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

Order Instituting Rulemaking to Oversee the Resource Adequacy Program, Consider Program Refinements, and Establish Forward Resource Adequacy Procurement Obligations.

R.19-11-009

**CALIFORNIA COMMUNITY CHOICE ASSOCIATION  
REPLY COMMENTS ON THE PROPOSED DECISION ADOPTING  
LOCAL CAPACITY OBLIGATIONS FOR 2021-2023, ADOPTING FLEXIBLE  
CAPACITY OBLIGATIONS FOR 2021, AND REFINING THE RESOURCE  
ADEQUACY PROGRAM**

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## SUMMARY OF RECOMMENDATIONS

1. Adopt a waiver program for system and flexible resource adequacy (RA) as proposed by SJCE, EBCE and CalCCA or, at a minimum, require consideration of the proposal and “unresolved issues” in Track 3.
  2. Adopt CESA’s proposal to use project-specific profiles in determining the qualifying capacity of hybrid projects.
  3. Establish the same, Tier 1 testing requirements for demand response programs regardless whether the program is administered by an investor-owned utility or a non-IOU load-serving entity.
  4. Adopt the Maximum Cumulative Capability (MCC) bucket proposal as transitional, with the intent to adopt a framework better aligned with clean energy goals in Track 3.
  5. Clarify that hydro resources qualify for MCC bucket 4.
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The California Community Choice Association (CalCCA)<sup>1</sup> submits these reply comments pursuant to Rule 14.3 of the California Public Utilities Commission (Commission) Rules of Practice and Procedure on the May 22, 2020, proposed *Decision Adopting Local Capacity Obligations for 2021-2023, Adopting Flexible Capacity Obligations for 2021, and Refining the Resource Adequacy Program* (PD).

**I. INTRODUCTION**

CalCCA replies in these comments to the opening comments of San Jose Clean Energy (SJCE), East Bay Community Energy (EBCE), Southern California Edison Company (SCE), the California Energy Storage Alliance (CESA), and the Joint DR Parties. CalCCA recommends that the Commission:

- ✓ Adopt a waiver program for system and flexible resource adequacy (RA) as proposed by SJCE, EBCE and CalCCA or, at a minimum, require further consideration of the proposal and address “unresolved issues” in Track 3;
- ✓ Adopt CESA’s proposal to use project-specific profiles in determining the qualifying capacity (QC) of hybrid projects;

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<sup>1</sup> California Community Choice Association represents the interests of 20 community choice electricity providers in California: Apple Valley Choice Energy, CleanPowerSF, Clean Power Alliance, Desert Community Energy, East Bay Community Energy, Lancaster Choice Energy, Marin Clean Energy, Monterey Bay Community Power, Peninsula Clean Energy, Pioneer Community Energy, Pico Rivera Innovative Municipal Energy, Rancho Mirage Energy Authority, Redwood Coast Energy Authority, San Jacinto Power, San Jose Clean Energy, Silicon Valley Clean Energy, Solana Energy Alliance, Sonoma Clean Power, Valley Clean Energy, and Western Community Energy.

- ✓ Establish the same testing requirements for demand response (DR) programs regardless whether the program is administered by an investor-owned utility (IOU), other load-serving entity (LSE), or non-LSE party;
- ✓ Adopt the Maximum Cumulative Capability (MCC) bucket proposal as transitional, with the intent to adopt a framework better aligned with clean energy goals in Track 3; and
- ✓ Clarify that hydro resources qualify for MCC bucket 4.

## II. CALCCA REPLY COMMENTS

### A. Adopt a Waiver Program for System and Flexible Capacity as proposed by SJCE, EBCE, and CalCCA or at a Minimum Direct Resolution of Remaining Issues in Track 3

SJCE and EBCE support adoption of a system and flexible RA waiver program.<sup>2</sup> They contend the PD ignores “evidence that a tightening RA market,” which requires adoption of a system and flexible RA waiver to mitigate market power.<sup>3</sup> They further explain: “[w]here buyers are subject to steep penalties for failing to procure enough RA despite their best efforts, and sellers face no corresponding penalty for failing to sell their supply in a timely fashion, sellers are able to exercise market power.”<sup>4</sup> The consequences, they conclude, are “unnecessarily increasing costs for consumers and undermining the goal of system reliability.”<sup>5</sup>

Not surprisingly, CalCCA agrees. CalCCA’s opening comments conclude that “serious contractions in the system RA market [] are making it difficult for LSEs to meet their system requirements despite commercially reasonable efforts,”<sup>6</sup> and provided data to support this conclusion. CalCCA thus urges the Commission to adopt a system and flexible waiver program through the 2022 compliance year, with further examination.<sup>7</sup>

The Commission should adopt a system and flexible RA waiver through 2022. At a minimum, it should make clear that a waiver program will be developed in Track 3 to prevent the exercise of market power in the constrained system RA market. If the Commission does not take

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<sup>2</sup> *Opening Comments of SJCE and EBCE on Proposed Decision Adopting Local Capacity Obligations for 2021-2023, Adopting Flexible Capacity Obligations for 2021, and Refining the Resource Adequacy Program*, June 11, 2020, at 2-5.

<sup>3</sup> *Id.* at 3.

<sup>4</sup> *Id.* at 4.

<sup>5</sup> *Id.*

<sup>6</sup> *California Community Choice Association Comments on the Proposed Decision Adopting Local Capacity Obligations for 2021-2023, Adopting Flexible Capacity Obligations for 2021, and Refining the Resource Adequacy Program*, June 11, 2020, at 2.

<sup>7</sup> *Id.* at 5.

action to address the perpetually “unresolved issues” cited by the PD and implement a waiver program accordingly, it will only continue to harm ratepayers.

