

The ISO received comments on the 2024 and 2028 draft Local Capacity Requirements results presented at the March 9, 2023 stakeholder call from the following:

1. California Community Choice Association (Cal-CCA)
2. California Department of Water Resources (CDWR)

Copies of the comments submitted are located on the Local Capacity Requirements Process Page at:  
<http://www.caiso.com/informed/Pages/StakeholderProcesses/LocalCapacityRequirementsProcess.aspx>.

The following are the ISO's responses to the comments.

No	Comment Submitted	CAISO Response
1	<b>California Community Choice Association (Cal-CCA)</b> <b>Submitted by: Shawn-Dai Linderman</b>	
1a	<p><b>Please provide your organization’s overall comments on the 2024 and 2028 Local Capacity Requirements Technical Study Draft Results.</b></p> <p>The California Community Choice Association (CalCCA) appreciates the opportunity to comment on the 2024 and 2028 Local Capacity Requirements (LCR) Technical Study Draft Results (Draft Results). The Draft Results highlight the importance of how local capacity areas are studied to ensure reliable operations under a zero-carbon grid.</p> <p>In the California Public Utilities Commission’s (Commission) Integrated Resource Planning (IRP) proceeding (R.20-05-003), CalCCA and other parties recommended that the Commission, in coordination with the California Independent System Operator (CAISO), begin explicitly studying the ability to reliably serve load in local areas and disadvantaged communities with reduced reliance on fossil fuel resources. Specifically, CalCCA requested that the next sensitivity portfolios transmitted from the Commission to the CAISO for study in the Transmission Planning Process (TPP) should contemplate the retirement of fossil fuel resources in the local areas.<sup>1</sup> In response to these requests and to the direction in Senate Bill 887, which requires the Commission to look at ways to reduce reliance on non-preferred resources in local areas, the Commission states in its D.23-02-040:<sup>2</sup></p> <p><i>The importance of planning for additional natural gas plant retirements has been a priority for us for some time and Commission staff have begun work to develop this type of analysis. The analysis is complex, and we commit to beginning a process for stakeholder input on it in 2023. If it is ready, we will include it in consideration for a sensitivity analysis in the next TPP cycle.</i></p> <p>The Draft Results highlight the importance of conducting this assessment as soon as possible. The ability to retire fossil fuel resources in local areas will depend on either (1) eliminating transmission constraints that limit the number</p>	<p>Thank you for your comments.</p> <p>These comments are not directly transmitted into the CPUC process. Please submit comments to the IRP process directly to the CPUC.</p> <p>CAISO reminds stakeholders that it already conducted studies for alternatives to reduce or eliminate conventional gas generation during 2018-2019, 2019-2020 and 2020-2021 TPP assessment cycles. See details under each area and sub-area sections of the 10-year out LCR reports:  <a href="http://www.aiso.com/Documents/AppendixG-BoardApproved2020-2021TransmissionPlan.pdf">http://www.aiso.com/Documents/AppendixG-BoardApproved2020-2021TransmissionPlan.pdf</a>  <a href="http://www.aiso.com/Documents/AppendixG-BoardApproved2019-2020TransmissionPlan.pdf">http://www.aiso.com/Documents/AppendixG-BoardApproved2019-2020TransmissionPlan.pdf</a>  <a href="http://www.aiso.com/Documents/AppendixG-BoardApproved2018-2019TransmissionPlan.pdf">http://www.aiso.com/Documents/AppendixG-BoardApproved2018-2019TransmissionPlan.pdf</a></p>

<sup>1</sup> California Community Choice Association’s Reply Comments on Administrative Law Judge’s Ruling Seeking Comments on Electricity Resource Portfolios For 2023-2024 Transmission Planning Process, Rulemaking (R.) 20-05-003 (Nov.10, 2022), at 3.

