



STATE OF CALIFORNIA

GAVIN NEWSOM, Governor

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298

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July 30, 2020

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Ratesetting

TO PARTIES OF RECORD IN RULEMAKING 17-09-020:

This is the proposed decision of Administrative Law Judge Debbie Chiv. Until and unless the Commission hears the item and votes to approve it, the proposed decision has no legal effect. This item may be heard, at the earliest, at the Commission's September 10, 2020 Business Meeting. To confirm when the item will be heard, please see the Business Meeting agenda, which is posted on the Commission's website 10 days before each Business Meeting.

Parties of record may file comments on the proposed decision as provided in Rule 14.3 of the Commission's Rules of Practice and Procedure.

The Commission may hold a Ratesetting Deliberative Meeting to consider this item in closed session in advance of the Business Meeting at which the item will be heard. In such event, notice of the Ratesetting Deliberative Meeting will appear in the Daily Calendar, which is posted on the Commission's website. If a Ratesetting Deliberative Meeting is scheduled, ex parte communications are prohibited pursuant to Rule 8.2(c)(4)(B).

/s/ ANNE E. SIMON
Anne E. Simon
Chief Administrative Law Judge

AES:jnf
Attachment

Decision PROPOSED DECISION OF ALJ CHIV (Mailed 7/30/2020)

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

**DECISION DENYING PETITIONS FOR MODIFICATION OF
DECISION 19-06-026, DECISION 19-02-022, AND DECISION 20-01-004****Summary**

This decision denies the following petitions for modification as moot: Pacific Gas and Electric Company's petition for modification of Decision (D.) 19-02-022, California Community Choice Association's petition for modification of D.19-06-026, and the Joint Parties' petition for modification of D.20-01-004.

As there are no further issues to be addressed in Rulemaking 17-09-020, this proceeding is closed.

1. Background

The Commission issued Decision (D.) 19-02-022 on March 4, 2019. That decision adopted several refinements to the Resource Adequacy (RA) program. In particular, the decision ordered that the aggregated "PG&E Other" local area be disaggregated to the local capacity area (LCA) level beginning with the 2020 RA compliance year. On September 11, 2019, Pacific Gas and Electric Company

(PG&E) filed a petition for modification (petition) of D.19-02-022. PG&E noted several challenges to load-serving entities (LSEs) complying with the disaggregated procurement obligations in the PG&E Other local area and requested a modification to allow for an Alternate PG&E Other LCA RA Compliance Mechanism.

The Commission issued D.19-06-026 on July 6, 2019. That decision adopted local capacity obligations for 2020–2022 and adopted several refinements to the RA program. In particular, the Commission considered a proposal to extend the existing local waiver process to system and flexible RA and ultimately declined the proposal, stating that:

However, there remain significant, unresolved issues that require further consideration before allowing such waivers, including potential leaning by LSEs and market power issues. Such market power issues may include potential gaming by generators that may, for example, withhold capacity during more expensive peak months.¹

On October 30, 2019, California Community Choice Association (CalCCA) filed a petition for modification of D.19-06-026. CalCCA requests modification of the decision to allow for a system and/or flexible RA waiver process.

The Commission issued D.20-01-004 on January 17, 2020. That decision adopted an interim qualifying capacity (QC) methodology for hybrid resources. In particular, the decision adopted a definition of hybrid resource as “a generating resource co-located with a storage project and with a single point of interconnection.”²

¹ D.19-06-026 at 18.

² D.20-01-004 at 15.

On February 11, 2020, a petition for modification of D.20-01-004 was filed by the California Energy Storage Alliance (CESA), American Wind Energy Association of California (AWEA-CA), Center for Energy Efficiency and Renewable Technologies (CEERT), and Enel X North America, Inc. (Enel X) (collectively, the Joint Parties). The Joint Parties seek modification of the adopted definition of hybrid resources.