**B. Adopt CESA’s Proposal to Use Project-Specific Profiles in Determining Hybrid Project QCs**

CESA recommends, consistent with SCE’s original proposal adopted by the PD, the use of “project-specific energy profiles [] in implementing the hybrid and co-located capacity county methodology.”<sup>8</sup> CESA explains:

Given the wide variation of configurations (e.g., AC vs. DC coupling), storage-to-generation sizing ratios, renewable generation profiles (e.g., AC to DC ratios), and paired storage duration, project-specific QC calculations are preferable to incentivize the most effective resource types and to fairly compensate the asset’s reliability contributions.

The PD, however, allows the use of generic and average solar generation profiles that fail to account for project-specific configurations.<sup>9</sup> CESA recommends continued work with stakeholders to develop “a common set of model inputs, assumptions, and outputs” that can be used in a “standard calculator yet reflecting the project-specific characteristics of the resource.”<sup>10</sup>

CalCCA supports CESA’s proposal assuming the continuation of a RA framework that relies on QC methodologies. Hybrid storage projects will increasingly dominate reliability solutions in a wide variety of configurations. Rough justice in estimating these projects’ contribution to reliability will not properly account for value over time and may lead to increased procurement costs. The Commission should adopt CESA’s proposal.

**C. Adopt the Joint Parties’ Proposal to Apply the Same Testing Requirements for All DR Programs Irrespective of Program Administrator**

The Joint Parties highlight the PD’s inequity in establishing a stricter testing standard for third-party demand response programs than for IOU programs.<sup>11</sup> The PD’s standard differentiates between “stable” (Tier 1) resource testing and a stricter requirement “new” and

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<sup>8</sup> *Comments of the California Energy Storage Alliance on the Proposed Decision Adopting Local Capacity Obligations for 2021-2023, Adopting Flexible Capacity Obligations for 2021, and Refining the Resource Adequacy Program* at 2, 5-7.

<sup>9</sup> *Id.* at 5.

<sup>10</sup> *Id.*

<sup>11</sup> *Joint Opening Comments of the California Efficiency + Demand Management Council, CPower, Enel X North America, Inc., Leapfrog Power, Inc. and OhmConnect, Inc. on Proposed Decision Adopting Local Capacity Obligations for 2021-2023, Adopting Flexible Capacity Obligations for 2021, and Refining the Resource Adequacy Program*, June 11, 2020 (Joint Parties Comments) at 1-4.

“changing” (Tier 2) resources. Unfortunately, however, it defers a definition of “stable” resources to Track 4.<sup>12</sup> Pending this definition, all third-party DR resources are subject to Tier 2 testing, and all IOU programs are subject to Tier 1.

The Joint Parties thus oppose the PD’s resolution, observing that “[t]here is no evidence in the record to support any contention that [third-party] DR performs any differently than IOU DR programs.”<sup>13</sup> Further, the Joint Parties point out that currently “there is no difference in the qualifying capacity (QC) valuation methodology that would otherwise warrant a stricter testing requirement for one type of DR relative to another...”<sup>14</sup> Consequently, they conclude that the PD’s approach violates “key neutrality principles” adopted in D.16-09-056 and places third-party DR and non-IOU LSEs, such as CCAs, at a distinct disadvantage.

CalCCA agrees with the Joint Parties. The PD’s approach unreasonably discriminates between IOU and non-IOU LSE reliance on DR and could increase ratepayer costs for the latter. The Commission should adopt the Joint Parties’ proposal to employ Tier 1 testing until “stable” can be defined and the details of testing are finalized.

**D. Clarify that the MCC Bucket Rules Are Transitional Pending Adoption in Track 3 of a Framework Better Aligned with Clean Energy Goals**

SCE requests that the Commission “explicitly state in the final decision that the revised MCC buckets adopted in the PD represent an interim solution and parties are encouraged to develop more complete solutions in Track 3.”<sup>15</sup> As SCE explains, given the increased reliance on intermittent resources and other use-limited resources such as energy storage, the reliability contribution of various resources requires further evaluation. CalCCA agrees with SCE and encourages a Track 3 solution that reduces the Commission’s need to micromanage through an MCC structure the specific types of resources meeting reliability requirements.

**E. Clarify Inclusion of Hydro Resources in MCC Bucket 4**

PG&E requests the commission “to avoid ambiguity associated with certain use-limitations associated with hydroelectric resources and ensure that such resources qualify for

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<sup>12</sup> PD at 36.

<sup>13</sup> Joint Parties’ Comments at 2.

<sup>14</sup> *Id.* at 3.

<sup>15</sup> *Opening Comments of Southern California Edison Company (U 338-E) on Proposed Decision Adopting Local Capacity Obligations for 2021-2023, Adopting Flexible Capacity Obligations for 2021, and Refining the Resource Adequacy Program*, June 11, 2020, at 5-6.



MCC bucket 4.”<sup>16</sup> CalCCA agrees with PG&E that as written the PD is vague as to the applicability of Hydro resources to count toward bucket 4 and supports the modification to the definition of availability for MCC buckets as proposed by PG&E. This change will ensure market participants are clear that hydro resources can continue to qualify for MCC bucket 4.

### III. CONCLUSION

CalCCA appreciates the opportunity to submit these comments and requests adoption of the recommendations proposed in CalCCA’s opening comments and these reply comments.

Respectfully submitted,



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June 16, 2020

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<sup>16</sup> *Opening Comments of Pacific Gas and Electric Company (U 39 E) on the Proposed Decision Adopting Local Capacity Obligations for 2021-2023, Adopting Flexible Capacity Obligations for 2021, and Refining the Resource Adequacy Program, June 11, 2020, at 6.*