<sup>2</sup> Decision (D.) 23-02-040, Decision Ordering Supplemental Mid-Term Reliability Procurement (2026-2027) and Transmitting Electric Resource Portfolios to California Independent System Operator for 2023-2024 Transmission Planning Process, R.20-05-003 (Feb. 23, 2023), at 78.

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	<p>of resources capable of serving load in the local area, or (2) bringing online enough effective carbon-free resources inside of the local area to replace the existing fossil fuel resources. The Draft Results show that local area requirements have reduced by over 40 percent in some areas due to new transmission.<sup>3</sup> These results demonstrate, that when cost-effective, new transmission can be extremely effective at reducing reliance on resources inside the local area by increasing the ability to import resources outside the local area to load centers. Because local areas depend heavily on gas-fired resources, it will be critical for the CAISO and the Commission to identify when transmission can cost-effectively reduce LCRs to meet state policy goals. Studying reduced reliance on fossil fuel resources in local areas now will result in forward planning that ensures an orderly and reliable transition from reliance on fossil fuels in local areas at least cost.</p>	

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<sup>3</sup> Requirements in the LA basin dropped from 7,529 MW in 2023 to 4,413 MW in 2024 due to new transmission.

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2	<b>Vistra Corp.</b> <b>Submitted by: Cathleen Colbert</b>	
2a	<p><b>Please provide your organization’s overall comments on the 2024 and 2028 Local Capacity Requirements Technical Study Draft Results.</b></p> <p>Vistra Corp. respectfully submits these comments on the CAISO’s 2024 and 2028 Local Capacity Technical Study (“LCT Study”) Draft Report and Study Results (“Draft Reports”) posted on March 7, 2023 and discussed at a public stakeholder call on March 9, 2023.<sup>4</sup> Vistra comments will cover the following four topics:</p> <ul style="list-style-type: none"> <li>• South Bay – Moss Landing LCR subarea continues to underrepresent the amount of batteries in the local area expected to be operating in 2024 and beyond</li> <li>• Oakland LCR subarea continues to fail to show there is a need to procure storage in local area to complete the Oakland Clean Energy Initiative</li> <li>• LCT Study results do not adopt needed methodology changes to recognize the reality that local Resource Adequacy in forward years can be met by new resources with deliverability and that use limited resources are meeting these needs               <ul style="list-style-type: none"> <li>o LCT Study results do not allow planned resources that are viable to achieve commercial operations to offset the need to reduce the requirements in deficient areas</li> <li>o LCT Study results do not specify the minimum energy (MWh) needed to meet the local area requirements</li> </ul> </li> </ul> <p><u>South Bay – Moss Landing LCR subarea continues to underrepresent the amount of batteries in the local area expected to be operating in 2024 and beyond<sup>5</sup></u></p> <p>Vistra is concerned that the Moss Landing Battery Energy Storage Facility Phase III, Moss 350, that is Q1540 project is not being included in the generation assumptions even though it is under construction with a target commercial operation date of June 1, 2023. This is well in advance of 2024</p>	<p>Thank you for your comments.</p> <p>CAISO can confirm that Q1540 was not modeled in the 2024 and 2028 LCR studies. The resource specific modeling assumptions in LCR base cases come from the TPP study plan. For details of requirements to be modeled please see:  <a href="http://www.caiso.com/InitiativeDocuments/FinalStudyPlan-2022-2023TransmissionPlanningProcess.pdf">http://www.caiso.com/InitiativeDocuments/FinalStudyPlan-2022-2023TransmissionPlanningProcess.pdf</a></p>

<sup>4</sup> 2024 & 2028 Overall Summary of Findings – Draft 2024 and 2028 Local Capacity Requirements, <http://www.caiso.com/InitiativeDocuments/Presentation-Draft-2024-and-2028-LCR-Bay-Area-Local-Area-Mar92023.pdf> ; Draft 2024 and 2028 LCR Bay Area Local, <http://www.caiso.com/InitiativeDocuments/Presentation-Draft-2024-and-2028-LCR-Bay-Area-Local-Area-Mar92023.pdf>.

