

**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.

Rulemaking 14-10-010
(Filed October 16, 2014)

**COMMENTS OF MARIN CLEAN ENERGY
ON STUDY PLAN FOR FLEXIBLE CAPACITY REQUIREMENT TOPICS
WITHIN PHASE 3**

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I. INTRODUCTION

Pursuant to guidance provided within the *Assigned Commissioner and Administrative Law Judge’s Phase 3 Scoping Memo and Ruling* (“Ruling”), Marin Clean Energy (“MCE”) respectfully submits the following comments regarding the study plan for flexible capacity requirement topics. MCE’s comments specifically focus on the interconnectivities between capacity, reliability, flexible capacity and renewable integration needs. MCE urges the Commission to address these matters comprehensively in a coordinated manner with the Integrated Resources Plan (“IRP”) Rulemaking (“R.”) 16-02-007.

II. BACKGROUND

MCE is the first operational CCA within California. MCE is one of three operational CCAs within PG&E’s service territory, the other two being Sonoma Clean Power Authority and Clean Power San Francisco. Peninsula Clean Energy and Silicon Valley Clean Energy will also soon begin service in PG&E’s service territory. MCE currently provides electric generation services to approximately 250,000 customer accounts within twenty-four distinct communities

across four counties, amounting to approximately 500 megawatts (“MW”) of peak demand.¹ MCE’s customers receive generation services from MCE while continuing to receive transmission, distribution, billing and other services from PG&E. Because of this split in electricity service provisions, CCA customers are commonly referred to as “unbundled” electricity customers.

Per statute CCAs “shall be solely responsible for all generation procurement activities on behalf of the community choice aggregator’s customers, except where other generation procurement arrangements are expressly authorized by statute.”² Moreover, statute directs the Commission to “maximize the ability of community choice aggregators to determine the generation resources used to serve their customers.”³ The exceptions to these rules manifest in the form of Non-Bypassable Charges (“NBCs”), such as the Power Charge Indifference Adjustment (“PCIA”) and the Cost Allocation Mechanism (“CAM”), which spread costs of Investor-Owned Utilities’ (“IOUs”) procurement onto CCAs’ customers. CCAs, like other types of Load-Serving Entities (“LSEs”), are also obligated to meet certain procurement requirements that are overseen by the Commission pursuant to statute, such as the Renewable Procurement Standard (“RPS”),⁴ Resource Adequacy (“RA”),⁵ and Energy Storage (“ES”).⁶ Additionally

¹ Communities currently participating in MCE’s CCA include: the City of American Canyon, City of Belvedere, City of Benicia, City of Calistoga, Town of Corte Madera, City of El Cerrito, Town of Fairfax, City of Lafayette, City of Larkspur, City of Mill Valley, County of Marin, City of Napa, County of Napa, City of Novato, City of Richmond, Town of Ross, City of Saint Helena, Town of San Anselmo, City of San Pablo, City of San Rafael, City of Sausalito, Town of Tiburon, City of Walnut Creek, and City of Yountville.

² California Public Utilities (“P.U.”) Code Section 366.2(a)(5).

³ P.U. Code Section 380(b)(5).

⁴ P.U. Code Section 399.12(j)(2).

⁵ P.U. Code Section 380(a).

⁶ P.U. Code Section 2836(a).

CCAs are empowered by statute to self-provide resources to meet any renewable energy integration costs that may be deemed responsible for by the Commission.⁷

III. FLEXIBLE CAPACITY AND RENEWABLE INTEGRATION NEEDS ARE INTERRELATED AND EVALUATION OF EITHER MUST BE COORDINATED

There is a clear connection between short-term capacity needs as defined within the RA requirement and long-term system and local area reliability needs. The same resource contracted for RA needs can potentially satisfy reliability needs if they are contracted over a longer duration.⁸ MCE believes there is a similar link between Flexible Capacity (“FC”) needs and Renewable Integration (“RI”) needs. Since the Commission is appears to be addressing the topic of RI as part of its IRP proceeding, the Commission must take steps to coordinate those happenings with the possible revisions to the Flexible Capacity Requirement (“FCR”) within the instant proceeding. Exactly how the Commission defines the RI needs remain yet to be defined.

A. Changes to What Resources Qualify to Meet FC Needs Will Influence What Resources Can Qualify to Meeting RI Needs

It is foreseeable that the Commission within this proceeding will continue to address what types of resources are able to count towards meeting the FCR. Additionally it is foreseeable that the Commission may alter its means for determining the Effective Load Carrying Capacities (“EELCC”) for capacity providing resources, which can influence what types of resources can economically satisfy the FCR. As the Commission considers these sorts of revisions within this proceeding, it must be cognizant of how these potential changes may influence the types of resources that will be allowed to satisfy Renewable Integration Requirements (“RIR”) as part of the IRP process. Moreover, the Commission ought to coordinate its efforts within both

⁷ P.U. Code Section 454.51(d) and 454.52(c).

⁸ The Commission has yet to clearly state within the record exactly how long a contract for a capacity resources must be in order for it to qualify for helping to meet reliability needs as well, and this is a matter that MCE continues to seek clarification around.

proceedings. Lack of coordination on these matters may lead to unintentional obstructions to CCAs' abilities to self-provide resources to satisfy RI needs pursuant to statute.

B. Changes to how FCR is Assigned to Individual LSEs Will Influence how RIR may be Assigned to those LSEs as Well

It also is foreseeable that the Commission may adjust how it divides up the FC need and assigns the FCR to individual LSEs. Arguments have been previously presented before the Commission regarding how assigning FCR through the same allocation mechanism used to assign system and local area RA requirements may not be equitable. MCE suspects these arguments will be presented again in Phase 3. To the extent the Commission does consider the possibility of altering how FCR are assigned to individual LSEs, it must recognize that such changes to the allocation methodology will influence how RIR is assigned to those LSEs in the IRP proceeding. Again, MCE urges the Commission to coordinate its efforts between both the RA and IRP proceedings to make sure that any such revisions happen in a coordinated and deliberate manner.

C. Potential Creation of a Multi-Year RA Requirement Risks Blurring the Lines Between Short-Term and Long-Term Resource Needs

The Ruling also mentions the potential for the Commission to again consider a multi-year RA requirement. As stated prior, MCE believes there is a clear link between the short-term annual RA requirement and long-term system and local area reliability needs. The potential creation of a multi-year RA requirement would risk blurring the distinctions between what resources qualify to satisfy single-year RA, multi-year RA, and long-term reliability needs. Similarly MCE believes there is a clear link between short-term annual FCR and long-term RIR. The potential creation of a multi-year FCR would also risk blurring the lines between these different needs and the types of resources that may qualify to satisfy these differing needs. As such MCE urges the Commission to take time within either Phase 3 of this proceeding or the IRP

proceeding (wherever it is most appropriate) to clearly define both what each of these requirements are for (i) single-year RA, (ii) single-year FCR, (iii) multi-year RA, (iv) multi-year FCR, (v) long-term system and local area reliability need, (vi) and long-term RI, and what specific attributes are need for resources to qualify to satisfy these differing needs.

IV. CONCLUSION

MCE thanks Assigned Commissioner Florio and Assigned Administrative Law Judge Duda for the opportunity to provide these comments on Phase 3 of the instant proceeding.

Respectfully submitted,

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