

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA



FILED

03/23/21
04:59 PM

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
RESOURCE ADEQUACY SECOND REVISED TRACK 3.B.2 PROPOSALS**

MEGAN M. MYERS
Attorney for the Center for Energy
Efficiency and Renewable Technologies
Law Offices of Megan M. Myers
110 Oxford Street
San Francisco, CA 94134
Telephone: (415) 994-1616
Facsimile: (415) 387-4708
E-mail: 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

For: CENTER FOR ENERGY EFFICIENCY AND RENEWABLE TECHNOLOGIES

Dated: March 23, 2021

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

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
RESOURCE ADEQUACY SECOND REVISED TRACK 3.B.2 PROPOSALS**

Center for Energy Efficiency and Renewable Technologies (CEERT) respectfully submits these Reply Comments on the Second Revised Track 3.B.2 Proposals submitted in this resource adequacy (RA) proceeding. The Second Revised Track 3.B.2 Proposals were submitted on February 26, 2021. These Proposals were submitted pursuant to the Assigned Commissioner’s Amended Track 3B and Track 4 Scoping Memo and Ruling, issued in this proceeding on December 11, 2020 (Amended Scoping Memo). These Reply Comments have been timely filed and served pursuant to the California Rules of Practice and Procedure and the Amended Scoping Memo.

**I.
CEERT REPLY COMMENTS ON TRACK 3.B.2 PROPOSALS**

CEERT agrees with the strong majority of parties who recommend that the Professor Frank Wolak Standardized Fixed-Price Forward Contract (SFPFC) proposal which Energy Division adapted as a basis for moving forward on broad RA reform be dropped from further development in Track 3.B.2.¹ CEERT shares the broad party opinion that this proposal is too

¹ See, e.g., Opening Comments of the Public Advocates Office (Cal Advocates), at pp. 2-4; Opening Comments of Calpine Corporation (Calpine), at pp. 2 and 8-10; Opening Comments of Hydrostor, Inc., at p. 8; Opening Comments of Middle River Power, LLC (MRP), at pp. 21-22; Opening Comments of California Energy Storage Alliance (CESA), at pp. 15-19; Opening Comments of California Independent System Operator (CAISO), at pp. 2-4; Opening Comments of California Community Choice Association (CalCCA), at pp. 6-13; Opening Comments of California Municipal Utility Association (CMUA), at pp.

academic and untested to consider near term implementation in California especially in this time of tight supply/demand balance for RA. Some parties legitimately raise the issue as to whether we are sufficiently hedged for near term energy price volatility given the decline in tolling arrangements for the gas fleet. However, that is no reason on its own to require that 100% of the State's energy be purchased forward with elaborate mechanisms to true up and hedge following the main forward energy auction.

CEERT also agrees with the strong majority of parties who recommend that the Southern California Edison and California Community Choice Association (SCE/CalCCA) Joint proposal to incorporate energy sufficiency (called net qualified energy (NQE)) in a bottom up rendition of today's capacity only metric of RA net qualifying capacity (NQC) be carried over for further development.² CEERT believes a target implementation date (at least in trial form) in about 2023 is reasonable and that the Commission should include guidance for this development in the upcoming Proposed Decision in R.19-11-009. CEERT also agrees with parties who recommend that Pacific Gas and Electric's (PG&E's) "Slice of Day" proposal be merged into the SCE/CalCCA proposal to at least partially mitigate the temporal and spacial issues with NQE.³ CEERT also believes that CAISO's unforced capacity (UCAP) proposal to explicitly account for

2-5; Opening Comments of Shell Energy North America (Shell Energy), at pp. 5-7; Opening Comments of Southern California Edison (SCE), at pp. 7-10; Opening Comments of Brookfield Renewable Trading and Marketing LP (BRTM), at pp. 8-9; Opening Comments of LS Power Development, LLC (LS Power), at p. 4; Opening Comments of Independent Energy Producers (IEP), at pp. 4-5; Opening Comments of San Diego Gas & Electric (SDG&E), at pp. 1-3; and Opening Comments of California Environmental Justice Alliance and Sierra Club (CEJA and Sierra Club), at pp. 3-6.