<sup>5</sup> Draft 2024 and 2028 LCR Bay Area Local, Slide 13, <http://www.caiso.com/InitiativeDocuments/Presentation-Draft-2024-and-2028-LCR-Bay-Area-Local-Area-Mar92023.pdf> .

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	<p>commercial operation date listed in the CAISO’s overall summary of findings when describing its assumptions and methods.</p> <p>We believe this because the 2022-2023 TPP Portfolios transmitted to CAISO do not include these 350 MW in the in-development column. Further, the numbers support this because the 2022 NQC resources list showed 678 MW of storage of which the first two phases including VISTRA_5_DALBT1, VISTRA_5_DALBT2, VISTRA_5_DALBT3, and VISTRA_5_DALBT4 amounting to 400 MW and there were an additional 278 MW of new units with MW that do not map to the Vistra Q1540 project with 350 MW.<sup>6</sup> There should be an additional 350 MW shown in the Battery assumptions.</p> <p>We respectfully request the CPUC and CAISO coordinate to provide an update to its transferred portfolio that would reflect the 350 MW as in development resources so that the 2024 LCR and 2028 LCR results are more accurate.</p> <p><u>Oakland LCR subarea continues to fail to show there is a need to procure storage in local area to complete the Oakland Clean Energy Initiative<sup>7</sup></u></p> <p>CAISO assumptions show a 55 MW market resource and a 55 MW battery at the Oakland Sub-area, Vistra is not aware of any planned resource meeting the relevant inclusion criteria that would support this assumption for 2024 and 2028. The generation assumptions are inconsistent with the CPUC transferred portfolio which do not show any existing or planned resources at the Oakland substation for the 2022-2023 TPP. Vistra also requests the CAISO make clear that the local need cannot be met by the 48 MW of Muni/QF.</p> <p>Vistra believes the correct assumptions based on the CPUC transferred portfolios, which are consistent with current state of development efforts while assuming CTs are retired in future years, are shown below.</p>	<p>The LCR base cases were posted for stakeholder comment and the CAISO did not received any comments regarding these units not being included at the time of the base case development.</p> <p>Furthermore, if these resources become operational and if they have deliverability then they will count towards resource adequacy and implicitly meet the local requirements regardless if they were modeled or not in the 2024 and 2028 LCR studies.</p> <p>The need to procure storage in the Oakland sub-area is clear in every CAISO provided Transmission Plan since the approval of the Oakland Clear Energy Initiative project.</p> <p>The 55 MW battery in the Oakland sub-area was modeled by the CAISO in order for the base case to be in compliance with the approved OCEI project. It is true that the CPUC portfolio did not have such resource, however the CAISO has approved the OCEI and battery installation was a requirement of the project. At Vistra’s request the CAISO has approved removal of the Oakland unit 2 from his RMR contract in order to be repowered with a battery storage. Therefore the only “under construction” battery the CAISO is aware of is Vistra’s repower of Oakland unit 2 and as such it was modeled in future cases in order to be compliant with the approved OCEI project.</p> <p>The CAISO could remove the 55 MW battery from the base case and appropriate tables if Vistra confirms the repower has new proposed in-</p>

<sup>6</sup> Attachment A – List of Physical Resources Accounted for in the 2023 and 2027 Local Capacity Technical Studies, South Bay – Moss Landing sub-area, <https://www.caiso.com/InitiativeDocuments/AttachmentA-ListofPhysicalResourcesAccountedforinthe2023and2027LocalCapacityTechnicalStudies.xls> .

<sup>7</sup> Draft 2024 and 2028 LCR Bay Area Local, Slide 17, <http://www.caiso.com/InitiativeDocuments/Presentation-Draft-2024-and-2028-LCR-Bay-Area-Local-Area-Mar92023.pdf> .



