

**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)

**COMMENTS OF THE ALLIANCE FOR RETAIL ENERGY MARKETS ON
PROPOSED DECISION ON TRACK 2 ISSUES**

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SUBJECT INDEX OF RECOMMENDED CHANGES TO PROPOSED DECISION

The California Public Utilities Commission (“Commission”) should revise the Proposed Decision (“PD”) to:

- Acknowledge ongoing research into reliability metrics that support the transition from dispatchable generation to renewable energy with storage.
- Clarify that the Commission may adopt reliability metrics other than the 0.1 loss of load expectation (“LOLE”) standard in the future as industry standards change to reflect a changing resource technology mix and that such metrics will be evaluated in the Integrated Resource Planning (“IRP”) rulemaking or a successor proceeding.
- Direct Energy Division to work with the California Independent System Operator (“CAISO”) to gather requisite data to implement a resource-specific unforced capacity (“UCAP”) resource adequacy (“RA”) framework.
- Authorize the Central Procurement Entities (“CPE”) to reduce their local RA procurement based upon data request responses from load-serving entities (“LSE”) that demonstrate capacity is already under contract.
- Clarify that LSEs are not directed to attest to any new obligations other than data accuracy when reporting data in response to the new data request process that replaces the existing self-showing process.
- Eliminate duplicative and vague data reporting requirements under the new data request process ordered by the PD.

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The Alliance for Retail Energy Markets¹ (“AReM”) respectfully provides these comments on the proposed *Decision On Track 2 Issues* (“PD”), issued by Administrative Law Judge Debbie Chiv on October 29, 2024, in this RA proceeding. While AReM supports many provisions of the PD, in accordance with Rule 14.3(c) of the Commission’s Rules of Practice and Procedure, AReM has identified factual, legal, and technical errors in the PD that require correction, as discussed below. As also required by Rule 14.3(c) of the Commission’s Rules of Practice and Procedure, AReM attaches an Appendix with proposed new Findings of Fact and Conclusions of Law. Proposed corrections to the Ordering Paragraphs and new Ordering Paragraphs are also included in the Appendix. AReM requests that the Commission also adopt the proposed revisions included in the Appendix.

¹ AReM is a California non-profit mutual benefit corporation formed by electric service providers that are active in California’s direct access market. This filing represents the position of AReM, but not necessarily that of a particular member or any affiliates of its members with respect to the issues addressed herein.

I. COMMENTS ON ADDITIONAL LOLE AND PRM PROPOSALS

A. The Use of 0.1 LOLE is Reasonable for This Proceeding, But the PD Should be Clarified to Acknowledge Possible Advantages of Other Reliability Metrics as Generation Technology Changes.

The PD states that “a 0.1 LOLE reliability target is the general industry standard and use of the standard can better align the RA requirements with the IRP program. The 0.1 LOLE reliability standard is currently used by Energy Division in the RA LOLE modeling and we plan to continue to use that standard going forward.”² While AReM supports the use of the 0.1 LOLE standard in this proceeding, the choice of reliability standard may have broad implications for reliability outcomes and consumer costs that the PD inappropriately ignores.

Recently, the Electric Power Research Institute (“EPRI”) has been conducting studies that evaluate the use of reliability metrics as generation technologies transition from dispatchable fossil fuel resources toward more prolific reliance on renewable energy and energy storage.³ EPRI has recently issued a report recommending a reduction in reliance on a single metric,⁴. Further, another finding concluded that for the Western Electricity Coordinating Council (“WECC”) region, (a) meeting a 0.1 LOLE standard for a highly renewable system could result in over-investment; and (b) that a consistent expected unserved energy (“EUE”) metric could avoid this outcome without harming customers.⁵ Thus, while the Commission is correct to state that the 0.1 LOLE metric is a broad industry standard today, this may not persist into the future as the regional grid’s generation resource mix continues to evolve and change.

² PD, p. 19.

³ See <https://www.epri.com/resource-adequacy>.

⁴ EPRI, *Metrics and Criteria: Insights from Case Studies and Recommendations and Considerations for Future Practice*, July 2024, p. v, available from: <https://www.epri.com/research/products/3002023230>.

