

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 Reforms and Refinements, and
Establish Forward Resource Adequacy
Procurement Obligations.

**REPLY 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**

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BEFORE THE PUBLIC UTILITIES COMMISSION
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Center for Energy Efficiency and Renewable Technologies (CEERT) appreciates this opportunity to submit its Reply 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 Reply 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. 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 Reply Comments are limited to the Future of RA Report.

**I.
SUMMARY**

There is a broad consensus among diverse parties submitting opening comments that the Hourly Slice of Day Framework as delineated by Southern California Edison (SCE) provides the foundation for the improved integration of renewable resources, storage technologies and demand response measures to California’s electric system while maintaining reliability across all hours of the day. Parties that support the Hourly Slice of Day Framework include, but are not

limited to, the Solar Energy Industries Association and Large-Scale Solar Association (SEIA and LSA), California Energy Storage Association (CESA), Green Power Institute (GPI), California Community Choice Association (CalCCA), the California Efficiency and Demand Management Council (the Council), the Public Advocate's Office (Cal Advocates), California Large Energy Consumers Association (CLECA), the Natural Resources Defense Council (NRDC), Pacific Gas and Electric Company (PG&E) and SCE.¹

Many parties agree with CEERT's Opening Comments that the Commission needs to move quickly to issue a decision in this proceeding adopting the Hourly Slice of Day Framework so that parties can continue to work together to develop the tools and processes needed for the Resource Adequacy (RA) showings, the elaboration of counting methodologies for renewable, storage and demand response resources and the implementation of the revised RA program by the Commission and the California Independent System Operator (CAISO). Many parties indicate that it should be feasible to resolve remaining issues and implement the revised RA framework by 2024.²

CEERT agrees with the comments submitted by NRDC that Load Serving Entities (LSEs) should be required to submit a 2023 Year RA compliance test filing followed by Month Ahead RA test filings.³ Such testing of compliance templates and verification tools should provide the Commission with the level of confidence needed to assure that the revised program can be fully implemented for Compliance Year 2024.

¹ See, e.g., SEIA and LSA Opening Comments, at p. 2; CESA Opening Comments, at p. 2; GPI Opening Comments, at p. 1; CalCCA Opening Comments, at p. 3; The Council Opening Comments, at p. 2; Cal Advocates Opening Comments, at p. 1; CLECA Opening Comments, at p. 2; NRDC Opening Comments, at p. 2; PG&E Opening Comments, at pp.1-2; and SCE Opening Comments, at p. 2.

² For example, in Opening Comments, SCE notes that if the Commission decides to phase in implementation, then the 2024 compliance year could be a transition year with an information-only demonstration based on the Hourly Slice of Day Framework. SCE Opening Comments, at p. 3.

³ NRDC Opening Comments, at p. 6.

CEERT also agrees with comments submitted by Cal Advocates who point out that moving to an hourly assessment of load and RA requirements will result in more accurate assumptions regarding solar generation availability than the current use of single-point Electric Load Carrying Capacity (ELCC) calculations.⁴ Cal Advocates correctly observes that “hourly solar generation profiles will help to operationalize the rapidly growing solar fleet to charge storage.”⁵ Assuring that there is sufficient energy for the charging of energy storage technologies is an essential requirement of RA reform.

II. THE GRIDWELL PROPOSAL DOES NOT COMPLY WITH DECISION 21-07-014

Multiple parties including Calpine, Middle River Power LLC (MRP), the Independent Energy Producers (IEP), San Diego Gas & Electric Company (SDG&E), Shell Energy North America (Shell Energy) and the Western Power Trading Forum (WPTF) recommend adoption of Gridwell’s “two point proposal.”⁶ However, these parties fail to demonstrate that this proposal is consistent with the Commission’s direction for this proceeding as provided in Decision (D.) 21-07-014. That decision lays out five guiding principles for RA reform which are as follows: 1) to balance ensuring a reliable electrical grid with minimizing costs to customers; 2) to balance addressing hourly energy sufficiency for reliable operations with advancing California’s environmental goals; 3) to balance granularity and precision in meeting hourly RA needs with a reasonable level of simplicity and transactability; 4) to be implementable in the near-term (*e.g.*, 2024); and 5) to be durable and adaptable to a changing electric grid.⁷

⁴ Cal Advocates Opening Comments, at p. 5.