No	Comment Submitted						CAISO Response
	Year	Category	Limiting Facility	Contingency	LCR (MW)(Deficiency)	LCR (MWh)(Deficiency)	
	2024	P6	Oakland C-X #2 115 kV cable	Oakland C-X #3 & D-L #1 115 kV lines	31	~176 <sup>13</sup>	
	2025	P6	Oakland C-X #2 115 kV cable	Oakland C-X #3 & D-L #1 115 kV lines	31	~176	
	2026	P6	Oakland C-X #2 115 kV cable	Oakland C-X #3 & D-L #1 115 kV lines	31 (-31) <sup>14</sup>	~176 (~176)	
	2028	P6	Oakland C-X #2 115 kV cable	Oakland C-X #3 & D-L #1 115 kV lines	40 (-40)	~176 (~176)	
<p>Based on our practical experience with previous LCT Study results, we are concerned that failure to modify the LCT study assumptions will produce results that do not send the appropriate signal to address local capacity deficiencies in the Oakland local area. Specifically, energy storage will not be developed and achieve commercial operations to complete the Oakland Clean Energy Initiative and facilitate the retirement of the Oakland Power Plant Jet-Fired Combustion Turbines if the LCT study assumes energy storage will be in operation in 2024. <u>LCT Study results do not adopt needed methodology changes to recognize the reality that local Resource Adequacy in forward years can be met by new resources with deliverability and that use limited resources are meeting these needs</u></p> <p>Vistra provided comments on the 2024 LCR methods on November 22, 2022.<sup>15</sup> We respectfully asked the CAISO to revise its methodology to allow the LCT Study to keep pace with the changing RA fleet and RA program by 1) specifying requirements in terms of capacity and energy and 2) only reducing</p>							<p>The CAISO has been consistent in all messaging related to Oakland sub-area. OCEI is a CAISO approved project and it requires new battery storage in the Oakland sub-area to be operational in order to allow existing Oakland CTs to retire.</p> <p>CAISO has already responded to similar suggestions from Vistra in our response to the October 31, 2022 stakeholder call found here: <a href="http://www.caiso.com/InitiativeDocuments/ISOResponsestoComments-2024LocalCapacityRequirementsDraftStudyManual.pdf">http://www.caiso.com/InitiativeDocuments/ISOResponsestoComments-2024LocalCapacityRequirementsDraftStudyManual.pdf</a></p>

<sup>13</sup> Please confirm that our understanding that the MWh need has not changed is correct, preferably by including this in the requirement as MWh requirement.

<sup>14</sup> Illustrative and intending to represent that there is a full deficiency starting in 2026 assuming CTs are retired to send the signal that additional procurement is needed to cure local needs in this area with projects that achieve COD in 2025 that have deliverability rights but have yet to be procured.

<sup>15</sup> Vistra Corp. Comments on the 2024 Local Capacity Technical Study Criteria, Methodology, and Assumptions, November 22, 2022, <https://stakeholdercenter.caiso.com/Comments/AllComments/3e2c6d79-eb22-4d85-a14b-ed93e2dbdb6a#org-57df6a1d-445e-432e-ae3b-8b6d5e583fb9> .

