

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



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Order Instituting Rulemaking to Develop an  
Electricity Integrated Resource Planning  
Framework and to Coordinate and Refine  
Long-Term Procurement Planning  
Requirements.

Rulemaking 16-02-007  
(Filed February 11, 2016)

**REPLY COMMENTS OF THE CALIFORNIA INDEPENDENT  
SYSTEM OPERATOR CORPORATION**

Roger E. Collanton  
General Counsel  
Anthony J. Ivancovich  
Deputy General Counsel  
Anna A. McKenna  
Assistant General Counsel  
Jordan Pinjuv  
Senior Counsel  
California Independent System  
250 Outcropping Way  
Folsom, CA 95630  
Tel: (916) 351-4429  
Fax: (916) 608-7222  
Email: [jpinjuv@caiso.com](mailto:jpinjuv@caiso.com)

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**REPLY COMMENTS OF THE  
CALIFORNIA INDEPENDENT SYSTEM OPERATOR CORPORATION**

The California Independent System Operator Corporation (CAISO) hereby provides reply comments in response to the *2019-2020 Electric Resource Portfolios to Inform Integrated Resource Plans and Transmission Planning* (Proposed Decision), issued in this proceeding on February 21, 2020.

**I. Introduction**

In these reply comments, the CAISO (1) supports numerous party comments recommending that the Commission adopt a more aggressive greenhouse-gas (GHG) emissions target and (2) responds to comments filed by the City of Redondo Beach (Redondo Beach) regarding its request to modify Decision (D.) 19-11-016.

**II. Discussion**

**A. The Commission Should Consider Using a Lower Greenhouse Gas Emissions Target in the Future.**

The CAISO agrees with parties recommending that the Commission adopt a GHG emissions target lower than 46 MMT for the CAISO footprint. A lower GHG target is necessary because the current paradigm will not provide a pathway to meet the state's decarbonization goals.<sup>1</sup> In prior comments in this proceeding, the CAISO encouraged the

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<sup>1</sup> See for example the opening comments of: American Wind Energy Association California Caucus; Center for Energy Efficiency and Renewable Technologies; California Energy Storage Alliance; Comments of Peninsula Clean Energy Authority, Marin Clean Energy, and San José Clean Energy (Joint CCAs); Environmental Defense Fund; Natural Resources Defense Council; Sierra Club and California Environmental Justice Alliance; Southern California Edison; and Union of Concerned Scientists.

Commission to consider a deep decarbonization scenario with high electrification as an alternative base case to identify the potential need for long-lead time or high capital cost resources (e.g., large-scale pumped hydro storage, out-of-state wind, or geothermal resources).<sup>2</sup> The CAISO's intended purpose in recommending a deep decarbonization scenario was to allow the IRP process to identify and direct procurement of market resources to meet the GHG reductions required by Senate Bill 100. The Commission should consider using a lower GHG emissions target as the base case for future IRP analyses.

**B. Redondo Beach's Comments Are Out of Scope and Without Merit.**

Redondo Beach's opening comments request that the Commission modify D.19-11-016 and recommend that the State Water Resource Control Board not extend the once-through cooling (OTC) compliance date for the Redondo Beach Generating Station. Modification of D.19-11-016 is well outside the scope on the current Proposed Decision. To the extent the Redondo Beach requests modification of D.19-11-016, it should present that request in an appropriate petition for modification pursuant to Rule 16.4, rather than as comments on the Proposed Decision. In addition, the Redondo Beach's comments include misleading opinions and unsubstantiated claims from Ms. Jaleh Firooz that the CAISO responds to briefly below.

**1. Redondo Beach's Request Is Unrelated to the Proposed Decision.**

Redondo Beach claims that "assumptions and methodologies [used in the CAISO's analysis] were inadequately scrutinized by the Commission in D.19-11-016 [and as] a result, the recommendation in D.19-11-016 to extend the OTC policy's compliance deadline for the Redondo Beach GS [Generating Station] was flawed."<sup>3</sup> However, the Proposed Decision has no impact on the Redondo Beach Generating Station and Redondo Beach's recommendation to reconsider D.19-11-016 is out of scope. To the extent that Redondo Beach contests the outcome of D.19-11-016, it can petition the Commission for modification pursuant to Rule 16.4. Redondo Beach cannot challenge D.19-11-016 based on the Proposed Decision. Furthermore, a petition for

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<sup>2</sup> CAISO reply comments, January 15, 2019, p. 2.

<sup>3</sup> Redondo Beach opening comments, p. 7.

modification would allow for appropriate time and opportunity for parties to respond to Redondo Beach’s unsupported factual allegations. Because Redondo Beach incorrectly filed its request for modification as comments on the Proposed Decision, the CAISO and other parties have only a five calendar day period and a five page limit to reply to Ms. Firooz’s factual inaccuracies.