⁵ *Id.*

⁶ *See, e.g.*, Calpine Opening Comments, at p. 1; MRP Opening Comments, at p. 6; IEP Opening Comments, at p. 1; SDG&E Opening Comments, at p. 2; Shell Energy Opening Comments, at pp. 2-3; and WPTF Opening Comments, at pp. 1-2.

⁷ D.21-07-014, at p. 52 (Ordering Paragraph 2).

None of the above parties provides any evidence that the Gridwell proposal is consistent with principles 2, 3 and 5. For instance, SDG&E simply asserts that it “expects that the 2-slice proposal will likely be more affordable while still ensuring reliability, and thus favors the 2-slice proposal over the 24x1(sic) proposal on this basis.”⁸ SDG&E goes on to recommend that before either proposal is adopted that additional Loss of Load Expectation (LOLE) studies be conducted which may take considerable additional time and involve additional costs.⁹ CEERT and other parties agree that LOLE studies will continue to be an important part of the Commission’s process regarding Integrated Resource Planning and determination of planning reserve margins for the RA Program. However, SDG&E’s recommendation to delay RA reform while these studies are conducted should be rejected.

WPTF argues, as do other parties, that the Gridwell proposal does not “give rise to significant transactional complexities, does not require major changes to the CAISO’s existing rules and systems to implement, and utilizes resource counting conventions that are largely consistent with the conventions used for modeling portfolios in the Commission’s Integrated Resource Planning process.”¹⁰ While these assertions may be true they do not provide a reasonable basis for the Commission to reverse the principles established for RA reform as articulated in D. 21-017-014.

Instead, the Commission should reject the Gridwell proposal and proceed with the Hourly Slice of Day Framework. The issues identified by WPTF, and other parties related to counting conventions, transactability with LSEs and CAISO implementation of the framework can be resolved in this proceeding over the next 18 months.

⁸ SDG&E Opening Comments, at p. 2.

⁹ *Id.*, at pp. 2-3.

¹⁰ WPTF Opening Comments, at pp. 1-2.

III. ENERGY DELIVERABILITY IN OFF-PEAK HOURS MUST BE ADDRESSED

The CAISO indicates that they are not clear whether variable energy showings in the Hourly Slice of Day Framework will represent deliverable capacity.¹¹ CEERT agrees with the CAISO that an implementable RA program must show that there is sufficient deliverable energy to both meet load and storage charging demand in non-peak hours.¹²

Deliverability assessments are carried out in the CAISO transmission planning process based on resource portfolios developed by the Commission in coordination with load serving entities in the Integrated Resource Planning (IRP) proceeding. It is essential that the Commission take into account proposed changes in the RA program as it puts together future resource portfolios in the IRP process. In particular, the Commission needs to be cognizant as to how it decides to assign energy-only deliverability status to resources that will be used to charge storage technologies in the future. Likewise, it is essential that the CAISO clearly communicate to the Commission the potential need for transmission expansion to meet deliverability requirements during off-peak hours to charge batteries that will be used to meet system peak requirements.

CEERT would be supportive of a future CAISO stakeholder process designed to assess the energy sufficiency of the RA fleet that is closely coordinated with proposed changes to the RA program.

IV. RA REFORM SHOULD SEEK TO AVOID CHANGES TO THE CAISO TARIFF

The CAISO notes in their comments that with careful coordination the implementation of the Hourly Slice of Day Framework should not require changes to the CAISO tariff related to its

¹¹ CAISO Opening Comments, at p. 6.

¹² *Id.*, at pp. 3-4.

implementation of resource adequacy requirements.¹³ CEERT agrees it would be preferable that the Commission move forward with the implementation of RA Reform without requiring the CAISO to make a filing to the Federal Energy Regulatory Commission.

The CAISO notes that the Commission could direct load serving entities to adhere to new RA program requirements that would be subject to Commission corrective action. This would avoid changes to CAISO systems and processes and would not involve CAISO enforcement of new requirements.¹⁴ The Commission should seek to implement the Hourly Slice of Day Framework without requiring any modification to the CAISO tariff.

