



**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 ) Rulemaking 14-10-010  
Refinements, and Establish Annual Local and ) (Filed October 16, 2014)  
Flexible Procurement Obligations for the 2016 )  
and 2017 Compliance Years. )

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**RESPONSE OF SOUTHERN CALIFORNIA EDISON COMPANY (U 338-E) TO  
ADMINISTRATIVE LAW JUDGE'S RULING SEEKING PARTY COMMENTS AND  
PROPOSALS**

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Dated: **January 16, 2015**

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Southern California Edison Company (SCE) respectfully submits its Response to the Administrative Law Judge's Ruling Seeking Party Comments and Proposals (Ruling). SCE does not have any specific proposals, but provides its responses to the questions posed in the Ruling.

**I.**

**SCE'S RESPONSES TO THE RULING'S QUESTIONS**

**A. Question #1: Are the current eligibility criteria for energy storage and demand response (DR) appropriate? If not, what changes would you recommend?**

**SCE's Response:** The California Public Utilities Commission (Commission) should eliminate the current requirement that resources need a net qualifying capacity (NQC) before they can receive an effective flexible capacity (EFC). Under a process that properly establishes an EFC, there are no benefits to having resources qualify for NQC in order to be eligible for EFC. Both attribute types provide reliability services to the system without necessarily being

dependent on each other. Depending on the technology, resources can be configured to serve peak load needs, ramping needs, or both. Requiring a resource to qualify for NQC before being able to receive EFC may result in a flexible resource being configured in a way that does not optimize their value or could result in flexible resources not being able to receive credit for attributes they are able to provide to the grid. Allowing the flexibility to configure these resources in a manner that is the most cost effective will increase the availability of these products to the market and result in reduced costs to customers.

SCE, however, recognizes that the current EFC process does not account for deliverability. SCE supports modifying the EFC process to require a resource to be deliverable in order to obtain an EFC.

**B. Question #2: Should the measurement hours be changed for any resources? If so, how?**

**SCE's Response:** As shown in the 2014 Long-Term Procurement Plan (LTPP) Phase 1, the hours of the day when reliability concerns are the greatest are shifting from the current measurement hours.<sup>1</sup> This shift is being caused by the changing nature of what is needed to maintain reliability (*i.e.*, peak capacity vs. flexibility needs) and the influx of solar capacity that generates energy during traditional peak periods of the day. Ideally, measurement hours should represent the periods when resources -- or resources with certain attributes -- are in their highest demand. Before determining how the measurement hours should be changed, the Commission must study the impact of these changing conditions. To that end, there are a variety of methods to study the correct measurement hours for this changing landscape, including using analysis similar to that being performed for effective load carrying capability determination, or the analysis being performed for the 2014 LTPP Phase 1 studies. Both of these analyses could

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<sup>1</sup> See R.13-12-010, Revised Phase 1A Testimony of SCE on Resource Need – 2014 LTPP Trajectory Scenario at Section III-A-1.

identify which periods have the highest reliability risks. These periods could then be used to guide the discussion surrounding which hours are the appropriate measurement hours.

C. **Question #3: Should any changes be made to the MCC bucket system, or should any particular analysis be conducted to enable future refinements or changes to the current system?**

**SCE's Response:** The Commission should create a two-hour bucket with the MCC buckets for resources that are capable of providing energy to the grid for two consecutive hours. These resources are capable of increasing reliability during the periods of highest need. Creating a two-hour bucket will facilitate the inclusion of additional technology types that do not always lend themselves to providing a longer duration of energy (*e.g.*, energy storage and demand response). Ultimately, this expansion will reduce customer cost by allowing lower cost options into the market. SCE, however, notes it will be necessary to study and limit the maximum amount of two-hour resources that can be utilized without implicating reliability concerns.

D. **Question 4#: In its flexible resource adequacy criteria and must offer obligations (FRAC-MOO) initiative, the California Independent System Operator (CAISO) proposed that energy storage resources wishing to qualify as Flexible RA based on both charge and discharge capabilities should be required to register as non-generator resources (NGR). The following questions relate to this and to related concepts.**

**SCE's Response:** SCE believes this is an important area for discussion and review.

SCE, however, does not have any specific recommendations for changes at this time.

Respectfully submitted,

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