

**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)

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

The CAISO’s comments focus on clarifying aspects of the CAISO’s Transmission Planning Process (TPP). The CAISO also supports party proposals that recommend the Commission require substitute procurement for delayed Diablo Canyon replacement procurement.

II. Discussion

A. The Commission Should Not Adopt Proposals that Undermine Established Planning Procedures or Contradict the CAISO’s Tariff Authority.

Some parties suggest the Commission issue particular modeling direction to the CAISO beyond the transmittal of the Integrated Resource Planning (IRP) portfolios.¹ The CAISO

¹ See, for example, California Wind Energy Association (CalWEA) Opening Comments, p. 6 (proposing the CAISO postpone including certain capacity in the TPP); Solar Energy Industries Association (SEIA) and Large-scale Solar Association (LSA) Opening Comments, p. 4 (recommending the Commission highlight substations with high commercial interest where busbar mapping did not occur).

clarifies it cannot approve transmission projects based on modeling that deviates from the Commission's final portfolio for the reasons set forth below.

First, deviating from the Commission's final portfolio undermines established planning procedures and could inhibit the CAISO's ability to ensure adequate transmission on a timely basis. For example, postponing the placement in the TPP of certain capacity included in the Commission's final portfolio² could postpone the timing of needed transmission solutions. Directing the CAISO to neglect the final portfolio or make modeling changes inconsistent with the final portfolio undermines established planning coordination.

Second, deviating from the Commission's final portfolio by asking the CAISO to effect transmission approvals based on resources outside of the portfolios used for reliability and policy studies contradicts the CAISO's tariff authority. The CAISO's TPP is governed by its Federal Energy Regulatory Commission (FERC)-approved tariff, which describes the specific inputs into the planning process.³ Although the CAISO relies on the Commission to provide resource planning data for its consideration of policy-driven projects,⁴ the CAISO otherwise relies on a tariff-specified list of inputs for developing its Unified Planning Assumptions and Study Plan.⁵

Some parties proposed that the sensitivity studies be "actionable."⁶ However, these sensitivity studies are intended to be largely informational and are not alone the basis for project approval. The CAISO conducts sensitivity studies to evaluate potential future policy decisions, based on sensitivity portfolios transmitted by the Commission. These sensitivity studies fall outside of the CAISO's specific tariff authority to approve transmission projects and instead are treated as other studies⁷ that provide additional details to the CAISO for long-term planning under particular potential policy developments. To approve a transmission project, the CAISO must identify a need through a study of the base portfolio; a need identified in the sensitivity study alone does not provide a basis for the CAISO to move forward with a project approval.

² Comments of CalWEA, p. 6.

³ Section 24 of the CAISO Tariff.

⁴ Section 24.4.6.6 of the CAISO Tariff.

⁵ Section 24.3.1 of the CAISO Tariff. *See also* <https://www.caiso.com/Documents/Transmission-Planning-Process-Overview.pdf>.

⁶ *See* Sonoma Clean Power Opening Comments, pp. 6-7; *See also* Public Advocates Office Opening Comments, p. 5.

⁷ *See* Section 4.1.4 of the Business Practice Manual for Transmission Planning Process.

The CAISO also notes it is unable to grant waivers to its own tariff; FERC must authorize any deviations from the CAISO's tariff.⁸

If the Commission finds merit to any party suggestions, such as highlighting locations with high commercial interest, then the Commission should explicitly reflect such criteria in its final portfolio. For the reasons set forth above, the CAISO cannot approve transmission projects based on modeling that deviates from the Commission's final portfolio

B. The Commission Should Require Substitute Procurement for Delays in Diablo Canyon Replacement Procurement to Support System Reliability.

In opening comments, Pacific Gas and Electric Company (PG&E), Southern California Edison Company (SCE), and San Diego Gas and Electric Company (SDG&E) (together the IOUs) recommended the Commission require substitute procurement for delayed Diablo Canyon replacement procurement to support system reliability.⁹ The CAISO supports this recommendation.

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.¹⁰ In opening comments, PG&E and SCE emphasized it is unlikely they will meet the June 1, 2025 procurement deadline.¹¹ Given that the portions of ordered procurement for PG&E and SCE make up more than half of the Diablo Canyon replacement procurement, the CAISO shares party concerns about potential impacts of delayed procurement on grid reliability.

The CAISO agrees with party recommendations that the Commission should implement a contingency plan for delayed procurement.¹² Specifically, the CAISO agrees with PG&E that substitute procurement (such as the bridge procurement the PD would allow for delayed long lead-time procurement) can help enhance system reliability in the event of project delays.¹³

⁸ See Opening Comments of CalWEA, p. 2 (suggesting the CAISO should grant waivers to allow projects to enter the CAISO queue cluster 15).

⁹ PG&E Opening Comments, p. 4; SCE Opening Comments, p. 5; SDG&E Opening Comments, p. 4.

¹⁰ *Ruling Seeking Comment on Proposed 2023 Preferred System Plan and Transmission Planning Process Portfolios*, October 5, 2023, p. 45.

¹¹ SCE Opening Comments, pp. 3-5; PG&E Opening Comments, p. 4.

¹² SEIA/LSA Opening Comments, pp. 7-9.

¹³ PG&E Opening Comments, p. 5.

Accordingly, the Commission should adopt the IOUs' recommendation that the Commission require substitute procurement for delays in Diablo Canyon replacement procurement.

III. Conclusion

The CAISO appreciates the opportunity to provide reply comments.

Respectfully submitted

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