

BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF CALIFORNIA



**FILED**

03/24/22

Rulemaking 21-10-001:34 PM  
(Filed October 7, 2021) 110002

Order Instituting Rulemaking to Oversee the  
Resource Adequacy Program, Consider  
Program Refinements, and Establish Forward  
Resource Adequacy Procurement Obligations.

**OPENING COMMENTS OF  
CENTER FOR ENERGY EFFICIENCY AND RENEWABLE TECHNOLOGIES  
ON ADMINISTRATIVE LAW JUDGE'S RULING SEEKING COMMENTS ON THE  
FUTURE OF RESOURCE ADEQUACY WORKING GROUP REPORT AND THE  
LOCAL CAPACITY REQUIREMENT WORKING GROUP REPORT**

March 24, 2022

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For: CENTER FOR ENERGY EFFICIENCY AND RENEWABLE TECHNOLOGIES

BEFORE THE PUBLIC UTILITIES COMMISSION  
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Order Instituting Rulemaking to Oversee the  
Resource Adequacy Program, Consider  
Program Refinements, and Establish Forward  
Resource Adequacy Procurement Obligations.

Rulemaking 21-10-002  
(Filed October 7, 2021)

**OPENING COMMENTS OF  
CENTER FOR ENERGY EFFICIENCY AND RENEWABLE TECHNOLOGIES  
ON ADMINISTRATIVE LAW JUDGE’S RULING SEEKING COMMENTS ON THE  
FUTURE OF RESOURCE ADEQUACY WORKING GROUP REPORT AND THE  
LOCAL CAPACITY REQUIREMENT WORKING GROUP REPORT**

Center for Energy Efficiency and Renewable Technologies (CEERT) appreciates this opportunity to submit its Opening Comments on the Administrative Law Judge’s Seeking Comments on the Future of Resource Adequacy Report and the Local Capacity Requirement Working Group Report, issued in this resource adequacy (RA) proceeding on March 4, 2022 (ALJ Ruling). These Opening Comments have been timely filed and served pursuant to the Commission’s Rules of Practice and Procedure and the instructions contained in the ALJ Ruling.

**I.  
BACKGROUND**

CEERT is a nonprofit public-benefit organization founded in 1990 and based in Sacramento, California. CEERT is a partnership of major private-sector clean energy companies, environmental organizations, public health groups and environmental justice organizations. CEERT designs and fights for policies that promote global warming solutions and increased reliance on clean, renewable energy sources for California and the West. CEERT is working toward building a new energy economy, including cutting contributions to global warming, and reducing dependence on fossil fuels. CEERT has long advocated before the Commission for increased use of preferred resources and for California to move towards a clean energy future.

## **II. SUMMARY**

The ALJ Report establishes a comment schedule for the Future of RA Working Group Report (Future of RA Report) and the Local Capacity Requirement (LCR) Working Group Report. CEERT's Opening Comments are limited to the Future of RA Report. CEERT appreciates the progress that has been made in the series of online workshops to refine the Pacific Gas and Electric Company's (PG&E's) slice-of-day proposal. The workshop process has been very productive for developing the details for reform of the RA program and should be continued as subsequent details of the program are finalized. Below, CEERT provides its comments on the Future of RA Report.

## **III. CEERT OPENING COMMENTS ON FUTURE OF RA REPORT**

CEERT believes that time is of the essence in advancing reform of the RA Program for implementation in the 2024 compliance year. CEERT understands based on the informal comments from other parties that this 2024 deadline will be challenging. However, the clean energy transition in California is gaining momentum fast as is evidenced in particular by the remarkable growth of battery storage resources on the bulk power system.<sup>1</sup> The RA program urgently needs structural reform to align system needs with the rapid deployment of clean energy resources. Delay in the implementation of RA reform would very likely increase costs of the transition to a rapidly decarbonizing power grid to California's ratepayers.