Furthermore, the CAISO has consistently advocated that the Commission direct increased procurement to facilitate the retirement of any generating unit that receives an OTC compliance date extension<sup>4</sup> and supported a single year rather than two year extension of the Redondo Beach Generating Station.<sup>5</sup>

## **2. Ms. Firooz Provides Misleading Opinions and Unsubstantiated Claims.**

Redondo Beach retained Ms. Firooz to “review the assumptions and methodology used by the CAISO in its analysis” of the resource adequacy and operational need for the near-term capacity shortfall identified in D.19-11-016.<sup>6</sup> Ms. Firooz makes at least four unsubstantiated claims or misrepresentations regarding the CAISO’s analyses. First, Ms. Firooz incorrectly claims that the CAISO’s analysis is “overly conservative.” Instead, the CAISO’s analysis relies on “base case” assumptions such as a 1-in-2 peak demand, average historical import contracts in September, and average or median wind and solar energy output in September. In fact, several of CAISO’s assumptions are optimistic—such as the assumptions that no generation or transmission outages will occur beyond the reserve margin during the summer and that all resources under development would come online as expected.

Second, Ms. Firooz erroneously claims that the CAISO “replaced the seven percent operating reserve requirement with a much higher 15 percent planning reserve

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<sup>4</sup> See for example, CAISO opening comments, July 22, 2019 and CAISO reply comments, August 12, 2019.

<sup>5</sup> The CAISO is a member of the Statewide Advisory Committee on Cooling Water Intake Structures, which released its “Final Recommended Compliance Date Extensions for Alamitos, Huntington Beach, Ormond Beach, and Redondo Beach Generating Stations” on January 23, 2020 with a vote to support a single year extension for the Redondo Beach Generating Station. This report is available at: [https://www.waterboards.ca.gov/water\\_issues/programs/ocean/cwa316/saccwis/docs/final\\_report.pdf](https://www.waterboards.ca.gov/water_issues/programs/ocean/cwa316/saccwis/docs/final_report.pdf).

<sup>6</sup> Redondo Beach opening comments, p. 6.

requirement” in its operational analysis.<sup>7</sup> The CAISO did no such thing and it appears Ms. Firooz purposely mischaracterized the CAISO’s operational analysis simply because it considers hours other than the single peak hour. In fact, in the same North American Electric Corporation (NERC) 2019 Long Term Reliability Assessment (2019 LTRA) Ms. Firooz cites in an attempt to discredit the CAISO analysis, NERC describes an emerging reliability consideration where: “[as the] resource mix continues to change, the increase in energy-limited resources and other factors influence resource adequacy... While traditionally the risk is observed during the summer and winter peak conditions, potential risk is being observed during shoulder and off-peak periods when solar and/or wind output is low.”<sup>8</sup> The 2019 LTRA concludes that although it “has historically gauged resource adequacy by using solely planning reserve margins focused at peak demand hour, [it] will expand its use of probabilistic approaches in the 2020 LTRA to support assessment of resource and energy adequacy across all hours.”<sup>9</sup>

Third, Ms. Firooz misrepresents the CAISO’s import analysis as an “assertion”<sup>10</sup> when in fact it is based on *average historical contracted resource adequacy imports* from the month of September from 2015 through 2018.<sup>11</sup>

Lastly, Ms. Firooz accuses the CAISO of not including “currently implemented” time-of-use (TOU) rates but did not specify what that means.<sup>12</sup> As documented in the CAISO’s filings, the CAISO relied on the most recently available demand forecast from the California Energy Commission’s 2018 Update of the Integrated Energy Policy Report (2018 IEPR Update), which was adopted in early 2019 and includes TOU rate impacts.<sup>13</sup>

The CAISO appreciates the opportunity to provide comments and supports the

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<sup>7</sup> Redondo Beach opening comments, p. 9.

<sup>8</sup> North American Electric Reliability Corporation 2019 Long Term Reliability Assessment, p. 14. Available at:

[https://www.nerc.com/pa/RAPA/ra/Reliability%20Assessments%20DL/NERCLTRA\\_2019.pdf](https://www.nerc.com/pa/RAPA/ra/Reliability%20Assessments%20DL/NERCLTRA_2019.pdf).

<sup>9</sup> North American Electric Reliability Corporation 2019 Long Term Reliability Assessment, p. 8. Available at: [https://www.nerc.com/pa/RAPA/ra/Reliability%20Assessments%20DL/NERCLTRA\\_2019.pdf](https://www.nerc.com/pa/RAPA/ra/Reliability%20Assessments%20DL/NERCLTRA_2019.pdf).

<sup>10</sup> Redondo Beach opening comments, p. 10. Footnote omitted.

<sup>11</sup> CAISO opening comments, July 22, 2019, Attachment A, p. 24. CAISO reply comments, August 12, 2019, Attachment A, p. 18 and Attachment B, p. 25.

<sup>12</sup> Redondo Beach opening comments, p. 12.

<sup>13</sup> CAISO opening comments, July 22, 2019, Attachment A, p. 23. CAISO reply comments, August 12, 2019, Attachment A, p. 15 and Attachment B, p. 21.

Proposed Decision and looks forward to working with the Commission on the foregoing actions the Commission should take.

Respectfully submitted,

**By: /s/ Jordan Pinjuv**

Roger E. Collanton

General Counsel

Anthony J. Ivancovich

Deputy General Counsel

Anna A. McKenna

Assistant General Counsel

Jordan Pinjuv

Senior Counsel

California Independent System

250 Outcropping Way

Folsom, CA 95630

Tel: (916) 351-4429

Fax: (916) 608-7222

Email: [jpjuv@caiso.com](mailto:jpjuv@caiso.com)

Attorneys for the California Independent  
System Operator Corporation

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