

**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 Refinements, and Establish Annual
Local and Flexible Procurement Obligations
for the 2016 and 2017 Compliance Years

R.14-10-010
(Filed October 16, 2014)

**PACIFIC GAS AND ELECTRIC COMPANY'S (U 39 E)
REPLY COMMENTS ON THE PROPOSED DECISION**

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Dated: June 14, 2016

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REPLY COMMENTS ON THE PROPOSED DECISION**

Pursuant to Rule 14.3 of the California Public Utilities Commission's (Commission) Rules of Practice and Procedure, Pacific Gas and Electric Company (PG&E) provides its reply comments on the *Proposed Decision of ALJ Dudney: Track 1 Decision Adopting Local and Flexible Capacity Obligations for 2017, and Further Refining the Resource Adequacy Program* (PD).

These reply comments focus on one topic: the allocation of the flexible resource adequacy (RA) obligation among the Commission-jurisdictional load serving entities (LSEs). PG&E has advocated the change to allocate the flexible RA obligation to Commission-jurisdictional LSEs based on their relative contributions to the three-hour ramp.

Both the Office of Ratepayer Advocates (ORA) and the California Large Energy Consumers Association (CLECA) urge the Commission to modify the PD to allocate the flexible RA obligation in this manner.¹ PG&E agrees with ORA that:

This type of allocation would correctly allocate the costs of additional flexible capacity to those who cause the need for additional flexible capacity. Adoption of this proposal in the upcoming Decision will incorporate this basic cost causation

¹ ORA Comments, pp. 3-4; CLECA Comments, pp. 5-6.

principle into the 2017 RA requirements. The PD's assignment of this proposal to Track 2 defers the appropriate allocation of flexible capacity requirements to 2018. While some refinements may improve the PG&E proposal, those refinements are not critical and could be included in a subsequent RA Decision. It is common for new policies in the RA program to be modified and refined in the annual RA decisions.²

As CLECA states:

the mix and location of renewable resources chosen by an LSE to serve its customers of physical necessity will have an impact on ramping and flexibility requirements. An LSE's flexible RA obligation should precisely reflect this impact and it should pay for the consequences to the grid. An allocation on the basis of a load ratio share effectively spreads these costs across all customers of all LSEs, whether or not they are causing these costs to be incurred.³

PG&E continues to respectfully urge adoption of its proposal to allocate flexible RA obligations to jurisdictional load-serving entities based on their relative contributions to the ramping requirement.

Sonoma Clean Power Authority, the City of Lancaster, and Marin Clean Energy (collectively, the community choice aggregation (CCA) Parties), urge that the PD be modified to remove the substantive discussion of this topic.⁴ PG&E opposes this proposal. PG&E recommends the discussion be retained. The analysis in the PD, fully supported by the record in this proceeding from both last year and this year, provides ample support for the PD to be modified to adopt PG&E's proposal.

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² ORA Comments, p. 3.

³ CLECA Comments, p. 6.

⁴ CCA Parties Comments, pp. 2-4.

Even if the PD is not modified to adopt PG&E's proposal, the PD's discussion should be retained. It comports with the presentations made in this proceeding, and provides a sound starting point for any discussion of this recommendation in Track 2.

Respectfully submitted,

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