

**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.

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

**OPENING COMMENTS OF SAN DIEGO GAS & ELECTRIC COMPANY
(U 902 E) ON THE PROPOSED DECISION ON TRACK 2 ISSUES**

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SUBJECT INDEX

In accordance with Rule 14.3(b) the Commission’s Rules of Practice and Procedure,

SDG&E offers this list of recommended changes to the proposed decision:

- The proposed decision should be modified to direct Energy Division (“ED”) staff to coordinate with the California Independent System Operator (“CAISO”) to establish a schedule for developing an unforced capacity (“UCAP”) methodology for thermal plants and storage facilities. The deadline proposed in the PD for ED development of a UCAP proposal should be deleted in light of the mismatch between the Track 3 procedural schedule, which requires proposals by January 17, 2025, and the CAISO’s Resource Adequacy Modeling and Program Design (“RAMPD”) initiative schedule.
- In discussing the proposal by the California Environmental Justice Alliance and Sierra Club (“CEJA/Sierra Club”) to refocus the Resource Adequacy (“RA”) Central Procurement Entity (“CPE”) framework on procurement of new, clean resources, including distributed energy resources (“DER”), the proposed decision should be revised to make clear that SDG&E’s opposition to CEJA/Sierra Club’s proposal is focused primarily on the DER-related aspect of the proposal rather than more broadly on the concept of CPE procurement of new clean local capacity resources (“LCRs”) to serve the region.

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I. INTRODUCTION

In accordance with Rule 14.3 of the Rules of Practice and Procedure of the California Public Utilities Commission (the “Commission”), San Diego Gas & Electric Company (“SDG&E”) provides these opening comments regarding the *Proposed Decision on Track 2 Issues* (“Proposed Decision” or “PD”) issued in the above-referenced proceeding on October 29, 2024.

II. DISCUSSION

SDG&E is generally supportive of the PD and agrees with the PD’s approach to the 2026 Planning Reserve Margin (“PRM”), loss-of-load expectation (“LOLE”) study, and modifications related to the Load Impact Protocols (“LIP”). SDG&E supports the PD’s determination that consideration of the 2026 PRM should be deferred to Track 3 to allow additional time for the Commission’s Energy Division (“ED”) to revise its analysis, hold workshops, and receive comments.^{1/} ED’s proposed monthly 2026 PRM values raised both affordability and accuracy concerns.^{2/} The PD’s approach serves the public interest by allowing time for additional vetting

^{1/} PD at 11.

^{2/} See *Opening Comments of San Diego Gas & Electric Company on LOLE Study and Calibration Tool* (September 9, 2024) (“SDG&E September 9, 2024 Comments”) at 1-2; *Reply Comments of San Diego Gas & Electric Company on LOLE Study and Calibration Tool* (September 16, 2024) (“SDG&E September 16, 2024 Reply Comments”) at 1-5.

and discussion by stakeholders, which is critical given the importance of this metric in the context of reliability and affordability.

SDG&E also agrees with the PD that every two years is a reasonable cadence for ED to follow to update the LOLE study.^{3/} Regular biennial updates will provide certainty, facilitate collaboration between stakeholders and ED, and enable the analysis to capture market changes over time. In addition, SDG&E strongly supports the PD’s approval of recommendations offered in the *Load Impact Protocols Simplification Working Group Report* (“Report”) submitted by Pacific Gas and Electric Company (“PG&E”) on behalf of the LIP Simplification Working Group on January 19, 2024.^{4/} The approved LIP modifications will provide a consistent framework for measuring the impact of demand response (“DR”) activities.

While SDG&E supports the PD’s directive to ED staff to coordinate with the California Independent System Operator (“CAISO”) on an unforced capacity (“UCAP”) methodology for thermal plants and storage facilities, the procedural timeline proposed in the PD should be modified given the mismatch between the Track 3 procedural schedule and the CAISO’s Resource Adequacy Modeling and Program Design (“RAMPD”) initiative schedule. As discussed below, this change is necessary to ensure alignment between the ED and CAISO processes. Finally, SDG&E seeks to clarify its response, referenced in the PD, to the proposal by the California Environmental Justice Alliance and Sierra Club (“CEJA/Sierra Club”) to refocus the Resource Adequacy (“RA”) Central Procurement Entity (“CPE”) framework on procurement of new, clean resources, including distributed energy resources (“DER”).

^{3/} PD at 17.

^{4/} *Id.* at 48-62 and Appendix C.

A. The PD Should be Revised to Facilitate Coordination Between ED and CAISO Staff in the Development of Consistent UCAP Methodologies

While SDG&E recommended creation of a working group including decisionmakers, load-serving entities (“LSEs”), and other stakeholders to address development of a UCAP methodology, explaining that this approach would ensure alignment between Commission and CAISO UCAP methodologies,^{5/} the PD declines to require a working group and instead directs the ED to coordinate with CAISO on development of the UCAP methodology for thermal plants and batteries.^{6/} SDG&E supports the PD’s recommendation but is concerned that coordination will be infeasible if the PD’s schedule for development of UCAP proposals is not revised.

