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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
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**RESPONSE OF THE LARGE-SCALE SOLAR ASSOCIATION
TO THE DECEMBER 27, 2011 PHASE I SCOPING MEMO AND RULING OF THE
ASSIGNED COMMISSIONER AND ADMINISTRATIVE LAW JUDGE**

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January 13, 2012

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I. INTRODUCTION

On December 27, 2011, the Phase I Scoping Memo and Ruling of the Assigned Commissioner and Administrative Law Judge (“Scoping Ruling”) was issued in this proceeding. The Scoping Ruling sets the procedural schedule for this proceeding and requires parties to file proposals on Phase I issues by January 13, 2012. In accordance with the Scoping Ruling, the Large-scale Solar Association (“LSA”) provides the comments herein.

LSA applauds the Commission’s effort to address issues in this proceeding that are important and necessary as the state moves towards achieving the 33% Renewable Portfolio Standard (“RPS”). LSA recognizes that several of the refinements identified for Phase I could result in significant changes to the Resource Adequacy (“RA”) program that fundamentally alter the program and how the Commission ensures that California’s grid has sufficient capacity and flexibility. Given the variety and scope of issues in Phase I, LSA acknowledges that addressing the identified issues in the Phase I timeframe is a considerable undertaking. We look forward to participating further in the workshops and providing comments on party and staff proposals.

II. LSA COMMENTS ON THE SCOPING RULING'S IDENTIFIED PHASE I REFINEMENTS TO THE RESOURCE ADEQUACY PROGRAM

Among the issues identified in this sub-category, LSA is particularly focused on items f (CAISO Flexible Capacity Procurement Requirement) and g (Update Resource Adequacy rules to account for differences in procurement due to the 33% Renewable Portfolio Standard requirement, the electrical system's operational needs, and related issues). In addition to these issues, LSA also provides some initial thoughts on the Demand Response ("DR") resources and the application of the RA program to these resources.

i. California Independent System Operator's ("CAISO's") Flexible Capacity Procurement Requirement

On the CAISO's Flexible Capacity Procurement Requirement, the Scoping Ruling states that "[i]n Phase 1, we will consider any recommendations from the CAISO regarding the type of resources needed to manage the grid, and how to provide such resources to the CAISO within the RA program." This suggested approach seems to prejudge the appropriate technologies that will provide the flexibility needed to manage the grid with the increased penetration of renewable resources associated with the 33% RPS.

Rather than focusing on the type of resources, the CAISO's recommendations should focus instead on describing the needed operational characteristics and the amounts of those operational needs. Focusing first on defining these needs will provide generators and resource owners with the information they need to assess how and whether their resource(s) could meet such needs and send market signals to encourage the development of new operations or technologies to provide the needed services. After defining the operational needs for the Flexible Capacity Procurement Requirement, these operational requirements can then be incorporated into the procurement requirements for load-serving entities ("LSEs"). In this way, LSEs can

manage their portfolios efficiently and procure resources that offer the needed flexibility at the lowest cost.

- ii. Update Resource Adequacy rules to account for differences in procurement due to the 33% Renewable Portfolio Standard requirement, the electrical system's operational needs, and related issues

With respect to the update of RA rules to account for procurement differences associated with the 33% RPS, LSA notes that for generation projects to achieve deliverability for RA purposes generally requires the complete build-out of Delivery Network Upgrades designed for the entire amount of anticipated potential generation.. These upgrades add significant value to the system, but can require significant investment and time. However, not all generators would become operational at the same time. Therefore, there is room to size the timing of upgrades, or develop interim upgrades to reflect the pace of generation development. Where there is a mismatch in the timing of upgrades and the completion of a generation project, there can be available deliverability that could be used by a later project in the queue. By providing more certainty around this Operational Partial Deliverability, the CPUC could encourage renewable generation to move quickly towards commercial operation. In addition, an important option for projects moving forward is selecting to be deemed partially deliverable to avoid high cost Delivery Network Upgrades. To provide needed market certainty, the Commission needs to provide clarification on how these resources that are partially deliverable will be valued and count towards RA procurement requirements and find ways to apply Operational Partial Deliverability for more than one year.

LSA notes that the RA procurement obligation was intended to ensure that sufficient system and local generic capacity is made available to the CAISO to ensure reliable grid operation. In this respect, solar offers significant benefits as its output is strongly correlated with conditions that place high stress on the system, i.e. summer peak demand events associated with heat waves. With a generation profile that tracks

strongly with demand during peak system conditions, solar provides considerable value in meeting the peak system needs.

iii. Refinements regarding Demand Response Resources

With respect to DR resources, LSA also notes that there are different operational questions in terms of how these resources would be called upon to provide capacity in case of a contingency occurring. These differences will need to be considered in determining the appropriate rules for these resources participating in the RA program.

III. CONCLUSION

LSA applauds the Commission's focus on revising the RA rules to address changes to the program stemming from the increased renewable penetration under the 33% RPS. LSA appreciates the opportunity to provide these comments on Phase I issues and looks forward to participating in the workshops later this month.

Respectfully submitted,

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