² See, e.g., Opening Comments of Cal Advocates, at pp. 4-5; Opening Comments of Calpine, at pp. 3-5; Opening Comments of MRP, at pp. 19-20; Opening Comments of CESA, at pp. 19-26; Opening Comments of CAISO, at pp. 3-4; Opening Comments of Shell Energy, at pp. 9-10; Opening Comments of BRTM, at pp. 7-9; Opening Comments of LS Power, at pp. 4-5; Opening Comments of the Solar Energy Industries Association, the Large-Scale Solar Association and Vote Solar (the Joint Solar Parties), at pp. 2-5; and Opening Comments of CEJA and Sierra Club, at pp. 6-8.

³ See, e.g., Opening Comments of MRP, at pp. 19-20; Opening Comments of CalCCA, at pp. 13-15; Opening Comments of SCE, at pp. 10-12; Opening Comments of BRTM, at pp. 3-4; Opening Comments of the Joint Solar Parties, at pp. 4-5; and Opening Comments of CEJA and Sierra Club, at p. 1.

individual resource availability and weather related capacity derates⁴ should be incorporated into the Track 3.B.2 mix as well. This treatment is vastly superior to the current practice of simply peanut buttering outage forecasts into a single term in setting the appropriate Planning Reserve Margin.

CEERT also believes that PG&E's "Slice of Day" proposal to use a resource specific exceedance methodology rather than rely on the modeling and forecasting intensive Effective Load Carrying Capability (ELCC) methodology as the primary tool for resource accounting has merit. Finally, CEERT agrees with parties who urge a comprehensive loss of load expectation (LOLE) study to establish a complete RA record before resorting to short-term blunt instruments like simply raising the Planning Reserve Margin (PRM) to reflect uncertainty and risk mitigation.⁵

CEERT takes this recommendation for LOLE studies one step further by recommending that LOLE studies of the entire RA portfolio in some form be a routine check on both system and local RA before showings are finalized. There may be other "reforms" to other elements of the RA paradigm like resource counting rules, Maximum Cumulative Capacity (MCC) Buckets, etc. to conform to the new RA paradigm that could emerge from the continuation of Track 3.B.2.

CEERT will comment on a few Track 3.B.1 and Track 4 proposals, including its own Track 3.B.1 proposal, that are ripe for immediate adoption and are broadly consistent with this recommended direction for Track 3.B.2. when it files its Track 3.B1/4 Reply Comments on March 26. Still missing from the overall RA reform process is any serious consideration of the

⁴ See, e.g., Opening Comments of Cal Advocates, at pp. 7-9; Opening Comments of Calpine, at p. 10; Opening Comments of CAISO, at pp. 3-4; Opening Comments of Shell Energy, at pp. 7-8; Opening Comments of BRTM, at pp. 5-6; and Opening Comments of IEP, at pp. 9-10.

⁵ See, e.g., Opening Comments of SDG&E, at pp. 5-8; Opening Comments of Shell Energy, at p. 10; Opening Comments of BRTM, at pp. 7-8; and Opening Comments of the Alliance for Retail Energy Markets (AreM), at pp. 5 and 13.

Track 4 implementation of Distributed Energy Resources (DERs) and Demand Response (DR) in the RA scheme of the future. CEERT believes that the Commission should also issue guidance on this issue in the Proposed Decision to be adopted in the next phase of this proceeding.

II. CONCLUSION

CEERT respectfully submits these Reply Comments and urges inclusion of its recommendations in the May/June 2021 Proposed Decision in this proceeding.

Respectfully submitted,

March 23, 2021

/s/ MEGAN M. MYERS
Megan M. Myers
Law Offices of Sara Steck Myers
122 – 28th Avenue
San Francisco, CA 94121
Telephone: (415) 994-1616
Facsimile: (415) 387-4708
E-mails: meganmmyers@yahoo.com

And

James H. Caldwell, Jr.
1650 E. Napa Street
Sonoma, CA 95476
Telephone: (443) 621-5168
E-mail: jhcaldwelljr@gmail.com

FOR: CENTER FOR ENERGY
EFFICIENCY AND RENEWABLE
TECHNOLOGIES