V. MULTI-DAY STORAGE BENEFITS NEED TO BE ADDRESSED IN THE FUTURE

The Long Duration Energy Storage Association of California (LDESAC) and Form Energy, Inc. (Form Energy) observed that multi-day and seasonal storage technologies are not accounted for in the current RA framework.¹⁵ Long duration storage technologies have the potential to play a significant role in the transition to a clean energy economy. However, because of the multi-day characteristics of their charging and discharging cycles they do not easily fit into a slice of day RA program. CEERT agrees with Form Energy that more analysis is needed to understand the risk posed by multi-day reliability events both in the mid-term and longer-term futures.¹⁶ These analyses which could be carried out by the California Energy Commission as part of its SB 100 reporting responsibilities could help in designing future capacity products that help ensure energy sufficiency during multi-day reliability events.

¹³ CAISO Opening Comments, at p. 7.

¹⁴ *Id.*

¹⁵ LDESAC Opening Comments, at p. 3 and Form Energy Opening Comments, at pp. 2-3.

¹⁶ Form Energy Opening Comments, at pp. 4-5.

VI.
**POLICIES PROMOTING THE CLOSURE OF GAS POWER PLANTS IN
DISADVANTAGED COMMUNITIES NEED TO BE COORDINATED ACROSS
MULTIPLE PROCEEDINGS**

The California Environmental Justice Alliance (CEJA) and the Union of Concerned Scientists (UCS) point out the importance of reducing the impacts of emissions from fossil fuel generation on disadvantaged communities.¹⁷

CEJA and UCS cite three key provisions of the Public Utility (P.U.) Code that require the Commission and other parties to address these concerns across multiple proceedings.¹⁸ P.U. Code Section 454.52 requires the Commission to adopt a process so that load-serving entities periodically file integrated resource plans that commit them to act to that minimize localized air pollutants. P.U. Code Section 399.13(a)(8) requires California's electrical corporations give preference to communities with high levels of toxic air contaminants, criteria air pollutants, and greenhouse gases in soliciting and procuring renewable energy resources. P.U. Code Section 390(b) requires the Commission in establishing resource adequacy requirements to advance, to the extent possible, the state's goals for clean energy, reducing air pollution, and reducing emissions of greenhouse gases.

Taken together these three Commission administered programs - IRP, Renewable Portfolio Standard (RPS) and RA Program - form essential building blocks for reducing greenhouse gas (GHG) emissions, reducing air pollution in general and specifically reducing pollution in disadvantaged communities. CEJA and UCS correctly point out that the Commission, in D.20-06-002, requires the Central Procurement Entity (CPE) in its procurement of local

¹⁷ CEJA and UCS Opening Comments, at pp. 3-5.

¹⁸ *Id.*, at pp. 2-3.

capacity resources (LCR) to consider the location of facilities that provide local reliability services.¹⁹

CEERT has strongly supported and continues to support maintaining an emphasis on the earliest possible closure of fossil fuel facilities that impact disadvantaged communities. CEERT believes that their closure will depend on the procurement of clean energy technologies combined with enhanced transmission. Many of these fossil fuel power plants are operated only in contingent conditions to provide local reliability. We support the Commission targeting future procurement to reducing and then eliminating the need for fossil generation particularly in the Los Angeles basin and the greater Fresno area.

CEERT notes that the “Future of Resource Adequacy Working Group Report” focused on elaboration of approaches to resource counting, load forecasting and use of maximum cumulative (MCC) buckets for system resource adequacy rather than local resource adequacy. That said, we would support additional analysis that focused on the Hourly Slice of Day Framework to better understand its impact on disadvantaged communities. One key attribute of the Hourly Slice of Day Framework is that it eliminates the need for the MCC buckets which rigidly require all load-serving entities to contract for resources that are available 24/7. CEERT views the elimination of the MCC bucket mechanism as a key outcome of RA reform.

CEERT encourages the Commission to elevate the concerns expressed by CEJA and UCS in their comments while at the same time continuing to make timely progress of RA reform.

VII. CONCLUSION

CEERT appreciates the opportunity to submit these reply comments regarding the Future of Resource Adequacy Working Group Report and encourages the Commission to quickly adopt

¹⁹ CEJA and UCS Opening Comments, at p. 3.

the Hourly Slice of Day Framework put forward by SCE. This framework is most compatible with the advancement of California's environmental goals and offers a program that is durable and adaptable as load and the resource mix change. CEERT looks forward to working with the parties and Commission staff in further advancing this important initiative.

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Respectfully submitted,

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