

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 TRACK 1 PROPOSALS**

March 22, 2024

**V. John White**  
**Executive Director**  
**Center for Energy Efficiency and  
Renewable Technologies**  
1100 11<sup>th</sup> Street, Suite 311  
Sacramento, CA 95814  
Telephone: (916) 442-7785  
E-mail: [vjw@ceert.org](mailto:vjw@ceert.org)

**Megan M. Myers**  
**Attorney at Law**  
110 Oxford Street  
San Francisco, CA 94134  
Telephone: (415) 994-1616  
Email: [meganmmyers@yahoo.com](mailto:meganmmyers@yahoo.com)

BEFORE THE PUBLIC UTILITIES COMMISSION  
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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.

Rulemaking 23-10-011  
(Filed October 12, 2023)

**REPLY COMMENTS OF  
CENTER FOR ENERGY EFFICIENCY AND RENEWABLE TECHNOLOGIES  
ON TRACK 1 PROPOSALS**

Center for Energy Efficiency and Renewable Technologies (CEERT) appreciates this opportunity to submit Reply Comments to the Track 1 Proposals submitted in Rulemaking (R.) 23-10-011 (RA). These Reply Comments are filed and served pursuant to the Rules of Practice and Procedure of the California Public Utilities Commission (CPUC or Commission) and the Assigned Commissioner’s Scoping Memo and Ruling, issued in this proceeding on December 18, 2023 (Scoping Memo).

**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

On January 19, 2024, CEERT and the California Efficiency + Demand Management Council (the Council) submitted a Track 1 Proposal. CEERT and the Council recommended that this proceeding do the following:

(1) schedule testimony and evidentiary hearings to consider and address the issues of the impact of the D.23-06-029 RA DR rule changes on Supply-Side DR and DRPs since the issuance of that decision, (2) evaluate the merits of any other Commission RA DR supply-side DR rule changes that the Commission is planning to undertake in Track 1, and (3) permit parties to submit responsive proposals that identify, limit, and reverse negative effects of those rules.<sup>1</sup>

CEERT continues to stress the importance of adopting this Track 1 Proposal in order to avoid future negative impacts on demand response (DR), particularly Supply-Side DR.

In addition, CEERT supports the proposal of California Community Choice Association (CalCCA) to “[e]valuate test year showing data to quantify the benefits of hourly transactability and commit to adopting hourly load obligation trading for [slice-of-day (SOD)].<sup>2</sup> In addition, CEERT supports proposals that urge the development of monthly planning reserve margins (PRMs) by 2026.<sup>3</sup> CEERT also agrees with the California Independent System Operator (CAISO) who recommends that the Commission implement programmatic long-term procurement.<sup>4</sup> Lastly, CEERT shares concerns outlined by Microsoft Corporation (Microsoft) in its Opening Comments regarding the need for a loss of load probability study, which would be

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<sup>1</sup> CEERT and Council Track 1 Proposal, at p. 6.

<sup>2</sup> CalCCA Track 1 Proposal, at p. 2.

<sup>3</sup> California Independent System Operator (CAISO) Track 1 Proposal, at p. 2 and Commission Energy Division Track 1, at p. 2.

<sup>4</sup> CAISO Opening Comments, at p. 5.

used to establish future PRMs.<sup>5</sup> CEERT also supports modification of the rules concerning resource adequacy (RA) imports.<sup>6</sup>

### **III. CEERT AGREES WITH PARTIES WHO SUPPORT THE CALCCA PROPOSAL TO ALLOW HOURLY LOAD OBLIGATION**

As discussed above, CalCCA proposed evaluating test year showings data to quantify the benefits of hourly transactability and adopting hourly load obligation trading for SOD.<sup>7</sup> In Opening Comments, CalCCA stated that “the Commission can implement hourly load obligation trading with no CAISO impacts.”<sup>8</sup> As such, CEERT agrees with other parties, including the Alliance for Retail Energy Market (AReM), REV Renewables, LLC (REV), and Shell Energy North America (US), L.P. (Shell Energy) who are either open to or support this proposal.<sup>9</sup>

AReM who previously opposed CalCCA’s proposals for hourly load and resource obligation trading, are now open to this proposal “given the challenges with SOD implementation to date” and contend that this proposal would help manage uncertainty related to SOD implementation.<sup>10</sup> CEERT agrees with Shell Energy that “given the tight supply conditions that CalCCA has documented together with the aggregate over-procurement, hourly load obligation trading presents a critical solution that will promote affordability without compromising reliability.”<sup>11</sup>

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<sup>5</sup> Microsoft Opening Comments, at p. 10.

<sup>6</sup> *Id.*, at pp. 11-12.

