

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 Forward
Resource Adequacy Procurement Obligations.

Rulemaking 19-11-009
(Filed November 7, 2019)

**REPLY COMMENTS OF
CENTER FOR ENERGY EFFICIENCY AND RENEWABLE TECHNOLOGIES ON
PROPOSED DECISION ADOPTING LOCAL CAPACITY OBLIGATIONS FOR 2021-
2023, ADOPTING FLEXIBLE CAPACITY OBLIGATIONS FOR 2021, AND REFINING
RESOURCE ADEQUACY PROGRAM**

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For: CENTER FOR ENERGY EFFICIENCY AND RENEWABLE TECHNOLOGIES

Dated: June 16, 2020

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RESOURCE ADEQUACY PROGRAM**

The Center for Energy Efficiency and Renewable Technologies respectfully submits these Reply Comments on the Proposed Decision Adopting Local Capacity Obligations for 2021-2023, Adopting Flexible Capacity Obligations for 2021, and Refining Resource Adequacy Program, mailed in the Resource Adequacy (RA) proceeding, Rulemaking (R.) 19-11-009, on May 22, 2020. These Reply Comments are timely filed and served pursuant to Rule 14.3 of the Commission’s Rules of Practice and Procedure and the instructions accompanying the Proposed Decision.

**I.
THE RESOURCE ADEQUACY PROGRAM IS AT A CROSSROADS.**

California ratepayers currently spend well north of \$1 billion per year on Resource Adequacy (RA) and, propelled in part by this Proposed Decision (PD) that raises the price and reduces the quantity of non-fossil resources available for RA contracts, these RA payments are headed towards \$2 billion per year. Today, the bulk of this money goes towards maintaining the existing gas fleet and the funding to maintain “revenue adequacy” will only increase as an increasing share of energy comes from non-fossil resources and the capacity factor, and thus market revenues, for gas decline as a result. Further, the pending retirement of Diablo Canyon

and the expiration of the short-term life extension for the last of the obsolete once-through-cooling (OTC) plants will occur in less time than a normal Commission schedule for planning, authorizing, holding a solicitation, and approving new resource procurement – much less actual construction and commissioning. At this point, the only “proven” non-fossil resources being procured for RA under the current protocols are 4-hour lithium ion batteries. CEERT strongly supports 4-hour storage for RA purposes but maintains that resources that actually produce energy without fossil fuel combustion must also be procured.

This PD again defers consideration of protocols for non-fossil alternatives such as Behind the Meter (BTM) resources, continues to ignore targeted Energy Efficiency, saddles Demand Response (DR) with expensive and inflexible measurement and verification protocols, and makes “permanent” rules meant to be interim pending further development in Track 3 or with the benefit of commercial experience with the current open solicitation, such as the maximum cumulative capacity (MCC) buckets proposal or the hybrid counting rules proposal.

II. CEERT’S VIEWS ARE SHARED BY MANY PARTIES

As San Jose Community Energy and East Bay Community Energy (SJCE/EBCE) state: “there is broader stakeholder agreement than acknowledged by the PD.”¹ California Energy Storage Alliance (CESA),² the Joint Parties,³ Protect Our Communities Foundation (PCF),⁴ Solar Energy Industries Association and Large Solar Association (SEIA/LSA),⁵ Joint Environmental

¹ Opening Comments of SJCE/EBCE, at p. 2.

² Opening Comments of CESA, at p. 1

³ Joint Opening Comments of California Efficiency + Demand Management Council, CPower, Enel X North America, Inc., Leapfrog Power, Inc., and OhmConnect (Joint Parties), at p.11.

⁴ Opening Comments of PCF, at pp.10-11

⁵ Opening Comments of SEIA/LSA, at p.1

Parties,⁶ and Southern California Edison (SCE)⁷ all state that it is premature to adopt a Maximum Cumulative Capacity (MCC) Buckets proposal that locks in virtually all existing gas and establishes restrictive quotas for use and energy limited resources before even beginning to examine long term RA reform in Track 3. CEERT strongly agrees with CESA when it states:

“CESA is particularly concerned with the Commission’s determinations around demand response (DR) resources and the modifications made to the Maximum Cumulative Capacity (MCC) buckets. In this PD, the Commission has failed to recognize the fundamental role use and energy limited resources will play in the state’s future and has not crafted innovative solutions to encourage the procurement and use to meet the state’s environmental goals. Instead, the PD has some proposals that could significantly limit their widespread development.”⁸

CESA,⁹ Joint Parties,¹⁰ PCF,¹¹ Sunrun,¹² and SEIA/LSA¹³ all call out the continuing failure to deal with Behind the Meter resources in this decision. CEERT strongly agrees with Sunrun when it states:

“In light of this record, the Commission’s Track 2 decision should go beyond simply listing barriers to progress on these issues; it should proactively address how the Commission intends to take incremental steps toward progress.”¹⁴

III. CONCLUSION

Given the tight supply and demand conditions for RA resources and the looming retirement of at least 5000 MW¹⁵ of existing supply, the Commission simply must act expeditiously. If the Commission delays, ratepayer costs will rapidly rise, environmental justice considerations and

⁶ Opening Comments of Sierra Club, California Environmental Justice Association, Union of Concerned Scientists (Joint Environmental Parties), at p. 1.

⁷ Opening Comments of SCE, p. 5.

⁸ Opening Comments of CESA, at pp.1-2.

⁹ *Id.*, p.1-2

¹⁰ Opening Comments of the Joint Parties, at pp. 12-13.

¹¹ Opening Comments of PCF, at p. 9.

¹² Opening Comments of Sunrun, at p. 9.

¹³ Opening Comments of SEIA/LSA, at p. 1.

¹⁴ Opening Comments of Sunrun, p. 9.

¹⁵ e.g., Diablo Canyon, Ormond Beach, Alamosa, and Oakland.

greenhouse gas reduction targets will be missed, and real reliability and resiliency challenges will loom large. CEERT urges the Commission to explicitly recognize this fact in this Track 2 Proposed Decision and convene a vigorous and wide-ranging RA reform process in Track 3.

Respectfully submitted,

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