

The ISO received zero sets of comments on the 2025 and 2029 final Local Capacity Requirements results presented at the April 11, 2024 stakeholder call and one sets of comments were submitted into the CPUC process. CAISO encourages all market participants to submit comments within the CAISO process:

1. The Protect Our Community Foundation (PCF) – at the CPUC

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>Protect our Communities Foundation (PCF)</b> <b>Submitted by: Andrea White</b>	
1a	<p>Pursuant to the Assigned Commissioner’s Scoping Memo and Ruling dated December 18, 2023,<sup>1</sup> The Protect Our Communities Foundation (PCF) timely submits these comments.</p> <p><b>I. INTRODUCTION.</b></p> <p>The California Independent System Operator’s (CAISO) draft 2025 Local Capacity Technical Report (Draft Report) was submitted to parties on April 4, 2024. Every year, CAISO conducts a Local Capacity Requirement (LCR) study, which is used to inform local RA procurement requirements for the following three years, which for this the 2024 Draft Report year will include 2025-2027. CAISO should make several improvements to its study, including certain recommendations that PCF continues to suggest that remain unaddressed in previous review cycles of LCR Technical Reports. The CAISO Draft Report’s continued deficiencies warp the ability for this Commission to address the real problems that stand in the way of the Commission ensuring reliability at just and reasonable prices. Failure to correct the CAISO Report’s technical deficiencies will create obstacles for this Commission to keep the lights on while controlling unnecessary resource costs.</p> <p>PCF highlights three primary issues that the Commission should address on a priority basis.<sup>2</sup> First, peak load growth is overestimated for the San Diego-Imperial Valley area. Second, CAISO follows an excessive number of reliability standards that lead to an unnecessary and unreasonable increase in costs. These standards include the North American Electric Reliability Council (NERC), the Western Electricity Coordinating Council (WECC), in addition to CAISO’s own reliability criteria. The Commission should also prioritize an assessment of the Draft Report’s effects on disadvantaged communities.</p>	<p>Thank you for your comments. In future cycles please provide them directly into the CAISO process. This will allow for a more direct and meaningful impact to the actual LCR study results since the LCR studies are conducted by the CAISO under the jurisdiction of the CAISO Tariff.</p>

<sup>1</sup> R.23-10-011, Assigned Commissioner’s Scoping Memo and Ruling (December 18, 2023), p. 9

<sup>2</sup> R.23-10-011, Assigned Commissioner’s Scoping Memo and Ruling (December 18, 2023), p. 3 (“Due to the time-sensitive issues that must be addressed in Track 1, including refinements to the Slice-of-Day framework for the 2025 RA compliance year, it is necessary to limit Track 1 to the highest priority issues.”)

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	<p><b>II. PEAK LOAD GROWTH IS OVERESTIMATED FOR THE SAN DIEGO IMPERIAL VALLEY AREA.</b></p> <p>CAISO assumes without documentation or support that net peak load growth will be 66.5 MW/year from 2025 to 2029 in the San Diego-Imperial Valley Area.<sup>3</sup> By comparison, in its 2022 LCR Technical Report, CAISO determined that net peak load growth from 2022 to 2026 would be 31.75 MW/year.<sup>4</sup> CAISO provides no explanation for the significant increase in net peak load growth in San Diego and the facts on the ground fail to support such an unexplained assumed increase. The CAISO Draft Report’s extraordinarily high predicted net peak load growth cannot be factually substantiated especially given that increasing levels of BTM solar and battery storage continue to be installed,<sup>5</sup> contributing to lower net peak load growth.</p> <p><b>III. CAISO FOLLOWS AN EXCESSIVE NUMBER OF RELIABILITY STANDARDS THAT LEAD TO EXCESS RATEPAYER COSTS.</b></p> <p>CAISO states in its Draft Report that it is under an obligation to follow NERC, WECC, and its own reliability standards.<sup>6</sup> California Public Utilities Code Section 345 only requires CAISO to comply with the standards adopted by WECC and NERC.<sup>7</sup> Although CAISO also argues in its Draft report that it is obligated under its FERC-approved Transmission Control Agreement to comply with CAISO’s grid planning standards,<sup>8</sup> that Transmission Control Agreement can be modified and indeed, has been in the past.<sup>9</sup> CAISO can modify its</p>	<p>Section 2.1.22 (page 21) of the 2025 LCR report explains how engineering estimates for intermediate years are derived. Section 2.1.22.1 specifically applies to net peak load growth driven estimate. The load growth estimate is simply the load in year 2029 less the load in year 2025 divided by 4. The load can be found in Table 3.1-1 or the San Diego-Imperial Valley Area Forecast Load and Resource table in both the 2025 and the 2029 LCR reports.</p> <p>Questions related to the San Diego load forecast should be addressed to the California Energy Commission (CEC).</p> <p>The CAISO must list all mandatory standards it is following during its studies since they are all compulsory on maintaining local reliability. That does not imply they are also all binding. The vast majority of the local needs are driven by the NERC standards.</p>

<sup>3</sup> R.23-10-011, California Independent System Operator Corporation Draft 2025 Local Capacity Technical Report (April 4, 2024), p. 143.