2. Discussion

2.1. PG&E's Petition for Modification

PG&E requests an Alternative PG&E Other LCA RA Compliance Mechanism, summarized as follows:

- (1) The LSE makes the required demonstration as part of the current local waiver process through the Tier 2 Advice Letter for its disaggregated PG&E Other LCA requirements; and
- (2) The LSE, in its Year Ahead compliance filing, demonstrates procurement of local RA capacity within the PG&E Other LCAs such that the LSE's collective procurement in the six disaggregated PG&E Other LCAs meets the LSE's collective requirement for the disaggregated PG&E Other LCAs.³

The Commission addressed the issue of reaggregation of the PG&E Other LCA and adopted PG&E's proposed compliance mechanism in D.20-06-031, issued on June 30, 2020.⁴ Accordingly, PG&E's petition is moot and the petition is denied.

2.2. CalCCA's Petition for Modification

CalCCA's petition recommends a system and flexible waiver process, with specific requirements for an LSE to demonstrate, as follows:

³ PG&E's Petition for Modification of D.19-02-022 at 12.

⁴ D.20-06-031 at 67-70.

- (1) Supply was not available to the LSE at a commercially reasonable price before the compliance deadline.
- (2) LSE had taken commercially reasonable actions to obtain system or flexible RA, as applicable, as demonstrated by:
 - a. Documented, robust efforts to procure system or flexible RA, as applicable, through bilateral contracts;
 - b. Participation in multiple utility or third-party solicitations; and
 - c. LSE's issuance of an RFO for RA products before August 31 of the year preceding the compliance year.⁵

The Commission addressed CalCCA's proposal for system and flexible RA waivers in D.20-06-031 and declined to adopt the proposal.⁶ Accordingly, CalCCA's petition is moot and the petition is denied.

2.3. Joint Parties' Petition for Modification

The Joint Parties' petition requests that the definition of hybrid resources be modified to be: "a generating resource co-located with a storage project, having a single point of interconnection and represented by a single market resource ID."⁷

The Commission reconsidered the issue of the appropriate QC methodology for hybrid resources in D.20-06-031 and adopted a definition for hybrid and co-located resources.⁸ Accordingly, the Joint Parties' petition is moot and the petition is denied.

2.4. Conclusion

⁵ CalCCA's Petition for Modification at 9.

⁶ D.20-06-031 at 63-65.

⁷ Joint Parties' Petition for Modification at 5-7.

⁸ D.20-06-031 at 25-30.

The Order Instituting Rulemaking (OIR) that opened the successor RA Rulemaking (R.) 19-11-009, indicated that “R.17-09-020 is expected to close after concluding with a decision addressing the implementation details for a central procurement structure, as described in D.19-02-022.”⁹ The OIR also stated that “[t]he record in R.17-09-020 is transferred to this successor proceeding [R.19-11-009].”¹⁰ As there are no further issues to be addressed in R.17-09-020, this proceeding is closed by this decision.

3. Comments on Proposed Decision

The Administrative Law Judge’s (ALJ) proposed decision was mailed to the parties in accordance with Section 311 of the Public Utilities Code, and comments were allowed under Rule 14.3 of the Commission’s Rules of Practice and Procedure. Comments were filed by _____. Reply comments were filed by _____.

4. Assignment of Proceeding

Liane Randolph is the assigned Commissioner and Debbie Chiv is the assigned ALJ in this proceeding.

Findings of Fact

1. Reaggregation of the PG&E Other LCA was addressed in D.20-06-031.
2. CalCCA’s proposal for a system and flexible RA waiver process was addressed in D.20-06-031.
3. The appropriate QC methodology and definition for hybrid resources was addressed in D.20-06-031.

Conclusions of Law

1. PG&E’s petition for modification is moot.

⁹ R.19-11-009, at 2.

¹⁰ *Id.* at 3.

2. CalCCA's petition for modification is moot.
3. The Joint Parties' petition for modification is moot.
4. Motions made in this proceeding that are not expressly ruled upon are deemed denied.
5. This proceeding should be closed.

O R D E R

IT IS ORDERED that:

1. Pacific Gas and Electric Company's petition for modification of Decision 19-02-022 is denied.
2. California Community Choice Association's petition for modification of Decision 19-06-026 is denied.
3. The Joint Parties' petition for modification of Decision 20-01-004 is denied.
4. Rulemaking 17-09-020 is closed.

This order is effective today.

Dated _____, at San Francisco, California.