

**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 2019 and 2020 Compliance Years

R.17-09-020
(Filed September 28, 2017)

COGENTRIX ENERGY POWER MANAGEMENT COMMENTS
ON 2019 DRAFT LOCAL CAPACITY REQUIREMENTS

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May 4, 2018

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Cogentrix Energy Power Management, LLC (Cogentrix) respectfully submits these comments on the 2019 Draft Local Capacity Requirements (LCR) and Flexible Ramping Capacity (FRC) under review in the above-referenced proceeding. Cogentrix supports the Commission’s efforts to reform the RA program to more accurately identify needed resource attributes, provide adequate compensation for reliability benefits, and to send better short- and long-term market signals for resources based on reliability needs. Cogentrix is directly impacted by the flaws in the existing market structure and, as such, has directly participated in the underlying efforts to improve upon the LCR process. Upon review of the draft study results, Cogentrix submitted comments on the initial 2019 draft LCR Study Results to CAISO on April 16, 2018, stating that we had concerns around the calculated amount of available capacity in the San Diego – Imperial Valley area.

I. Comments of Cogentrix

1) Overrepresentation of available capacity in San Diego-Imperial Valley area

In our comments to CAISO, Cogentrix noted that it is imprudent to assume that the Net Qualifying Capacity (NQC) of all generation currently connected to the grid is available for the purposes of determining resource adequacy requirements, broadly speaking. Availability cannot be presumed for all resources when calculating the following year requirements, and without a more rigorous examination of the operability of each resource, the inconsistency can be significant when calculating requirements five years away. Accordingly, Cogentrix recommended that CAISO better evaluate the operability of eligible capacity over the period to both better identify resources available to maintain reliability and to more accurately value of available supply.

In particular, and based on publicly available information, three qualified facilities (QFs) at Navy and Marine installations in San Diego with a combined NQC of 96 MW should be removed from the QF qualifying capacity totals for 2019 and beyond as the project owner does not have site control for any of the projects. The resources known as North Island and Naval Station, with NQCs of 34.47 MW and 41.54 MW respectively, ceased operations on February 7, 2018^{1,2} in relation to loss of site control. The resource known as Naval Training Center, with an NQC of 20.47 MW, also lost site control in February 2018³. These resources should not be reflected in the available resources for the San Diego-Imperial Valley area because the availability of the units is speculative and including the resources erodes market revenues available to other resources.

In our comments to CAISO, Cogentrix also encouraged a thorough review of the NQC data, as inconsistencies arise from time to time and non-deliverability situations may occur. We reiterate that the integrity of the NQC data will be highly influential in maintaining robust market participation from both new entrant and existing resources.

2) Reduction in capacity requirement in San Diego-Imperial Valley area

In review of the most recent 2019 Draft LCR Study Results, Cogentrix noticed a further

¹ <https://www.atlanticpower.com/north-island>

² <https://www.atlanticpower.com/naval-station>

³ <https://www.atlanticpower.com/naval-training-center>

reduction in capacity need for the San Diego-Imperial Valley area of 96 MW from the initial draft study results posted two weeks earlier. In light of this downward adjustment, Cogentrix is requesting clarification and/or additional supporting information from CAISO related to this change. Based on the publicly available information regarding the Navy QF resources, Cogentrix is uncertain as to how capacity requirements in this area have declined in tandem with reduction in local generation capacity.

3) *Reduction in capacity requirement in San Diego-Imperial Valley*

In its 2018 LCR Study, CAISO introduced a number of sensitivity assessments, including an Imperial Valley Solar Sensitivity Assessment. The Imperial Valley Solar Sensitivity Assessment reviewed the availability of solar facilities in the Imperial Valley at 7 p.m. on September 26, 2016, showing that solar output was either 0 MW or negligible for available resources. Assuming the same G-1/N-1 limiting contingency occurred at a time with no Imperial Valley solar output, the LCR requirements for both LA Basin and San Diego increase. Notably, San Diego sub-area LCR needs were shown to increase dramatically due to the fact that there are no further resources in the Imperial Valley area that can be dispatched if no solar is available. Cogentrix believes that this sensitivity assessment, along with the other sensitivity assessments presented by CAISO in its 2018 LCR Study, should continue to be evaluated and incorporated into LCR results as appropriate.

Respectfully,

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