

BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF CALIFORNIA



**FILED**

01/30/18  
04:59 PM

Order Instituting Rulemaking to Oversee the  
Resource Adequacy Program, Consider  
Program Refinements, and Establish Annual  
Local and Flexible Procurement Obligations  
for the 2019 and 2020 Compliance Years.

Rulemaking 17-09-020  
(Filed September 28, 2017)

**OPENING COMMENTS OF THE  
CENTER FOR ENERGY EFFICIENCY AND RENEWABLE TECHNOLOGIES  
ON SCOPING MEMO ISSUED JANUARY 18, 2018**

**SARA STECK MYERS  
MEGAN M. MYERS**  
Attorneys for the Center for Energy  
Efficiency and Renewable Technologies

Law Offices of Sara Steck Myers  
122 – 28<sup>th</sup> Avenue  
San Francisco, CA 94121  
Telephone: (415) 387-1904 / (415) 994-1616  
Facsimile: (415) 387-4708  
E-mail: [ssmyers@att.net](mailto:ssmyers@att.net) /  
[meganmmyers@yahoo.com](mailto:meganmmyers@yahoo.com)

**JAMES H. CALDWELL, JR.**  
1650 E. Napa Street  
Sonoma, CA 95476  
Telephone: (443) 621-5168  
Facsimile: (415) 387-4708  
E-mail: [jhcaldwelljr@gmail.com](mailto:jhcaldwelljr@gmail.com)

For: CENTER FOR ENERGY EFFICIENCY AND RENEWABLE TECHNOLOGIES

Dated: January 30, 2018

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 and Flexible Procurement Obligations for the 2019 and 2020 Compliance Years.

Rulemaking 17-09-020  
(Filed September 28, 2017)

**OPENING COMMENTS OF THE  
CENTER FOR ENERGY EFFICIENCY AND RENEWABLE TECHNOLOGIES  
ON SCOPING MEMO ISSUED JANUARY 18, 2018**

The Center for Energy Efficiency and Renewable Technologies (CEERT) respectfully submit these Comments on the Scoping Memo and Ruling of Assigned Commissioner and Administrative Law Judge (ALJ) issued in this Rulemaking (R.) R.17-09-020 (Resource Adequacy (RA)) on January 18, 2018 (“Scoping Memo”). These Comments are timely filed and served pursuant to the Commission’s Rules of Practice and Procedure and the January 18 Scoping Memo.<sup>1</sup>

**I.  
CEERT POSITION ON SCOPING MEMO TRACKS AND ISSUES**

By the Scoping Memo, reference is made to “Comments on this Ruling” being due today. While that reference appears only in the “Track 1 Calendar,” CEERT believes that the descriptive language controls and that these Comments can be offered on any part of the “Ruling” or Scoping Memo. Overall, CEERT is disappointed that the Scoping Memo offers no guidance on problems with the current RA program given the rapidly evolving nature of the grid that would lead to even a high level framework for the critical Track 3 issues (2020 and beyond), no sense of urgency or specific objectives for Track 2 (2020) that would feed into development of a “durable RA program” in Track 3, and no recognition that Track 1 (2018) will be a critical

---

<sup>1</sup> Scoping Memo, at p. 12.

year to test concepts and, among other issues, affirm preferred resource characteristics and availability for inclusion as significant elements in Tracks 2 and 3.

To that end, CEERT, which provided detailed Comments on the OIR, makes the following recommendations on the Tracks and Issues identified for each track in the Scoping Memo:

#### Track 1

The limited time and scope allotted for Track 1 means that any meaningful reform to the basic RA program must be relegated to Track 2 or Track 3. Other than simply kicking the can down the road for another year, the function of Track 1 then must be to adopt necessary enhancements on an interim basis, then actually procuring to those enhancements so that the real work of adopting durable reforms can be informed by actual experience. To this end, CEERT believes that the publication of the annual RA Report must be accelerated as much as possible, preferably prior to the scheduled February 22-23, 2018 Workshop, so that the discussion can be informed by current data. Two issues that are “in the works” but not yet formally part of the Resource Adequacy protocols must then be on the Workshop agenda. The first item is procurement of use limited preferred resources to meet Local Capacity Requirements (LCR) needs and the second is formal arrangements with Northwest entities to facilitate capacity for energy swaps for System and Flexible capacity.

There are five proposed and authorized preferred resource procurements to fill LCR needs planned for this year. Yet, current LCR RA protocols do not allow robust, cost effective participation by preferred resources to meet LCR needs unless their inherent use limited characteristics are simply ignored, or arbitrarily configured to mimic a poor imitation of a non-use limited natural gas facility.

