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)

AMERICAN CLEAN POWER – CALIFORNIA
OPENING COMMENTS ON THE REFRESHED ELCC STUDY RESULTS

Danielle Osborn Mills
Director, American Clean Power - California
Renewable Energy Strategies
1696 Orvietto Drive
Roseville, CA 95661
Tel: (916) 320-7584
E-Mail: danielle@renewableenergystrategies.com

July 19, 2021
BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

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ACP-California understands that the Joint Compliance Filing is solely intended to inform new ELCC derate factors that would solely apply to demand response resources starting in the 2022 RA compliance year. It is also important to acknowledge that there are other pending changes to the ELCC factors that the Commission has recently adopted in recent decisions in the

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1 American Clean Power Association (“ACP”), represents companies from across the clean power sector that provide cost-effective solutions to the climate crisis while creating jobs, spurring massive investment in the American economy, and driving high tech innovation across the United States. ACP’s mission is to transform the U.S. power grid to a low-cost, reliable, and renewable power system. ACP’s California project is American Clean Power – California (“ACP-California”). ACP-California seeks to engage in this proceeding to ensure that the Commission’s implementation of reliability targets provides predictable signals to load serving entities (“LSEs”), clean capacity developers and their financing institutions about the need and value of different clean capacity solutions.
IRP and RA proceedings.² ACP-California does not oppose application of ELCC factors to DR resources in 2022. However, we request that prior to adopting new ELCC factors and allocation methodologies for DR resources, the Commission should clarify its plan for addressing all of the updates to the ELCC factors directed in recent IRP and RA decisions. The Commission should make clear that any adopted changes will not prejudice the outcome of broader ELCC changes that apply to supply-side resources.

We are concerned that piecemealing the development of ELCC factors will make it difficult for stakeholders to meaningfully comment on and understand the overall effect of changes in ELCC factors on the portfolio of resources as a whole. The ELCC models the entire portfolio of solar, wind, storage and other resources, and changes the inputs by adding a new resource category for DR may affect the outputs for other resources, as noted in the Joint Compliance filing. It is important that all market participants have a clear understanding of how the ELCC factors may change due to the integration of DR into the ELCC model.

The Joint Compliance filing also outlines a “first-in, last-in” methodology for allocating ELCC factors. Again, this proposal appears to be limited to allocation of ELCC factors to DR resources in 2022. However, if this proposal is adopted, it would represent a significant departure in how the Commission allocates ELCC values to individual resources. The “last-in” allocation methodology would apply a “[v]intaging approach where each resource permanently receives Last-In ELCC at the time it was constructed.”³ ACP-California is concerned that the potential for successive vintages of ELCC values that are locked based on the timeframe they are constructed may not achieve the stated principle in the Joint Compliance filing to avoid a methodology that

³ See Joint Compliance Filing, Appendix 1, Slide 28, available at: https://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M392/K104/392104534.PDF.
would “unduly differentiate among similar resources.” In addition, ACP-California reiterates its prior comments on proposals for a marginal ELCC approach, where we encouraged the Commission to use a marginal ELCC methodology for planning purposes (e.g., IRP modeling), but recommended that the Commission should avoid fundamentally changing the ELCC model until the longer term reforms of Track 3B.2 are complete. Fundamentally changing ELCC values and then, just a few years later, adopting entirely new qualifying capacity methodologies would create considerable uncertainty and potential disruption in the near-term drive to develop new clean capacity resources. As noted in ACP-California’s previous comments, the near-term changes to ELCC factors should be focused on disaggregating the wind ELCC factors by geographic region. ACP-California looks forward to working with the Commission staff on these changes.5

CONCLUSION

ACP-California appreciates the opportunity to submit these comments on the Joint Compliance Filing and looks forward to working with the Commission staff on coordinated updates to the ELCC modeling, factors and allocation principles.

DATED: July 19, 2021

Respectfully submitted,

/s/ Danielle Osborn Mills
Danielle Osborn Mills
Director, American Clean Power - California Renewable Energy Strategies
1696 Orvietto Drive
Roseville, CA 95661
Tel: (916) 320-7584
E-Mail: danielle@renewableenergystrategies.com

4 Id. at Appendix 1, Slide 29.
5 See R.19-11-009, ACP-California Opening Comments on the Proposed Decision Adopting Local Capacity Obligations For 2022-2024, Flexible Capacity Obligations For 2022, and Refinements to the Resource Adequacy Program, p. 3, available at: https://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M387/K475/387475954.PDF.