CEERT, along with many other parties, have indicated support for the Southern California Edison (SCE) proposal for monthly slices of 24 separate hours (Hourly Slice of Day

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<sup>1</sup> The California Independent System Operator reports that 2,359 megawatts of utility-scale battery storage capacity was added in calendar year 2021.

Framework).<sup>2</sup> It is reasonable based on the indication of strong support from utilities, other load serving entities and resource providers for the Hourly Slice of Day Framework in informal letters included in the Working Group Report that the Commission quickly adopt this proposal as the framework for moving forward on RA Program reform.<sup>3</sup>

There are open compliance and administrative issues that require further refinement before the Hourly Slice of Day Framework can be implemented. CEERT believes it would be prudent to test new compliance procedures in RA compliance year 2023 to ensure a smooth transition between the current compliance framework and the one to be implemented in RA compliance year 2024. Most importantly, a detailed counting methodology for all resources needs to be carefully calibrated. While there was a strong preference for using exceedance as the way of measuring hourly contribution to capacity, there still needs to be further understanding of important details.

CEERT is working with other parties on implementation details and believes that the issues can be quickly resolved and will be available by 2023.<sup>4</sup> CEERT believes that testing a new compliance reporting template in compliance year 2023 would enable Load Serving Entities (LSEs) to report on resources that are procured for 2024 in a way that can assure the Commission staff that the Hourly Slice of Day Framework is robust across all parts of the state.

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<sup>2</sup> On February 7, 2022 CEERT together with The Natural Resources Defense Council, the California Energy Storage Alliance, the Solar Energy Industries Association, the Large-scale Solar Association, American Clean Power – California, the California Efficiency + Demand Management Council, the California Large Energy Consumers Association, Southern California Edison, and Pacific Gas and Electric jointly submitted comments supporting 24-hour slice proposal.

<sup>3</sup> The Hourly Slice of Day Framework meets the Commission’s direction regarding the following goals: 1) More explicitly represents the capacity value for use-limited resources including solar, storage, wind and demand response, 2) Ensures Load Serving Entities procure sufficient resources to charge storage, 3) Replaces the complex and inefficient Maximum Capacity Cap requirements and 4) Is adaptable to future grid needs including winter morning peaks and overnight loads.

<sup>4</sup> CEERT is working with SCE, PG&E, NRDC, GridLab and other parties in the empirical development of month-hour profiles for load and variable renewable resources and comparing with the results of the Energy Division’s Loss of Load Expectation Study.

The 2023 test year of the Hourly Slice of Day Framework will allow the Commission and LSEs to better how changes to the resource fleet including the rapid adoption of battery storage can be incorporated into a durable RA program that is adaptable as California moves to full decarbonization of the grid while load profiles are changing due to electrification of transportation and other end uses. The 2023 test year will also enable the California Independent System Operator (CAISO) to study in detail how resources will be available during net peak hours in 2024 and beyond.

The Administrative Law Judge to this proceeding has asked parties to provide timelines that reflect path to implementation. CEERT proposes the following timeline:

- Commission adopts the Hourly Slice of Day Framework and directs energy staff to work on compliance details – Q2 2022
- Commission requests the California Energy Commission to provide bottoms-up load profiles for all California Load Serving Entities – Q2 2022
- Finalize variable resource counting rules for Hourly Slice of Day Framework – Q3 2022
- Finalize compliance templates for Hourly Slice of Day Framework – Q3 2022
- Finalize monthly planning reserve margins to be used in RA showing for the Test Year – Q3 2022
- Load Serving Entities begin submitting test annual and monthly RA showings – Q4 2022
- Energy Division Staff evaluates test showings and make any necessary revisions to reporting templates– Q2 2023
- Commission adopts order for RA Compliance Year 2024 – Q3 2023

**IV.  
CONCLUSION**

CEERT appreciates the opportunity to submit these comments regarding the Future of Resource Adequacy Working Group Report and looks forward to working with the parties and Commission staff in further advancing this important initiative.

Dated: March 24, 2022

Respectfully submitted,

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