This anomaly has been recognized by the California Independent System Operator (CAISO) when it studied the use of preferred resources to supply LCR needs in the Moorpark area last summer.<sup>2</sup> It was articulated by Southern California Edison Company (SCE) in its filed proposal under Commission direction to conduct an RFP to procure preferred resources to satisfy Goleta sub-area “resiliency” needs plus residual LCR needs for the Santa Clara sub-area after constructing an inexpensive and quick transmission upgrade to satisfy the identified Moorpark LCR need.<sup>3</sup> It has been clearly stated by Pacific Gas and Electric Company (PG&E) in a recent proposal to use preferred resources to mitigate an LCR need in the Oakland C substation area to allow retirement of three obsolete oil burning peakers near Jack London Square.<sup>4</sup> It is implicit in the Commission’s recently issued Resolution E-4909 that has ordered PG&E to file plans to procure preferred resources to obviate the need for expensive, non-competitive Reliability Must Run Resources (RMR) contracts with fossil generation in the Bogue, Pease and South Bay/Moss Landing sub-areas.<sup>5</sup>

All of these procurements will happen in 2018 and simply must be allowed to count for LCR RA in this cycle. CEERT intends to file an interim proposal on this issue on February 16, 2018, as required by the Scoping Memo’s Track 1 schedule.<sup>6</sup> This proposal will also include recent Commission actions on protocols for “stacking” of values for energy storage<sup>7</sup> and a

---

<sup>2</sup> Moorpark Sub-Area Local Capacity Alternative Study, California Independent System Operator, August 16, 2017.

<sup>3</sup> SCE’s Moorpark Local Capacity Requirements (LCR)/Goleta Resiliency Request for Proposals Market Awareness Conference, Southern California Edison, December 20, 2017.

<sup>4</sup> PG&E’s 2017 Request Window Proposals, CAISO 2017/2018 Transmission Planning Process, Pacific Gas and Electric Company, September 22, 2017, Oakland Reliability Proposal.

<sup>5</sup> Resolution E-4909 (January 11, 2018).

<sup>6</sup> Scoping Memo, at p.12.

<sup>7</sup> D.18-01-003 (January 17, 2018).

pending decision in the Integrated Distributed Energy Resources (IDER) proceeding<sup>8</sup> that have yet to be adopted for RA purposes.

The CAISO and numerous utilities in the Pacific Northwest have been discussing changes to CAISO markets and transmission tariffs that would facilitate capacity for energy swaps between California and Northwest hydroelectric facilities for System and Flexible RA. The fruits of these discussions are contained in formal proposals for modifications to CAISO tariffs and business practices in the Flexible Resource Adequacy Criteria and Must Offer Obligation (FRACMOO) 2 Stakeholder Initiative.<sup>9</sup> It is time for the Commission to take notice of this process in the formal Resource Adequacy program. This issue should be on the Agenda for the February 22-23, 2018 Workshop.<sup>10</sup>

## **II. CONCLUSION**

CEERT understands the sense of urgency for comprehensive reform to the RA program articulated by numerous parties from virtually all segments of the industry. That does not imply consensus on the precise nature of that reform and no comprehensive proposal has been made and vetted to accomplish the task.

California has enjoyed the luxury of large over-supply of RA resources for several years. That era is coming to an end. The year 2017 with its extreme weather events and historic natural disasters affecting the reliability of the electric grid have made that point obvious to all. While there is no time for resolution in Track 1, there is also no time to waste in making the obvious step of increasing the supply of inexpensive, low carbon resources to supply reliability needs as we wrestle with the consequences of success in procuring renewable resources to supply the

---

<sup>8</sup> R.14-10-003.

<sup>9</sup> <http://www.caiso.com/Documents/FlexibleRACriteria-MustOfferObligationsPhase2RevisedDraftFlexibleCapacityFrameworkMeeting020718.html>.

<sup>10</sup> Scoping Memo, at p.12.

energy requirements of the grid and the economic pressure on the remaining fossil fleet that has engendered.

Respectfully submitted,

January 30, 2018

/s/ MEGAN M. MYERS

Megan M. Myers  
Attorney for CEERT  
122 – 28<sup>th</sup> Avenue  
San Francisco, CA 94121  
Telephone: (415) 387-1904/(415) 994-1616  
Facsimile: (415) 387-4708  
E-mails: [ssmyers@att.net](mailto:ssmyers@att.net) /  
[meganmmyers@yahoo.com](mailto:meganmmyers@yahoo.com)

*And*

James H. Caldwell, Jr.  
1650 E. Napa Street  
Sonoma, CA 95476  
Telephone: (443) 621-5168  
Facsimile: (415) 387-4708  
E-mail: [jhcaldwelljr@gmail.com](mailto:jhcaldwelljr@gmail.com)

FOR: CENTER FOR ENERGY  
EFFICIENCY AND RENEWABLE  
TECHNOLOGIES