

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA**



FILED

11/18/24

04:59 PM

R2310011

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

**COMMENTS OF THE WESTERN POWER TRADING FORUM
ON THE PROPOSED DECISION ON TRACK 2 ISSUES**

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November 18, 2024



SUMMARY OF RECOMMENDED CHANGES

- Formally adopt one-in-ten-year loss of load expectation (LOLE) as the reliability standard for the Resource Adequacy (RA) program.
- Provide that a decision on the planning reserve margin (PRM) for the 2026 RA compliance year will be issued as soon as possible after the Energy Division completes its revised PRM analysis.
- Provide for a second review of the efficacy and efficiency of the Local RA program's centralized procurement framework within the next few years.

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In accordance with Rule 14.3(a) of the Rules of Practice and Procedure of the California Public Utilities Commission, the Western Power Trading Forum (WPTF) respectfully submits these comments on the proposed decision (PD) on Track 2 issues issued on October 29, 2024.

I. INTRODUCTION

WPTF supports adoption of the PD with one substantive modification, which is to formally adopt the one-in-ten-year loss of load expectation (0.1 LOLE) standard as the RA program's reliability standard. WPTF further recommends that the PD be modified to provide that a decision on the planning reserve margin (PRM) for the 2026 RA compliance year will be issued as soon as possible after Energy Division completes its revised PRM analysis, direct Energy Division to include an explanation in its future PRM analyses as to why staff is recommending single or multiple PRMs for a given

compliance year, and provide for periodic reviews of the efficacy and efficiency of the Local RA program's centralized procurement framework.

II. COMMENTS

A. The PD Should Be Modified to Formally Adopt 0.1 LOLE as the Reliability Standard for the Resource Adequacy Program.

Among its Track 2 proposal, WPTF recommends that the 0.1 LOLE standard be formally adopted as the reliability standard for the Commission's RA program.¹ WPTF greatly appreciates the PD's acknowledgement that the 0.1 LOLE standard is "the general industry standard" for measuring electric system reliability and that "use of the standard can better align the RA requirements with the IRP program."² And WPTF appreciates the PD's observation that "[t]he 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."³ The PD errs, however, in stopping short of formally adopting 0.1 LOLE as the reliability standard for the RA program.

As the PD acknowledges, recently enacted legislation (Assembly Bill 2368) directs the Commission to "[ensure] that the resource adequacy program can reasonably maintain a standard measure of reliability, such as a one-day-in-10-year loss-of-load expectation or a similarly robust reliability metric adopted by the commission, and use it for planning purposes."⁴ The central premise of the aforesaid directive is that

¹ WPTF Track 2 Proposals at 3.

² *Id.*

³ *Id.*

⁴ PD at 19 (quoting new Pub. Util. Code § 380(h)(4)).

the Commission has formally adopted or will shortly adopt a reliability metric for the RA program. The California Independent System Operator Corporation (CAISO) recently observed that, in the specific context of resource adequacy, 0.1 LOLE “is an industry-accepted measure of supply sufficiency and can help prevent capacity shortfalls.”⁵ And there is an insufficient record basis for adopting any standard other than 0.1 LOLE. It would thus be reasonable and prudent for the Commission to formally adopt 0.1 LOLE as the reliability target for the RA program.

Conversely, it would be contrary to the Legislature’s intent, as reflected in AB 2368, for the Commission to continue implementing an RA program that is still not expressly pegged to a specified and suitably robust reliability standard. The PD should therefore be modified to formally adopt 0.1 LOLE as the RA program reliability standard.

B. The PD Should Be Modified to Provide That the 2026 PRM Will Be Finalized Before the Conclusion of Track 3.

The PD defers the adoption of the 2026 PRM to Track 3 on the grounds that corrections to and further vetting of Energy Division’s PRM analysis is needed.⁶ While not opposed to further vetting of the PRM analysis, WPTF is deeply concerned that delaying adoption of the 2026 PRM to the Track 3 decision, which is not scheduled to be issued until June 2025, could lead to further delays, as some parties will undoubtedly claim that it will be unduly difficult and costly for load-serving entities (LSEs) to procure to a significantly increased PRM adopted only four months before the year-ahead showing deadline. To avoid that potentiality, WPTF recommends that the PD be modified

⁵ CAISO Comments on Track 1 PD at 4.

⁶ PD at 11.

to provide that the Commission will issue a standalone decision on the 2026 PRM as soon as possible after Energy Division staff issues their revised PRM analysis in December, rather than addressing it in the Track 3 decision that is not scheduled to be issued until late in June.

C. The PD Should Be Modified to Provide for Periodic Reviews of the Local RA program's Centralized Procurement Framework.

The PD notes that several parties have made proposals to restructure or eliminate the Local RA program's central procurement framework but ultimately decides to leave that framework in place.⁷ While not opposed to continuation of the centralized procurement framework in some form, WPTF is concerned that the PD could be deemed to be the final word on the issue, such that there are no future opportunities to revisit that decision. Given the numerous issues with the current framework, and the changes to same adopted in the PD, WPTF urges the Commission to direct Energy Division to conduct a second review of the framework's efficacy and efficiency in two years.

III. CONCLUSION

For the reasons discussed above, WPTF recommends that PD be modified to: (1) formally adopt one-in-ten-year loss of load expectation (LOLE) as the reliability standard for the Resource Adequacy (RA) program; (2) provide that the 2026 PRM will be addressed in a standalone decision in Track 3; and (3) provide for a second review of the efficacy and efficiency of the Local RA program's centralized procurement

⁷ PD at 23-24 and 26.

framework within the next few years. Please see Attachment A for proposed Findings of Fact and Conclusions of Law.

Respectfully submitted,

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ATTACHMENT A

Findings of Fact

1. The 0.1 LOLE standard is the general industry standard for measuring electric system reliability.
2. Use of the 0.1 LOLE standard for the RA program can better align the RA requirements with the IRP program.
3. The 0.1 LOLE reliability standard is currently used by Energy Division in the RA LOLE modeling.

Conclusions of Law

1. The Commission should adopt the 0.1 LOLE reliability standard for the RA program.