<sup>4</sup> R.19-11-009, California Independent System Operator Corporation Final Local Capacity Technical Study for 2022 (April 30, 2021), p. 151.

<sup>5</sup> California Distributed Generation Statistics, Statistics and Charts: NEM and Rule 21 Interconnections, <https://www.californiadgstats.ca.gov/charts/> [as of April 18, 2024] (In SDG&E service territory, NEM solar photovoltaics have increased from 190.54 MW in 2020 to 984.19 MW in 2024, with an increase from 2020 to 2021 of 204.14 MW and an increase from 2022 to 2023 of 318.49 MW; Energy storage has increased from 22.15 MW in 2020 to 155.54 MW in 2024, with an increase from 2020 to 2021 of 38.31 MW and an increase from 2022 to 2023 of 44.50 MW).

<sup>6</sup> R.23-10-011, California Independent System Operator Corporation Draft 2025 Local Capacity Technical Report (April 4, 2024), p. 11.

<sup>7</sup> Pub. Util. Code, § 345.

<sup>8</sup> R.23-10-011, California Independent System Operator Corporation Draft 2025 Local Capacity Technical Report (April 4, 2024), p. 11 (“The CAISO is further under an obligation, pursuant to its FERC-approved Transmission Control Agreement, to secure compliance with all ‘Applicable Reliability Criteria.’ Applicable Reliability Criteria consists of the Reliability Standards as well as reliability criteria adopted by the CAISO {Grid Planning Standards}.”).

<sup>9</sup> CAISO, Amended and Restated Transmission Control Agreement Among the California Independent System Operator Corporation and Transmission Owner: Effective Date of April 15, 2023 adding Citizens S-Line Transmission LLC approved under ER23-861-000, pending future compliance filing (April 15, 2023),

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	<p>Agreement with FERC so that CAISO does not have to follow excessive and superfluous reliability standards that drive up costs and result in California overbuying expensive and unneeded RA resources without any concomitant benefit to the ratepayers.</p> <p>Exceeding WECC and NERC operational standards can lead to reliability issues. In August 2020, CAISO called for rolling blackouts with a 6% operating reserve margin (ORM).<sup>10</sup> According to WECC standards, the ORM can fall below 6% during the first sixty minutes of an event.<sup>11</sup> As PCF stated in our testimony during the Emergency Reliability proceeding, R.20-11-003,<sup>12</sup> allowing the ORM to fall below 6% could have avoided the Blackouts and still complied with the WECC standard and avoided reliability issues.<sup>13</sup> It was only by the CAISO exceeding the WECC standard and prematurely calling for rolling blackouts that reliability issues occurred.</p> <p>As the Commission has repeatedly recognized, transmission costs are only continuing to rise. Thus, it is incumbent on the Commission, as the only California government agency that bears the responsibility for ensuring just and reasonable rates, to question why the CAISO follows standards higher than the NERC and WECC standards. Following gratuitously stringent standards, beyond the NERC and WECC reliability standards, makes it more difficult to dispatch electricity reliably.</p> <p>Moreover, additional transmission projects will need to be built to meet the artificially stringent reliability criteria, imposing unnecessary costs on California</p>	

<https://www.caiso.com/Documents/TransmissionControlAgreement.pdf> [as of April 18, 2023] (“This Agreement was originally effective as of March 31, 1998 and is amended and restated as of the date accepted for filing and made effective by FERC.”).

<sup>10</sup> CAISO, Final Root Cause Analysis Mid-August 2020 Extreme Heat Wave (January 13, 2021), <https://www.caiso.com/Documents/Final-Root-Cause-Analysis-Mid-August-2020-Extreme-Heat-Wave.pdf> (“At 6:16 p.m., the CAISO declared a Stage 2 Emergency because like the day before, consistent with WECC standards, the CAISO was having difficulty maintaining the 6% WECC reserve requirement with generating resources and began to rely on meeting part of its requirement with firm load available to be shed within 10 minutes, counting it as non-spinning contingency reserves ... At 6:28 p.m., the CAISO declared a Stage 3 Emergency [“Stage 3 Emergency is declared by the CAISO when unable to meet minimum contingency reserve requirements, and load interruption is imminent or in progress.” Id. at p. 24] because it was deficient in meeting its reserves requirement.”)

