

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 Refinements, and Establish Forward  
Resource Adequacy Procurement Obligations.

**OPENING COMMENTS OF  
CENTER FOR ENERGY EFFICIENCY AND RENEWABLE TECHNOLOGIES ON  
PROPOSED DECISION ON PHASE 2 OF THE RESOURCE ADEQUACY REFORM  
TRACK**

March 23, 2023

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For: CENTER FOR ENERGY EFFICIENCY AND RENEWABLE TECHNOLOGIES

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**OPENING COMMENTS OF  
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TRACK**

The Center for Energy Efficiency and Renewable Technologies (CEERT) submits these Opening Comments on the Proposed Decision on Phase 2 of the Resource Adequacy Reform Track (Proposed Decision), mailed in this proceeding on March 3, 2023. These Opening Comments are timely filed and served pursuant to Rule 14.3 of the Commission's Rules of Practice and Procedure and the instructions accompanying the Proposed Decision.

**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.**  
**CEERT URGES THE COMMISSION TO ADOPT THE PROPOSED DECISION ON  
PHASE 2 OF THE RA REFORM TRACK WITH CERTAIN MODIFICATIONS AS SET  
FORTH BELOW**

CEERT has been supportive in this proceeding of the Commission’s work to prepare for the implementation of the PG&E Slice of Day (SOD) proposal in the 2024 Resource Adequacy (RA) year. CEERT participated in working group meetings that resulted in the RA Reform Working Group report (WG Report) submitted on November 15, 2022 and provided comments on the WG Report jointly with the California Environmental Justice Alliance (CEJA) on December 1, 2022.<sup>1</sup>

CEERT urges the Commission to adopt the Proposed Decision with the following modifications: 1) adoption of monthly planning reserve margins (PRM) for SOD implementation rather than an annual PRM, 2) inclusion of operating and environmental characteristics for each RA resource contained within the Master Resource Database (MRD) as recommended by CEERT and CEJA, and 3) inclusion of all summer months in the submittals of load-serving entities during the RA Test Year (July, August, September 2024).

**A. Planning Reserve Margin**

The Planning Reserve Margin (PRM) is an essential component of the RA program. The PRM adjusts hourly load such that the RA SOD obligation will be sufficient to meet a specific reliability standard based on the adopted counting rules and load forecast for each month. Currently, the PRM has been a single value (e.g. 15%) applied to the peak load forecast for each month. The PRM is used to address operating reserve requirements, load forecast “error,” and generator forced outages. Calibration of the PRM is an important step in ensuring system reliability to an agreed upon standard.

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<sup>1</sup> CEJA and CEERT Opening Comments on RA Reform Workshop Report, submitted in this proceeding on December 1, 2022.

A PRM which is too low puts load-serving entities (LSEs) at risk of not meeting their share of reliability needs. A PRM which is too high can result in excessive procurement costs for LSEs. As the grid moves to rely more on a diverse portfolio of variable output supplies and use-limited resources under the proposed SOD structure the applicable PRM needs to be carefully calibrated by season and by month. Unfortunately, the WG Report could not come to a consensus on whether to use a single annual PRM for all months of the year or to use monthly PRMs.

Analysis by the Energy Division<sup>2</sup> showed that an annual PRM based on September need could result in over- or under-procurement in other critical summer months. In the final workshop Natural Resources Defense Council (NRDC) proposed setting monthly PRMs for any at-risk month modeled in the Loss of Load Expectation (LOLE) study.<sup>3</sup> No reason was provided in the WG Report for not adopting the NRDC proposal. Therefore, CEERT believes the Proposed Decision errs by failing to provide a more precise calibration of reliability needs across critical summer months.<sup>4</sup> CEERT recommends that this error be corrected by adopting monthly PRMs for July, August and September and that these monthly PRMs be used in the Test Year submittals.

#### **B. Including Power Plant Operating and Environmental Data in the Master Resource Database**

CEJA and CEERT jointly recommended that the MRD include greenhouse gas (GHG) heat rate, whether resources are in a local capacity requirement (LCR) area, and whether resources are in a Disadvantaged Community (DAC).<sup>5</sup> CEJA and CEERT argued that including

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<sup>2</sup> Energy Division Presentation, October 6, 2022 Presentation, Slide 10.

<sup>3</sup> Working Group Report, Page 119.

<sup>4</sup> Proposed Decision, at p. 60.

<sup>5</sup> CEJA and CEERT Opening Comments on RA Reform Workshop Report, submitted in this proceeding on December 1, 2022, at pp. 4-5.

this information would increase transparency about power plants with higher levels of GHG emissions, power plants located in transmission constrained local areas, and support community efforts to minimize pollution in DACs.<sup>6</sup>

The Proposed Decision argues that it is unnecessary for the MRD to include GHG heat rate and DAC resource information in the MRD and that it would be burdensome on Commission staff to gather the data.<sup>7</sup> Illogically, the Proposed Decision then argues that heat rate data is available in the California Energy Commission's (CEC's) Quarterly Fuel and Energy Reports and the DAC status is available in the California Environmental Agency's CalEnviroScreen tool.<sup>8</sup> The Proposed Decision directs LSEs to use this information when procuring resources under the SOD framework.<sup>9</sup>

Clearly, incorporating this publicly available data is not burdensome and would be valuable for LSEs to have as they make RA procurement decisions. CEERT strongly recommends that this data be included in the MRD. Organizing this useful information in the MRD would improve transparency and enable LSEs to voluntarily take this factor into consideration through the implementation of the RA program.