The PD errs by failing to consider the timeline mismatch between Commission and CAISO UCAP methodology development efforts. The PD requires ED to submit a revised UCAP proposal in Track 3 of the instant proceeding. The *Assigned Commissioner’s Amended Scoping Memo and Ruling* issued in the instant proceeding on November 1 requires submission of Track 3 proposals by January 17, 2025.^{7/} However, the RAMPD initiative, the CAISO’s forum for adoption of a UCAP methodology, has only recently moved into the proposal development phase.^{8/} Thus, an ED staff proposal in mid-January 2025 is premature and will be counterproductive since CAISO’s proposal development will still be in process. In other words, it is unclear how ED would be able to coordinate with CAISO and resolve the various issues outlined in the PD by January 17, 2025, as the CAISO is in the early stages of its own process.

^{5/} *Opening Comments of San Diego Gas & Electric Company on Track 2 Proposals* (August 9, 2024) (“SDG&E August 9, 2024 Comments”) at 7.

^{6/} PD at 21-23.

^{7/} *Assigned Commissioner’s Amended Scoping Memo and Ruling*, issued November 1, 2024, at 4.

^{8/} See slide 6 and accompanying video of “Presentation – Resource Adequacy Modeling and Program Design – Oct 08 2024” at [California ISO - Resource adequacy modeling and program design](#). Also see the RAMPD section of the “2024 Draft Policy Initiatives Roadmap” posted on November 13, 2024 at [California ISO - Annual policy initiatives roadmap process - 2024](#).

Alignment between the Commission and CAISO UCAP methodologies would provide meaningful efficiencies and should be prioritized over ED submittal of a proposal in January. Instead of predetermining the date by which ED’s proposal must be submitted, the PD should be revised to require ED to work with the CAISO to determine a timeline for joint development of UCAP methodologies for thermal plants and batteries. This will ensure that ED and CAISO staff use their time effectively and that they are able to develop consistent UCAP methodologies. Additionally, SDG&E notes that the Commission, CAISO, and the California Energy Commission are parties to a *Memorandum of Understanding regarding Transmission and Resource Planning and Implementation* (“MOU”). Among other things, the MOU states that the agencies and CAISO “desire to work together to enhance coordination of resource planning.”^{9/} Providing sufficient time for ED and CAISO staff to collaborate and harmonize UCAP methodologies would be consistent with this objective and the overall intent of the MOU.

B. The PD Should be Revised to Clarify that SDG&E’s Concern Regarding CEJA/Sierra Club’s CPE Proposal is Primarily the DER-Related Aspect of the Proposal

The PD notes that “CEJA/Sierra Club recommend refocusing the CPE to only procure new clean resources in local areas to plan for the retirement of gas plants.”^{10/} Under CEJA/Sierra Club’s proposal, “[t]he CPE process would focus on local procurement with key elements, including . . . types of resources (to only allow procurement of resources consistent with the [Integrated Resource Planning (“IRP”)] Preferred System Plan with a focus on local Distributed Energy Resources (DER)) . . .”^{11/} SDG&E raised concerns with this DER-related aspect of

^{9/} See CPUC, *Memorandum of Understanding regarding Transmission and Resource Planning and Implementation* (December 2022) at 2, available at <https://www.cpuc.ca.gov/-/media/cpuc-website/divisions/news-and-outreach/documents/news-office/mous/cpuc-cec-caiso-mou-december-2022.pdf>.

^{10/} PD at 45.

^{11/} *Id.*

CEJA/Sierra Club’s proposal, pointing out that commercial and behind-the-meter rooftop solar resources are treated differently in the IRP process – *i.e.*, as a candidate resource and load modifier, respectively. This means that all DERs cannot be eligible as supply-side resources – an issue that the CEJA/Sierra Club proposal does not address – and there exists a risk of double-counting of resources under the CEJA/Sierra Club proposal.^{12/}

In discussing the CEJA/Sierra Club proposal, the PD observes that “[m]ultiple parties oppose CEJA/Sierra Club’s proposal, including . . . SDG&E . . .”^{13/} SDG&E notes that while it does have concerns regarding the DER resource limitation proposed by CEJA/Sierra Club, as discussed above, it does not oppose the general concept of exploring alternative mechanisms for procurement of clean resources. Thus, the PD should be revised to make clear that SDG&E’s opposition to CEJA/Sierra Club’s proposal is focused primarily on the DER-related aspect of the proposal rather than more broadly on the concept of CPE procurement of new clean LCRs to serve the region.

III. CONCLUSION

For the reasons set forth above, the Commission should act in accordance with the comments provided herein and adopt the proposed changes set forth in Appendix A hereto.

Respectfully submitted this 18th day of November, 2024.

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^{12/} SDG&E August 9, 2024 Comments at 8-9.

^{13/} PD at 45 (citation omitted).

Appendix A
Proposed Revisions to PD Findings of Fact, Conclusions of Law
and Ordering Paragraphs Pursuant to Rule 14.3(b)

Proposed text deletions are in bold and strikethrough (~~**abcd**~~)

Proposed text additions are in bold and underlined (**abcd**)

SDG&E proposes the following modifications to the PD's findings of fact, conclusions of law, and ordering paragraphs (in bolded **blackline** and ~~**strikeout**~~ format; numeration follows that of the PD):

Proposed Finding of Fact:

9. There is consensus that further discussion is needed to develop a UCAP accreditation methodology for thermal power plants and battery electric storage systems.

Proposed Conclusion of Law:

10. Energy Division should coordinate with CAISO to develop a UCAP accreditation methodology for thermal power plants and battery electric storage systems.

Proposed Ordering Paragraph:

12. Energy Division is required to work with the CAISO staff to determine a timeline for joint development of a UCAP accreditation methodology for thermal power plants and battery electric storage systems.