<sup>11</sup> WECC, WECC Standard BAL-002-WECC-2a — Contingency Reserve, p. 1, <https://www.nerc.com/pa/Stand/Reliability%20Standards/BAL-002-WECC-2a.pdf> [as of April 18, 2024].

<sup>12</sup> R.20-11-003, Order Instituting Rulemaking to Establish Policies, Processes, and Rules to Ensure Reliable Electric Service in California in the Event of an Extreme Weather Event in 2021 (November 19, 2020).

<sup>13</sup> R.20-08-020, Prepared Opening Testimony of Bill Powers on Behalf of PCF (January 11, 2021), p. 12.

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	<p>ratepayers at the same time that the Commission is attempting to control unnecessary costs.<sup>14</sup> CPUC staff have predicted that by 2030, bundled residential rates are likely to be 20% higher in SDG&amp;E service territory than the rate of inflation.<sup>15</sup> The Commission has repeatedly determined that the increase in transmission costs are in large part responsible for the growth in residential bills. As the Commission itself found between 2016 and 2021, the transmission rate base in SDG&amp;E service territory increased from \$2.896 billion to \$4.342 billion.<sup>16</sup> Thus the Commission should address, on a priority basis, the CAISO’s duplicative and unwarranted use of increasingly stringent standards that drive up prices and result in unnecessary transmission projects, without any corresponding increase in reliability benefits.</p> <p><b>IV. CAISO SHOULD INCLUDE IN ITS DRAFT REPORT AN ANALYSIS OF HOW BATTERY STORAGE CAN HELP DISADVANTAGED COMMUNITIES.</b></p> <p>The Draft Report should consider how battery storage can reduce emissions in disadvantaged communities. A recently conducted study of the LA Basin by the California Energy Commission concluded that a combination of long duration energy storage and 4-hour energy storage can reduce system costs and enable the retirement of emitting resources in disadvantaged communities, all while still meeting local capacity requirements.<sup>17</sup> The Commission has obligations under Public Utilities Code Section 400 to “[t]ake into account the benefits of distributed generation and promote the use of distributed generation where it provides economic and environmental benefits, particularly in disadvantaged communities as identified pursuant to Section 39711 of the Health and Safety</p>	<p>The CAISO 2025 LCT report addresses technical needs vis-à-vis electrical reliability standards when coming up with a minimum amount of local resource requirement. The Load Serving Entities will determine the mix of resources that they will use to meet their share of the LCR requirements.</p> <p>During the procurement of local resources, the LSEs need to take into account all federal, state and local regulations as well as policy objectives.</p>

<sup>14</sup> R.22-07-005, Proposed Decision Addressing Assembly Bill 205 Requirements for Electric Utilities (March 27, 2024), p.5 (“On July 14, 2022, the Commission issued an Order Instituting Rulemaking to establish demand flexibility policies and modify electric rates to advance the following objectives: ... (b) make electric bills more affordable and equitable.”).

<sup>15</sup> CPUC, Utility Costs and Affordability of the Grid of the Future: An Evaluation of Electric Costs, Rates, and Equity Issues Pursuant to P.U. Code Section 913.1 (May 2021), p. 8, [https://www.cpuc.ca.gov/-/media/cpuc-website/divisions/office-of-governmental-affairs-division/reports/2021/senate-bill-695-report-2021-and-en-banc-whitepaper\\_final\\_04302021.pdf](https://www.cpuc.ca.gov/-/media/cpuc-website/divisions/office-of-governmental-affairs-division/reports/2021/senate-bill-695-report-2021-and-en-banc-whitepaper_final_04302021.pdf) [as of April 18, 2024].

<sup>16</sup> Id. at p. 38.

<sup>17</sup> CEC, Assessing the Value of Long-Duration Energy Storage in California (December 2023), p. 36, <https://www.energy.ca.gov/sites/default/files/2024-01/CEC-500-2024-003.pdf> [as of April 18, 2024].

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	<p>Code.”<sup>18</sup> And the CAISO draft Report fails to comport with its state law obligations under Public Utilities Code Section 345.. to: “mak[e] the most efficient use of available energy resources . . . , reduc[e], to the extent possible, overall economic cost to the state’s consumers . . . and [follow] applicable state law intended to protect the public’s health and environment.<sup>19</sup></p> <p>Under the Commission’s own obligations under Public Utilities Code Sections 400, the Commission should prioritize an assessment of the Draft Report’s impacts on disadvantaged communities in order to minimize those impacts to the maximum extent possible.</p>	

<sup>18</sup> CA SB 350, California Energy and Pollution Reduction Act of 2015.

<sup>19</sup> Pub.Util. Code section 345.5(b)(1) – (3).