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	<p>the local requirement in areas with resource deficiency for the binding year and require CPE to cure the resource deficiency in forward years. We repeat that request out of fear that reluctance to do so restricts developers' ability to rely on these results to help inform our activities in a manner that best supports local reliability in the near and mid-term horizons. We urge the CAISO to address this oversight and to make these changes to its 2024 and 2028 results in the final version.</p> <p><u>LCT Study results do not allow planned resources that are viable to achieve commercial operations to offset the need to reduce the requirements in deficient areas</u></p> <p>Vistra strongly believes the three-year forward local RA requirements established through the LCT Study must be revised to allow for new resources that can achieve commercial operations in a forward year to facilitate curing area(s) with resource shortfalls for the forward-year requirements. This change is needed to better align the LCR requirements to respect that the local RA program has evolved to require procurement of local RA on a three-year forward basis where new resources are able to be procured to meet those needs.</p> <p>Vistra again requests that the CAISO change its assumptions to allow resources with commercial operation dates in 2025 and 2026 that are viable to achieve COD, such as by already receiving TPD allocation or by utilizing deliverability retained at the point of interconnection for repower or Independent Study Project.<sup>16</sup> We are concerned that failure to modify this assumption makes it more difficult for procurement arms and developers to work together through existing procurement mechanisms to cure needs with sufficient lead time. For example, PG&amp;E Central Procurement Entity ("CPE") could better plan and track progress on its efforts to cure local area deficiencies through procuring new resources under its existing CPE authority to execute long-term agreements with new resources.</p> <p>Vistra urges the CAISO to update its methodology and produce 2024 and 2028 study results that will send the appropriate forward signal for use in the forward years.</p>	<p>As explained above what is modeled in the LCR base cases does not establish what resources can count towards meeting the local capacity needs. The latest NQC list establishes what resources can and cannot count towards meeting the LCR needs in the annual RA process. The CAISO does not run a multi-year RA process, for questions on what counts in the multi-year process please address the local regulatory agency (LRA) that established such RA program.</p> <p>Deficiencies are calculated to give stakeholders a view as to where new future resources may be better located, however it is not advisable that the deficiency part be included in the actual requirement until such future new resources are on their path of becoming operational themselves.</p> <p>Secondary many of these "deficiencies" are actually better resolved by transmission upgrades rather than new resources.</p> <p>The CAISO does not agree with Vistra's proposal. CAISO believes the incentive to locate resources in deficient areas and sub-areas already exists.</p>

<sup>16</sup> 2024 & 2028 Overall Summary of Findings – Draft 2024 and 2028 Local Capacity Requirements, Slide 3, <http://www.caiso.com/InitiativeDocuments/Presentation-Draft-2024-and-2028-LCR-Bay-Area-Local-Area-Mar92023.pdf> .



No	Comment Submitted	CAISO Response
	<p><u>LCT Study results do not specify the minimum energy (MWh) needed to meet the local area requirements</u></p> <p>California fleet has evolved to include a greater concentration of use limited resources where providing the installed capacity requirement is insufficient to capture the energy requirement necessary to meet the LCT need. The LCT Study should evolve to recognize that the local needs will increasingly come from non-conventional resources and adopt changes for 2024.</p> <p>By not specifying the local needs in both terms of capacity and energy, the CAISO is unintentionally confusing procurement arms that are considering meeting their local needs from non-conventional resources. Load Serving Entities or Central Procurement Entities need to understand that there is a MWh requirement in some areas where the 4-hour Resource Adequacy obligation may not be sufficient.</p> <p>Vistra urges the CAISO to enhance its final results to include this needed level of detail to its LCT Study. CAISO should revise the LCT Study to identify both a minimum capacity (MW) and minimum energy (MWh) requirement for each LCR area(s). Additionally, we request the CAISO specify in its methods whether the energy requirement is (1) non-continuous hours requirement or (2) continuous hours requirement<sup>17</sup>.</p>	<p>As previously explained, the daily and yearly energy requirement can be ascertained by the graphs already provided for each local area and sub-area. The CAISO does have back-stop authority to assure that both the capacity and the energy (as a collective requirement) are met in order to achieve local area reliability needs.</p> <p>The CAISO is concerned that listing a specific energy requirement in MWh could be misunderstood as a change in policy, since currently energy (MWhs) are not enforced at the LSE level.</p>

<sup>17</sup> For example, in the 2023 LCT Study CAISO identified a local need for Oakland sub-area of 35 MW. However, there is also an energy requirement of 176 MWh based on Vistra’s review of the studies. This means to meet the need there needs to be resource(s) that provide either 35MW with at least a ~5 hour continuous output or 44MW with at least a ~4 hour continuous output. Vistra requests CAISO specify the requirements with both MW (35 MW) and energy (176 MWh) for all areas going forward to address the changing RA fleet various capabilities.