⁵ EPRI, *Resource Adequacy for a Decarbonized Future, Case Study: Western US*, November 2023, p. 6, available from <https://www.epri.com/research/products/000000003002027834>.

To properly manage the energy transition away from fossil fuels, the Commission should not ignore ongoing industry research into reliability metrics. If such research reasonably finds that other metrics besides 0.1 LOLE can reduce costs to customers while protecting reliability, this should not be ignored. AReM recommends the best forum to address these concerns is the IRP rulemaking (R.20-05-003), which is evaluating reliability as technology changes over time. To that end, the PD should be revised to state that the Commission may adopt other reliability metrics in the future as industry standards change to reflect an evolving resource technology mix and that such metrics will be evaluated in R.20-05-003 or a successor proceeding. To enact this provision, AReM offers new Finding of Fact 9 and Conclusion of Law 10 in the Appendix.

II. COMMENTS ON UCAP METHODOLOGY

A. Lack of Data Access Should Not Prohibit a Resource-Specific UCAP Methodology.

While AReM agrees with the PD that a UCAP framework requires further work, AReM takes issue with the following statement: “The Commission notes that it may not be feasible for a final UCAP methodology to be at a resource-specific level unless a procedure is developed to correct anomalous or missing data from specific plants, and therefore, additional class groupings should be considered.”⁶ Lack of data should not be a barrier to establishing a successful UCAP framework. If other regions have successfully implemented a resource-specific framework based on adequate data, there is no reason CAISO cannot do the same. AReM recommends the CPUC work with the CAISO on data access issues, and AReM will actively support enhanced data access for UCAP in the CAISO Resource Adequacy Working Group. AReM offers new Conclusion of Law 11 and Ordering Paragraph 12 in the Appendix in support of its recommendation.

⁶ PD, p. 23.

III. COMMENTS ON REFINEMENTS TO THE CPE FRAMEWORK

A. The PD Should be Clarified to State Whether and How CPEs are Authorized to Reduce Local Procurement Based on the New Data Request Process.

The PD discusses replacement of the non-compensated self-show option available under the current hybrid CPE framework with a data request process in which LSEs report RA contracts to Energy Division and “Energy Division will aggregate and anonymize the information and provide the data to the CPEs for use in the CPEs’ annual solicitation and procurement process.”⁷ AReM is concerned that the vagueness of the term “for use” stated in the PD could lead to process implementation ambiguity. The Commission was explicit that under existing rules self-shown capacity would reduce the CPE procurement requirement.⁸ AReM is inferring that contracts reported and aggregated by Energy Division will reduce the CPE procurement requirement, but AReM is concerned that the vagueness of the PDs wording is problematic. . Without further clarification, the data request may create an administrative burden for no value. The PD must be clarified to direct the CPEs to reduce central procurement to reflect LSE procurement. AReM offers a revised Ordering Paragraph 4 in the Appendix to provide this clarification.

B. The PD Should Clarify the Data Request Process Does Not Impose any Undue Obligations for the Reporting LSEs.

The PD describes the new process that replaces the current self-showing process as a “data request.” It states that “Energy Division is authorized to send data requests in January 2025, with responses to be submitted by the LSE by February 1, 2025.”⁹ The PD should clarify that the data request process only requires LSEs to report data on executed RA contracts.. Such data reporting would not create any new obligations or require attestations from the LSEs other than as to the

⁷ PD, p. 39.

⁸ D.20-06-002, p. 27.

⁹ PD, p. 39.

accuracy of the data reported. Such clarification should be provided because the current self-showing process *does* incur obligations on LSEs to provide assurance that the self-shown local capacity will be included on an RA supply plan for RA compliance. The Commission should state its intent that LSEs will not incur such obligations under the data request process. The revised Ordering Paragraph 4 in the Appendix also provides this clarification.

