SDG&E’s comments on CAISO’s Proposed Revision Request 1280

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| Submitted by | Company | Date Submitted |
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SDG&E appreciates the opportunity to comment on the revised language for the Proposed Revision Request (PRR) 1280. Overall, SDG&E does not support this PRR because it infringes upon the local regulatory agency, in this case the California Public Utility Commission’s, ability to determine RA credits for demand response resources. While SDG&E opposes this PRR, SDG&E provides the following comments and additions to clarify the business practice manual (BPM) language that describes the process in which CAISO provides notice to Load Serving Entities (LSEs) and the impacts from any subsequent CPM designations.

**Jurisdiction**

SDG&E supports jurisdictional argument raised by the CPUC that PU Code § 380(b)(2) gives the CPUC legislative authority to determine RA credits for DR resources that “meet or reduce an electrical corporation’s resource adequacy requirements.” The CAISO’s tariff defers often defers to an LRA’s authority for various purposes, such as the qualifying capacity counting methodologies and the LRA’s authority to determine how RA requirements are allocated to their jurisdictional load serving entities (LSEs). SDG&E believes that the CAISO’s proposed language change to its business practice manual is a policy change that must be discussed through the traditional stakeholder initiative and should not be submitted through the PRR process.

**Clarify “credits net to zero” terminology**

SDG&E requested the CAISO to include additional language to clarify the process of rejecting credits and impact to (LSEs). The current language does not clearly define the term “credits net to zero” and does not indicate what occurs if the CAISO rejects the credits. Please see the following edits to the CAISO’s proposed language.

In reviewing RA plans for compliance, the CAISO will accept~~s~~ LRA-provided credits against compliance obligations for the LRA’s jurisdictional LSEs provided the credits net to zero. Credits net to zero occurs when the LRA’s credits are able to be matched to known resources submitted on supply plans. For example, the CAISO accepts credits related to the CPUC’s Cost Allocation Mechanism because the credits allocate capacity from a known resource to various LSEs but they do not reduce the RA capacity provided and shown to the CAISO. The CAISO may only determine whether credits net to zero after year-ahead and month-ahead RA supply plans are submitted to the CAISO. The CAISO shall make such determinations within 5 calendar days after the year-ahead or month-ahead RA plans are due. If the CAISO rejects the LRA-provided credits to LSEs, then the CAISO will notify the LSE(s) and their respective LRAs of the amount that was rejected. The LSE(s) have 5 business days to re-submit known resources or additional resources match the credits that do not net to zero. The CAISO may procure additional backstop capacity designated under the capacity procurement mechanism (CPM) if insufficient capacity was submitted on the supply plan to meet the year-ahead or month-ahead RA obligations.

SDG&E believes the proposed language creates and inconsistency between the credits provided by Local Regulatory Authorities (LRAs), such as the California Public Utility Commission (CPUC), for certain resources and not other resources. For example, the CAISO’s proposed language will not count credits provided by the CPUC for the investor owned utilities’ (IOU) demand response programs because such resources are not included on supply plans. However, the CAISO will accept credits provided by the CPUC for reliability must run (RMR) resources even though such resources are also not shown on supply plans. SDG&E believes this process is inconsistent and discriminatory to IOU demand response programs.

**“Credits” vs. “Adjustments” Terminology**

SDG&E appreciates the CAISO’s consideration to changing the term of “adjustments” to “credits” from the initial language. For the paragraph related to load migration, SDG&E believes the term adjustments is more appropriate because such adjustments may not net to zero unlike credits provided by the LRA in the prior paragraph. SDG&E proposes the following edits for consideration:

~~Consistent with the previous paragraph with respect to credits netting to zero,~~ ~~the~~ The CAISO understands that the CPUC may provide, on a quarterly basis, updated obligations/~~credits~~adjustments for their jurisdictional LSEs due to load migration or other factors. Where the CPUC provides such updates, the CAISO will incorporate the updated obligations/~~credits~~adjustments into the LSEs’ monthly RA requirements as soon as feasible. The CAISO will only use the updated requirements for the month-ahead RA process; updated requirements will not be used to change existing annual CPM cost allocations. If the updated CPUC allocation relates to local RA obligations and the updated allocation does not fully allocate the total sum of each CPUC Load Serving Entity’s proportionate share calculated under Section 40.3.2(a), then the ISO will allocate to CPUC load serving entities the difference using the default allocation provisions under section 40.3.2(c) of the tariff.