

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

Order Instituting Rulemaking to Oversee the
Resource Adequacy Program, Consider
Program Refinements, and Establish Forward
Resource Adequacy Procurement Obligations.

Rulemaking 19-11-009
(Filed November 7, 2019)

**NOTICE OF EX PARTE COMMUNICATION BY THE
CALIFORNIA INDEPENDENT SYSTEM OPERATOR CORPORATION**

Pursuant to Article 8.4 of the California Public Utilities Commission (Commission) Rules of Practice and Procedure, the California Independent System Operator Corporation (CAISO) hereby files this notice of oral ex parte communications in the above captioned proceeding.

This filing provides a summary of the CAISO's July 2, 2021 *ex parte* discussion from 9:30 a.m. to 10:00 a.m. with Mary Claire Brown, Energy Policy Advisor; Suzanne Casazza, Legal and Energy Policy Advisor; and Candace Choe, Water, Telco, Safety, and Legal Policy Advisor, to Commissioner Houck. Anna McKenna, Vice President, Market Policy and Performance; and Delphine Hou, Director, California Regulatory Affairs, participated by Webex on behalf of the CAISO.

The CAISO began the discussion expressing its support for President Batjer's June 3, 2021 *Assigned Commissioner's Ruling on Submission of Refreshed Effective Load Carrying Capability Study Results* (Ruling). The CAISO noted it worked with the investor-owned utilities to submit the refreshed effective load carrying capability (ELCC) results consistent with the July 1, 2021 deadline specified in the Ruling. The CAISO indicated that using a reliability-based counting methodology, such as ELCC, would allow the CAISO to make the appropriate filings at the Federal Energy Regulatory Commission (FERC) to waive the application of the resource adequacy availability incentive mechanism (RAAIM). The CAISO has already commenced a process to pursue a waiver of RAAIM at FERC for 2022. This would allow the Commission to direct investor-owned utilities to show demand response resources on supply plans rather than credit the capacity against the resource adequacy

requirements. Lastly, the CAISO is committed to working with the Commission and parties in the 2023 California Energy Commission-led process as specified in the Ruling.

The CAISO subsequently discussed the June 24, 2021 Decision¹ which adopted 2022 resource adequacy requirements. Ms. McKenna noted the CAISO continues to be import dependent, and capacity in the West is becoming increasingly constrained due to changes in the fleet and weather events like those experienced in summer 2020. The CAISO reiterated its belief that the most prudent course of action is requiring all resource adequacy imports to secure firm transmission to the CAISO border so they are not at risk of curtailment during constrained hours.

The CAISO explained its understanding that the Decision adopts a “wait and see” approach to understand the impact of the Commission’s recently adopted resource adequacy import rules. The CAISO expressed concern with the Decision’s finding that it is premature to consider requiring firm transmission for summer 2021. The CAISO noted there is no procedural vehicle for the Commission to consider further improvements for summer 2022 based on the results observed this summer.

The CAISO recommended the Commission continue to consider the CAISO’s proposal regarding resource adequacy imports to: (1) specify the source of generation, (2) provide high priority firm transmission on the last transmission leg to the CAISO system, and (3) meet attestation requirements to ensure imports are committed to the contracting load serving entity.

The CAISO also proposed to require resource adequacy imports provide minimum availability of 16 hours a day, 7 days a week.

Ms. McKenna noted that as a result of a joint statement and letter from Commission chair President Batjer and Chair Hochschild of the California Energy Commission to Elliot Mainzer on June 29, 2021, the CAISO announced on July 1, 2021 it would seek capacity it can procure under its Capacity Procurement Mechanism (CPM) to address a CPM Significant Event. Through this process, the CAISO may learn more about what capacity is available with firm transmission. Ms. McKenna also added that when balancing authorities outside of the CAISO need to reduce exports, the practice is to reduce first those exports on non-firm

¹ *Decision Adopting Local Capacity Obligations for 2022-2024, Flexible Capacity Obligations for 2022, and Refinements to the Resource Adequacy Program*, D.21-06-029, June 24, 2021.

transmission. Ms. Hou agreed this was at least one clear reliability benefit, which is not yet quantified because it is not a requirement for the CAISO market.

Respectfully submitted

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