C. The List of Data LSEs Must Report Under the New Data Request Process Requires Clarification.

The PD's list of information LSEs must report in responding to the new data request includes Resource ID, Local Area, and Resource Technology Type.¹⁰ For resources where the Resource ID is known, the local area and technology type can be looked up through the Master Resource Database. Having LSEs also report this information is duplicative and unnecessary. Therefore, the PD should specify LSEs report either the Resource ID or the Local Area and Resource Technology Type if the Resource ID is not known. Resource ID may not be known if the resource is still under development.

The PD also requires LSEs to report "Contracted Monthly [Megawatt ("MW")] Capacity for the 3-Year Forward Period."¹¹ The term "Capacity" is unreasonably vague. LSEs are contracting for system RA under slice-of-day ("SOD") rules and midterm reliability ("MTR") capacity under MTR rules. Resource counting rules for both SOD and MTR capacity differ from local RA resource counting. For instance, under SOD rules resources provide capacity over a 24-hour period each month, whereas local RA is still peak-hour based. MTR compliance is assessed annually based on nameplate capacity and incremental effective load carrying capability values.

¹⁰ *Ibid.*

¹¹ *Ibid.*

LSEs should not be burdened with attempting to decipher how many MW of local capacity compliance an MTR or system RA contract will provide. Instead, data reporting should follow whatever capacity counting is in the contract, including the potential for reporting nameplate capacity for MTR contracts that are specified in nameplate capacity terms and for which the RA capacity may change as RA rules change. The PD should also specify that Energy Division and not LSEs will be responsible for the calculations to determine the local compliance obligation reduction from each contract to increase consistency in what is reported to the CPEs.

Finally, the PD should clarify that contracts for San Diego area local resources are not reportable under the new data request process because they are not subject to the CPE framework.

The revised Ordering Paragraph 4 in the Appendix provides necessary clarifications to enhance the data reporting process.

IV. CONCLUSION

AReM appreciates the opportunity to comment on the PD and respectfully requests that the Commission adopt the corrections and clarifications discussed herein and as set forth in the attached Appendix.

Respectfully submitted,



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APPENDIX OF PROPOSED MODIFICATIONS TO THE PROPOSED DECISION

Suggested New Findings of Fact

9. A 0.1 LOLE reliability target is currently the general industry standard, but this may change as generation resource technology shifts away from dispatchable generation toward non-dispatchable renewable generation coupled with energy storage.

Suggested New Conclusions of Law

10. The Commission adopts a 0.1 LOLE reliability target for the RA program, but this may change if and when alternative reliability metrics are evaluated in the Integrated Resource Planning rulemaking (R.20-05-003 or successor proceeding) and shown to be reasonable to accommodate technology shifts away from dispatchable generation toward non-dispatchable renewable generation coupled with energy storage.

11. Development of a UCAP framework will continue in Track 3 of this proceeding, including necessary actions to gather all requisite data.

Revisions to Ordering Paragraphs

4. Energy Division is authorized to collect additional information from load-serving entities (LSEs) regarding local Resource Adequacy (RA) capacity **(excluding San Diego area capacity not subject to the CPE framework)** that is under contract in an LSE's portfolio. Energy Division is authorized to collect the following information from each LSE about its local RA capacity under contract:

(1) Resource ID, **if known; if Resource ID is not known, Local Area and Resource Technology Type Should Be Provided**

~~(2) Local Area~~

~~(3) Contract Start/End Date~~

~~(4) Resource Technology Type~~

~~(53) Contracted~~ **Quantities of Capacity in MW as Specified in the Contract** ~~Monthly
Megawatt (MW) Capacity for the 3-Year Forward Period~~

In reporting this data, LSEs will not have to attest to any obligation other than the accuracy of the data reported. For the 2026 RA compliance year, Energy Division is authorized to send data requests in January 2025, with responses to be submitted by the LSE by February 1, 2025. Energy Division will aggregate and anonymize the information and provide the ~~data~~ **quantity of procurement that the CPEs will not have to procure in their annual solicitation and procurement process because it is already under contract** ~~to the CPEs in such a form that will allow the CPEs to reduce for use in the CPEs' annual solicitation and procurement process.~~

Suggested New Ordering Paragraphs

12. Energy Division is directed to work with CAISO on methods to gather adequate data to develop a resource-specific UCAP framework.