### **C. Test Year**

The Proposed Decision correctly recommends that the SOD RA framework be tested one year ahead of its rollout for RA compliance.<sup>10</sup> During the test year the Commission aims that:

- (1) LSEs and the Energy Division will test the new showing and compliance tools, as well as the

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<sup>6</sup> CEJA and CEERT Opening Comments on RA Reform Workshop Report, submitted in this proceeding on December 1, 2022, at pp. 4-5.

<sup>7</sup> Proposed Decision, at p. 12.

<sup>8</sup> *Id.*, at p. 12.

<sup>9</sup> *Id.*, at p. 12.

<sup>10</sup> *Id.*, at p. 68.

new SOD rules to determine whether adjustments are needed, and (2) LSEs adjust their procurement practices and RA portfolios in preparation for the 2025 full implementation year.<sup>11</sup>

For the test year, the Proposed Decision orders LSEs to submit a year-ahead compliance showing by November 30, 2023 and month-ahead compliance showings for March, June, and September.<sup>12</sup> As noted above, the LOLE study indicates that the summer months of July, August and September are likely to be the months when loss of load is likely to occur under stressed weather conditions. Therefore, it would be prudent to test month-ahead compliance showings for the months of July, August and September. Such required showing could be done without substantial additional effort by LSEs.

### **III. CONCLUSION**

CEERT appreciates the opportunity to submit these Opening Comments and the Proposed Decision on the RA Phase 2 Reform Track. CEERT urges that the Commission adopt the recommendations enumerated above.

Dated: March 23, 2023

Respectfully submitted,

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<sup>11</sup> Proposed Decision, at p. 71.

<sup>12</sup> *Id.*, at p. 72.

## APPENDIX A

### **CENTER FOR ENERGY EFFICIENCY RENEWABLE TECHNOLOGIES PROPOSED FINDINGS OF FACT, CONCLUSIONS OF LAW, AND ORDERING PARAGRAPHS FOR THE PROPOSED DECISION ON PHASE 2 OF THE RESOURCE ADEQUACY REFORM TRACK**

The Center for Energy Efficiency and Renewable Technologies (CEERT) proposes the following modifications to the Findings of Fact, Conclusions of Law, and Ordering Paragraphs in the Proposed Decision on Phase 2 of the Resource Adequacy Reform Track, mailed in R.21-10-002 on March 3, 2023 (Proposed Decision).

Please note the following:

- A page citation to the Proposed Decision is provided in brackets for each Finding of Fact, Conclusion of Law, or Ordering Paragraphs for which a modification is proposed.
- Added language is indicated by **bold type**; removed language is indicated by **bold strike-through**.
- A new or added Finding of Fact, Conclusion of Law, or Ordering Paragraph is labeled as “**NEW**” in **bold underscored** capital letters.

#### **PROPOSED FINDINGS OF FACT:**

1. [81] Energy Division’s proposed process to develop the MRD ~~satisfies the Commission’s direction in D.22-06-050 and is appropriate for use in the SOD framework~~ should be modified so that the MRD includes the following: operating and environmental characteristics for each RA resource, heat rate information and whether a resource is in a disadvantaged community.

**NEW. The adoption of monthly planning preserve margins is appropriate for SOD implementation.**

**NEW. All summer months should be included in the submittals of load-serving entities during the Test Year (July, August, September 2024).**

**PROPOSED CONCLUSIONS OF LAW:**

1. [85] Energy Division’s proposed process to develop the MRD **should be modified so that the MRD includes the following: operating and environmental characteristics for each RA resource, heat rate information and whether a resource is in a disadvantaged community.**

17. [87] The year-ahead showing for the test year should be submitted on November 30. Month-ahead compliance showings **and should ~~be limited to March, June, and September~~ include the summer months.**

**PROPOSED ORDERING PARAGRAPHS:**

1. [87-88] Energy Division’s proposed process will be used to develop the Master Resource Database (MRD) for use in the 24-hour slice-of-day framework. Energy Division is authorized to publish the draft MRD to the Commission’s website, with service to the service list in this proceeding, and request that generators respond with corrections to the MRD. Energy Division is authorized to solicit informal feedback from parties, compare feedback from generators with information in California Independent System Operator’s Master File, and incorporate corrections and feedback into the MRD, as warranted. The MRD will be updated annually for deliverability and net qualifying capacity updates. **The MRD shall include the following: operating and environmental characteristics for each RA resource, heat rate information and whether a resource is in a disadvantaged community.**

18. [92] For the 2024 test year, load-serving entities (LSE) shall submit a year-ahead compliance showing by November 30, 2023. Month-ahead compliance showings shall **~~be limited to March, June, and September~~ include the summer months** and shall be submitted by the first day of the showing month.

**NEW. A monthly planning reserve margin (PRM) for SOD implementation is adopted rather than an annual PRM.**