

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



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

Rulemaking 25-10-003

**COMMENTS OF THE
CALIFORNIA INDEPENDENT SYSTEM OPERATOR CORPORATION
ON ORDER INSTITUTING RULEMAKING**

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I. Introduction

Pursuant to the *Order Instituting Rulemaking to Oversee the Resource Adequacy Program, Consider Program Reforms and Refinements, and Establish Forward Resource Adequacy Procurement Obligations* (OIR), issued by the California Public Utilities Commission (Commission) on October 15, 2025, the California Independent System Operator Corporation (CAISO) hereby submits opening comments.

The CAISO generally supports the OIR's scope of issues. The CAISO looks forward to supporting the Commission in its development of an unforced capacity (UCAP) framework in this proceeding. Establishing UCAP qualifying capacities (QCs) for thermal and storage resources will allow the Commission to more accurately reflect those resources' performance during critical grid conditions. The Commission should consider updating its QC calculation methodology for storage resources to align with the Commission's stated QC counting methodology.

The Commission should also coordinate between the Integrated Resource Planning (IRP) and Resource Adequacy (RA) proceedings on an ongoing basis. Aligning the two proceedings minimizes discrepancies between the planning and procurement performed in IRP and the RA requirements established in the RA proceeding.

II. Discussion

A. The CAISO Continues to Support the Commission in its Development of a UCAP Framework.

The OIR's preliminary scope includes consideration of a final UCAP framework that addresses the areas identified in Commission Decision (D.) 25-06-048.¹ The CAISO supports the Commission developing a final UCAP framework. Compared to the current QC counting rules for thermal and storage resources, UCAP QCs more accurately reflect a resource's performance during the most critical conditions when forced outages and ambient derates are most impactful to the reliable operation of the grid.

The CAISO supports UCAP as an accreditation framework for certain resource types. Recently, the CAISO Board of Governors approved updates to CAISO's default accreditation rules including the application of UCAP to thermal generation. The CAISO seeks to continue collaboration with the Commission and Energy Division staff on UCAP approaches going forward.

In D.25-06-048, the Commission directed Energy Division to "identify whether any modifications are needed to the CAISO tariff."² The CAISO recognizes that receiving UCAP-derated QC values may warrant reconsideration of elements in CAISO's tariff and processes. These elements include the must-offer obligation for resources whose QCs are impacted by UCAP, the treatment of such resources in CAISO's resource adequacy availability incentive mechanism (RAAIM) or its successor, and how CAISO studies such resources in its net QC deliverability studies.

The CAISO must stakeholder any changes to its market policies and tariff in its own stakeholder processes. However, the CAISO recognizes that the UCAP issues considered in this proceeding will be closely linked with the CAISO's processes. The CAISO is open to discussing these topics in CAISO venues alongside the development of a Commission UCAP framework, with the goal of supporting the implementation of UCAP in the Commission's RA program. The CAISO is considering reforms to must-offer obligations and RAAIM in its Resource Adequacy Modeling and Program Design stakeholder process. If the Commission adopts a UCAP

¹ OIR, p. 4; *see also* D.25-06-048, p. 50.

² *Id.*

framework, the CAISO may also consider updating its net QC deliverability study methodology to account for UCAP.

B. The Commission Should Consider Updating its QC Calculation Methodology for Storage Resources in this Proceeding.

In D.14-06-050, the Commission adopted QC rules for storage resources, stating, “[T]he storage operator must submit to the CAISO an output level (in MW) at which the resource is capable of discharging for four or more uninterrupted hours; this is defined to be its P_{maxRA} , the maximum output that can be considered for RA calculations.”³ To calculate the P_{maxRA} for storage resources, Energy Division staff divides the Maximum Continuous Energy Limit from CAISO’s Master File by four and constrains the value to the resource’s point of interconnection limit and to the maximum output of the resource.⁴

The CAISO defines the Maximum Continuous Energy Limit as the maximum stored energy for a storage resource; in other words, its maximum state of charge.⁵ Using maximum state of charge as the only input to the storage QC calculation may result in a QC that does not align with the Commission’s stated QC calculation methodology.

The Commission’s current QC calculation methodology may not align with its stated QC counting methodology for storage resources for two reasons. First, some storage resources have a minimum state of charge above zero MWh. Using only the maximum state of charge in the QC calculation does not recognize the inaccessible MWh below the resources minimum state of charge. Second, as some storage resources approach their state of charge limits, they can no longer be charged or discharged at their maximum level. Using the entire range between storage resources’ maximum state of charge and zero MWh may fail to recognize the state of charge range in which some storage resources are not capable of performing at their maximum level.

In this proceeding, the Commission should consider updating its QC calculation methodology for storage resources to align with the Commission’s stated QC counting

³ D.14-06-050, p. B-9.

<https://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M097/K619/97619935.PDF>

⁴ Comments of the California Public Utility Commission’s Energy Division on CAISO’s Revised Straw Proposal on Outage Management, <https://stakeholdercenter.caiso.com/Comments/AllComments/a35d7182-e62e-4559-93c0-80ede736ceba#org-7f5beefe-217b-4b7a-955d-73619fa3f85b>

⁵ CAISO Business Practice Manual for Market Instruments, version 92, p. 212.

methodology. Specifically, the Commission should update the methodology to incorporate storage resources' minimum state of charge levels and using a measure of state of charge that reflects the range where storage resources can perform at its maximum level for at least four hours.

C. The Commission Should Coordinate the RA Proceeding with IRP Proceeding on an Ongoing Basis.

The OIR's preliminary scope includes coordination with the IRP proceeding "(o)nce a decision is issued on the [Reliable Clean Power Procurement Program] proposal"⁶ Although the Reliable and Clean Power Procurement Program (RCPPP) represents a significant component of the IRP proceeding, the preliminary scope of the IRP proceeding includes other topics. The Commission is likely to begin considering these other topics before it issues a decision on RCPMP.

The Commission should not wait until the RCPMP proposal is approved to coordinate between the RA and IRP proceedings. These two proceedings should coordinate on an ongoing basis to ensure alignment on reliability modeling across proceedings. For example, the preliminary scope of issues for the RA proceeding and the scoping memo for the IRP proceeding both include the inputs and assumptions used in reliability modeling.⁷ The Commission should seek alignment between inputs and assumptions used in RA and IRP when appropriate and carefully consider deviations between the inputs and assumptions used in the proceedings. Alignment will help minimize mismatches between the planning and procurement performed in IRP and the RA requirements established in the RA proceeding. The Commission should also leverage IRP to ensure that sufficient resources are available to meet reliability requirements in the RA timeframe.

Consistent and continual coordination throughout the duration of the RA and IRP proceedings supports aligned outcomes between RA and IRP, improving reliability.

⁶ OIR, p. 5.

⁷ OIR, p. 5; *Assigned Commissioner's Scoping Memo and Ruling*, R. 25-06-019, p. 5.

III. Conclusion

The CAISO appreciates the opportunity to provide opening comments on the OIR and looks forward to working with parties on these important issues.

Respectfully submitted,

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