<sup>7</sup> CalCCA Track 1 Proposal, at p. 2.

<sup>8</sup> CalCCA Opening Comments, at p. 3.

<sup>9</sup> AReM Opening Comments, at p. 16; REV Renewables, at pp. 3-4; Shell Energy Opening Comments, at pp. 4-5

<sup>10</sup> AReM Opening Comments, at pp. 16 and 17.

<sup>11</sup> Shell Energy Opening Comments, at p. 5.

**IV.  
CEERT SUPPORTS MONTHLY PLANNING RESERVE MARGINS FOR 2026**

CEERT previously stated that there needed to be a more precise calibration of reliability across critical summer months and recommended that this error could be corrected by adopting monthly PRMs for July, August and September.<sup>12</sup> As such, CEERT concurs with the California Independent System Operator (CAISO) who recommends that the Energy Division should include stress testing in the PRM calibration process to allow the Commission to determine whether the single annual PRM approach for SOD is sufficient to achieve reliability targets.<sup>13</sup> In addition, CEERT supports Energy Division’s proposal to perform stress tests to analyze monthly reliability when applying single/annual PRM as a means to ensure consistent grid reliability year-round.<sup>14</sup> CEERT agrees with Ava Community Energy (Ava) who “appreciates suggestions by Commission Staff and CAISO, among others, that further ‘stress tests’ be performed for a variety of monthly PRMs for key summer months as part of Track 2.”<sup>15</sup>

**IV.  
THE COMMISSION MUST DEVELOP PROGRAMMATIC LONG-TERM  
PROCUREMENT**

CEERT agrees with the CAISO who recommends programmatic long-term procurement. The CAISO recommends that the Commission prioritize development of a long-term procurement framework in the integrated resource planning (IRP) proceeding.<sup>16</sup> CEERT agrees with CAISO that “[p]roactive forward procurement will help ensure [load-serving entities

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<sup>12</sup> Opening Comments of CEERT on Proposed Decision on Phase 2 of the Resource Adequacy Reform Track, submitted on March 23, 2023 in R.21-10-002 (RA), on p. 3.

<sup>13</sup> CAISO Opening Comments, at p. 2.

<sup>14</sup> Energy Division Track 1 Proposal, at p. 9.

<sup>15</sup> Ava Opening Comments, at p. 4.

<sup>16</sup> CAISO Opening Comments, at p. 5.

(LSEs)] have sufficient lead-time to complete procurement, interconnection, permitting, and construction processes and account for other risks such as supply chain delays.”<sup>17</sup>

**V.  
CEERT SUPPORTS MICROSOFT’S PROPOSAL FOR A FULL LOSS OF LOAD  
EXPECTATION STUDY AND MODIFICATIONS TO RA RELIABILITY IMPORT  
RULES**

In its Opening Comments on Track 1 Proposals, Microsoft urges that a full Loss of Load Expectation (LOLE) study be used to establish PRMs for 2025, 2026 and beyond.<sup>18</sup> CEERT agrees with Microsoft that additional modeling is valuable “to truly understand the extent to which the adopted 17% PRM will guarantee reliability if applied across all summer months.”<sup>19</sup>

In addition, Microsoft supports proposals set forth by Bonneville Power Administration (BPA) and CalCCA “regarding adjustments allowing for broader participation of unspecified imports in the RA market.”<sup>20</sup> Microsoft identifies that “[i]n recent years, the availability of RA import contracts has decreased by 40%.”<sup>21</sup> Microsoft supports these proposals because they revisit outdated rules, adjusts rules to allow for equitable participation by out-of-state resources, may lead to a diversified energy mix, and enhance reliability and lowering costs.<sup>22</sup> CEERT supports these principles identified by Microsoft and urges the Commission to ensure that a diverse portfolio mix is utilized.

**VI.  
CONCLUSION**

CEERT appreciates the opportunity to submit these Reply Comments on the Track 1 Proposals.

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<sup>17</sup> CAISO Opening Comments, at p. 5.

<sup>18</sup> Microsoft Opening Comments, at p. 10.

<sup>19</sup> *Id.*

<sup>20</sup> *Id.*, at p. 11.

<sup>21</sup> *Id.*

<sup>22</sup> *Id.*, at pp. 11-12.

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Respectfully submitted,

/s/ MEGAN M. MYERS

Megan M. Myers

110 Oxford Street

San Francisco, CA 94134

Telephone: 415-994-1616

E-mail: [meganmmyers@yahoo.com](mailto:meganmmyers@yahoo.com)

FOR: CENTER FOR ENERGY EFFICIENCY  
AND RENEWABLE TECHNOLOGIES