain deliverability status. These milestones include executing a power purchase agreement (PPA) and posting material financial security deposits.

Clear, early direction from the Commission on process and timing will help project developers plan to meet the commercial milestones (such as a shortlist or PPA) necessary to proceed through the CAISO's interconnection process.

C. The Commission Should Consider Options for Bridge or Backstop Procurement if Centralized LLT Procurement is Delayed or Unfulfilled.

The Proposed Decision provides a framework for the Department of Water Resources (DWR) to conduct centralized procurement of LLT resources. The Proposed Decision explains that once the Commission requests DWR procure LLT resources, DWR may procure anywhere between zero and the upper limits included in the decision.¹ As such, the full amount of procurement need specified in the decision may not materialize. It is also possible that any LLT

¹ Proposed Decision, p. 2.

projects procured by DWR could incur project delays. Either scenario could result in a capacity shortfall, affecting progress towards meeting grid reliability and greenhouse gas (GHG) reduction targets.

Depending on the reasons for any delayed or unfulfilled LLT procurement, the Commission should consider options for bridge or backstop procurement in a future track of this proceeding. Bridge or backstop procurement will help ensure materialization of the full capacity included in IRP plans. Full procurement of planned capacity is important to maintain reliability and GHG reduction targets. Therefore, allowing bridge or backstop procurement to backfill delays in LLT resources will help achieve reliability and GHG reduction targets.

D. The Commission Should Revise the Proposed Decision to Correct the Description of CAISO Comments on the SPTO Model.

In opening comments on the April 26, 2024 *Administrative Law Judge’s Ruling Seeking Comments on Need and Process for Centralized Procurement of Specified Long Lead-Time Resources* (Ruling), the CAISO explained that “Sunzia, and the SPTO model in general, is specific to new transmission from locations currently outside the CAISO Balancing Area, not for transmission within the CAISO footprint.”² Referencing these comments, the Proposed Decision states that the “CAISO points to statements within the Commission staff analysis attached to the ALJ Ruling referring to the SunZia project in particular, to conclude it is unclear that centralized procurement is necessary, given examples of merchant-based transmission moving forward with LSE-level contract commitments.”³

The CAISO clarifies that it does not conclude the SPTO model obviates or questions the need for centralized procurement of LLT resources. The CAISO’s comments on the Ruling only reinforced that the SPTO model is designed to enhance opportunities for construction of new transmission in locations currently outside of the CAISO balancing area. To correct the record, the CAISO recommends that the Commission remove the sentence describing CAISO’s comments on the Ruling from the Proposed Decision.

² CAISO, [*Opening comments on Administrative Law Judge’s Ruling Seeking Comments on Need and Process for Centralized Procurement of Specified Long Lead-Time Resources*](#), p. 3.

³ Proposed Decision, p. 12.

III. Conclusion

The CAISO appreciates the opportunity to comment on the Proposed Decision.

Respectfully submitted

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