

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

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

Rulemaking 11-10-023

**CALIFORNIA INDEPENDENT SYSTEM OPERATOR CORPORATION
RESPONSE TO PETITION FOR MODIFICATION**

Pursuant to Rule 16.4 of the California Public Utilities Commission (“Commission”) Rules of Practice and Procedure, the California Independent System Operator Corporation (“ISO”) respectfully submits this response in support of the petition filed by Pacific Gas and Electric Company (“PG&E”) on July 31, 2012 requesting that the Commission modify decision D.12-06-025 to align the timing for submitting the monthly resource adequacy submissions to the Commission with the timeline the ISO proposes for the submission of information related to the replacement requirement.

I. RESPONSE

In decision D.11-06-022, issued on June 23, 2011, the Commission determined that the resource adequacy program should be modified to eliminate the replacement rule starting with the 2013 resource adequacy year. The replacement rule requires jurisdictional load serving entities to provide replacement capacity for a planned maintenance outage at a resource adequacy resource when the scheduled length of the outage exceeds a specified duration. The decision directed the Energy Division staff to work with the CAISO and stakeholders to develop an alternate to the LSE replacement rule which can be implemented by the start of the 2013 RA compliance year.

In order to retain the reliability benefits provided by the Commission's replacement rule, the ISO undertook a stakeholder initiative to develop changes to its outage management and resource adequacy procedures that will ensure that the resource adequacy capacity required under the Commission's resource adequacy program will be operationally available to the ISO. As a result of that stakeholder initiative, the ISO issued a draft final proposal on May 17, 2012, which was approved by the ISO Board of Governors on July 12, 2012, and will be filed at the Federal Energy Regulatory Commission in September 2012.

For purposes of this filing, the notable process change between the Commission's resource adequacy rules and the ISO's replacement requirement is the timeline for submitting the monthly resource adequacy plans and supply plans. Under the Commission's existing rules, the monthly plans are due approximately 30 days prior to the beginning of the month. Under the ISO's replacement requirement, the scheduling coordinators for the load serving entities and the scheduling coordinators for the resources will be required to submit their monthly information 45 days in advance of the start of the resource adequacy month. The proposed earlier submission will allow the ISO the additional time needed to validate the outage and replacement-related information and complete the replacement process.

In its petition, PG&E requests that the timeline for Commission-jurisdictional load serving entities to submit their monthly resource adequacy plans be synchronized with the ISO timeline, beginning with the resource adequacy compliance month of January 2013. The ISO supports PG&E's request. The requested modification to the Commission's rules and processes will relieve jurisdictional load serving entities from

conflicting filing requirements and will accommodate a longer lead time for the ISO to review the outage and replacement-related information. The ISO recommends that D.12-06-025 be amended to effectuate the timeline changes.

At the workshop on August 6, 2012, the Energy Division staff indicated that they support aligning the timing of the RA submissions at 45-days in advance of the resource adequacy compliance month. The ISO commends the Energy Division for their cooperation in addressing this issue and willingness to recommend that the Commission modify its rules to accommodate the timing change. This change in the timing for submitting the monthly RA information will greatly facilitate the ISO's implementation of the replacement requirement and maintain an aligned, efficient submission process for jurisdictional load serving entities.

II. CONCLUSION

For the foregoing reasons, the ISO respectfully requests that the Commission issue an order consistent with the ISO's position.

Respectfully submitted,
/s/ Beth Ann Burns
Nancy Saracino
General Counsel
Anthony Ivancovich
Assistant General Counsel
Beth Ann Burns
Senior Counsel
California Independent System
Operator Corporation
250 Outcropping Way
Folsom California 95630
Tel. (916) 351-4400
Fax. (916) 608-7222
aivancovich@caiso.com
bburns@caiso.com

Date: August 24, 2012