



Policy Initiatives Catalog Submission Form

This purpose of this form is to propose potential policy initiatives that require a stakeholder process and typically require tariff changes. Do not use this form to request or propose process improvements or administrative changes. Such requests should be made through your Customer Service Representative or Account Manager.

California ISO Policy Initiatives Catalog Submission Form			
Date: 10/18/2021			
Submitter Information			
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Please provide a title for the issue.			
Reform of the Deliverability Assessment Methodology			
Please provide a summary description of the issue (i.e. 500 words)			
<p>The CPUC is in the process of considering major structural reforms to its Resource Adequacy program in Rulemaking 19-11-009. A premise of these reforms is that the RA program must evolve to ensure that energy needs are met in all hours, particularly in all evening peak hours, as well as under more extreme conditions. This new focus is at odds with the CAISO’s deliverability assessment methodology, which is focused on a very few, highly unlikely hours.</p> <p>The CAISO’s On Peak Deliverability Assessment methodology is designed around two operating scenarios. The first scenario, High System Need (HSN), includes three system conditions that are assumed to be occurring simultaneously: an N-2 condition; system dispatch conditions where all generation in a particular area is operating at near Net Qualifying Capacity (NQC); and a “peak-net-load condition,” an operating condition where the system is most likely to experience a generation shortfall. This condition has consistently been occurring during the summer evening hours in the past few years.</p> <p>The second operating scenario, called Secondary System Need (SSN), represents similar assumptions regarding system outages and generation dispatch but gross load (not peak load) is assumed to be at or near its peak level and energy production from both wind and, particularly, solar resources with FCDS and PCDS status are assumed to be significantly</p>			

higher than their NQC levels and in the HSN scenario, along with all other resources at full NQC output.

The CAISO and stakeholders should consider whether and how these assumptions could be reasonably relaxed, consistent with the purpose of the structural reforms being pursued by the CPUC. CAISO and stakeholders should consider whether reformed conditions should be used to determine deliverability for all resources for each of the new “RA time periods” (or “slices of day” as they are termed under the Commission’s adopted framework). For each slice, the assessment methodology should reflect the expected net peak load in that time period. The rarest and most constrained system operating conditions could be considered for the more critical slices of day (the ones with higher net load) for a planning year. The CAISO can advise the CPUC to raise the PRM raised if deemed necessary for such critical slices of day to ensure that there are sufficient RA resources on the system.

Reform is also needed for the process of granting resources local RA credit. Currently, a resource located in a Local Reliability Constrained Area (LCRA) is required to qualify as a system RA resource before it is qualified to provide local RA capacity. Qualifying as a system RA resource could require transmission upgrades to deliver energy from, for example, a battery project in SCE’s Los Angeles Basin LCRA to PG&E’s Bay Area LCRA, preventing it from providing local RA capacity in the Los Angeles LCRA. CAISO and stakeholders should consider whether to eliminate the system-RA requirement for resources providing local RA capacity.

The goal should be to implement these reforms simultaneously with the CPUC’s RA reforms, which are being targeted for the 2023 RA-year.

Please provide any data/information available that would characterize the importance or magnitude of the issue.

The CAISO’s conservative deliverability assumptions are causing substantial and unnecessary roadblocks in building the evolving system that will be dominated by widely dispersed, relatively small, variable energy and storage resources, preventing resources that could provide RA capacity during most hours, including during the critical evening net-peak-load period from interconnecting to the system and providing the needed RA capacity that they could readily provide even under contingent system conditions.

We believe that all or a portion of the more than 1,700 MW currently in the CAISO queue with Energy-Only status, and more than 3,000 MW with PCDS that have commercial operation dates prior to Summer of 2023 could become deliverable under these reasonable reforms. In addition, there are approximately 120 operating projects that have Energy-Only status and eight operating projects that have PCDS that total well over 1 GW. Those could obtain additional deliverability status, which could immediately count towards California’s RA capacity requirements.

In addition to these reliability benefits, major economic benefits would accrue by making more efficient use of existing transmission assets, enabling a large volume of resources to interconnect and provide RA capacity without network upgrades. Greater supply would foster more competition that would lower the cost of RA and benefit ratepayers and would facilitate load-serving entities in meeting their RA requirements.

