



FILED
02/05/21
04:59 PM

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

Order Instituting Rulemaking to Establish
Policies, Processes, and Rules to Ensure
Reliable Electric Service in California in the
Event of an Extreme Weather Event in 2021.

R.20-11-003

**OPENING BRIEF OF THE
CALIFORNIA COMMUNITY CHOICE ASSOCIATION**

Evelyn Kahl, General Counsel
CALIFORNIA COMMUNITY CHOICE
ASSOCIATION
One Concord Center
2300 Clayton Road, Suite 1150
Concord, CA 94520
(415) 254-5454
regulatory@cal-cca.org

Ann Springgate
KEYES & FOX LLP
580 California St., 12th Floor
San Francisco, CA 94104
(510) 314-8200
aspringgate@keyesfox.com

Counsel to the
California Community Choice Association

February 5, 2021

Contents

| | | |
|------|---|----|
| I. | INTRODUCTION AND SUMMARY | 1 |
| II. | A THOROUGH NEEDS ASSESSMENT SHOULD BE DEVELOPED THROUGH WORKSHOPS | 4 |
| A. | Existing Needs Assessments Require Review and Reconsideration | 5 |
| B. | Workshops Should Be Held to Revise the Needs Assessment Before Additional Procurement is Ordered. | 7 |
| C. | The Commission Should Consider the Impact of the Shortcomings in CAISO RUC and Export Procedures in Bounding the Magnitude and Scope of IOU Incremental Procurement..... | 8 |
| III. | IF NECESSARY FOR CAISO BACKSTOP PROCUREMENT, THE PRM SHOULD BE MODIFIED ON A TEMPORARY BASIS ONLY FOR SUMMER 2021 AND IMPOSE NO COMPLIANCE OBLIGATIONS ON INDIVIDUAL LSES | 10 |
| A. | The Record Lacks Evidentiary Support for an Increased PRM..... | 10 |
| B. | Incremental Procurement Requirements Should Rest with the IOUs and Not Be Added to the 2021 RA Requirements for Any LSE | 12 |
| IV. | AUTHORIZED SUPPLY AND DEMAND SOLUTIONS MUST BE LIMITED UNTIL FURTHER ANALYSIS IS COMPLETED..... | 13 |
| A. | Incremental Procurement Should Not Exceed 1,073 MW Without Further Analysis..... | 13 |
| B. | Procurement Should Be Limited to Short-Term Contracting for Summer 2021 Only | 14 |
| C. | Demand-Side Solutions Will Be More Feasible Solutions to Implement by August..... | 16 |
| V. | THE QUANTITY PROCURED SHOULD BE ALLOCATED EQUITABLY AMONG IOU TAC AREAS | 16 |
| VI. | THE IOUS SHOULD CONTINUE TO IMPROVE LSE ACCESS TO METER DATA..... | 17 |
| VII. | CONCLUSION..... | 18 |

Table of Authorities

| | Page |
|-------------------------------|-------|
| Rules | |
| Rule 13.11 | 1 |
| CPUC Decisions | |
| Decision (D.) 19-11-016 | 6, 15 |

SUMMARY OF RECOMMENDATIONS

CalCCA urges the Commission to:

- Develop a more careful needs assessment for Summer 2021 through stakeholder workshops, building from the CAISO stack analysis and the SCE loss of load expectation analysis.
- Pending further assessment of need, direct the IOUs to move forward with procurement based on the lower bounds of need – 1073 MW – identified in the CAISO stack analysis.
- Increase the PRM, temporarily, only as necessary to ensure sufficient CAISO backstop procurement authority for Summer 2021. The incremental procurement obligation between the PRM and the current collective RA requirements of jurisdictional LSEs requirement should be placed on the IOUs, without penalty. Pushing the obligation down through to individual LSE RA requirements would serve no purpose and would create uncertainty in the monthly RA market.
- Allocate any incremental procurement obligation equitably among the IOU based on proportional load shares.
- Require IOUs to provide LSEs access to more and improved customer data to enable more effective demand-side solutions and better load forecasting and scheduling.

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

Order Instituting Rulemaking to Establish Policies, Processes, and Rules to Ensure Reliable Electric Service in California in the Event of an Extreme Weather Event in 2021.

R.20-11-003

**OPENING BRIEF OF THE
CALIFORNIA COMMUNITY CHOICE ASSOCIATION**

Pursuant to Rule 13.11 of the Rules of Practice and Procedure of the California Public Utilities Commission (Commission), and the schedule set forth in Assigned Commissioner’s Scoping Memo and Ruling (Scoping Ruling) dated December 21, 2020, the California Community Choice Association¹ (CalCCA) submits this Opening Brief in response to the Order Instituting Rulemaking to Establish Policies, Processes, and Rules to Ensure Reliable Electric Service in California in the Event of an Extreme Weather Event in 2021, dated November 20, 2020 (OIR) in the above-captioned proceeding.

I. INTRODUCTION AND SUMMARY

The Commission initiated the OIR to address two primary issues: how to increase energy supply and decrease demand during the peak demand and net demand peak hours in the event of

¹ California Community Choice Association represents the interests of 24 community choice electricity providers in California: Apple Valley Choice Energy, Baldwin Park Resident Owned Utility District, Central Coast Community Energy, Clean Energy Alliance, Clean Power Alliance, CleanPowerSF, Desert Community Energy, East Bay Community Energy, Lancaster Choice Energy, Marin Clean Energy, Peninsula Clean Energy, Pico Rivera Innovative Municipal Energy, Pioneer Community Energy, Pomona Choice Energy, Rancho Mirage Energy Authority, Redwood Coast Energy Authority, San Diego Community Power, San Jacinto Power, San José Clean Energy, Silicon Valley Clean Energy, Solana Energy Alliance, Sonoma Clean Power, Valley Clean Energy, and Western Community Energy.

an emergency heat storm in the summer of 2021.² The Commission’s immediate focus is the supply-side of this question, including both generation or storage resource procurement and demand-side resources operating as “supply” such as demand response.³

In the Commission’s urgency to address the potential reliability needs, however, certain of the OIR’s guiding principles appear to be in danger. Significantly, the original intent of the OIR was to address remedial actions “on a measure by measure basis,” “recognizing that some programs may benefit from further study.”⁴ In its list of questions to be addressed with respect to supply-side solutions the Commission explicitly recognized that further analysis is a necessary part of addressing the potential issue. In fact, the OIR specifically asks for comment to address this question:

10. Should the Commission undertake a stack analysis of the amount of resources that would be necessary for Summer of 2021?⁵

Under normal circumstances, a careful and considered analysis, such as a loss of load expectation (LOLE) analysis, should underpin any Commission-ordered procurement. Under current circumstances, however, the Commission has set aside the need for such analysis, ordering the investor-owned utilities (IOUs) to procure additional resources to prevent a reliability event in Summer 2021.⁶

CalCCA has not opposed taking measured actions to secure reliability but urges the Commission to moderate its response, considering all facts. Some parties have drawn attention

² OIR at 12.

³ See Proposed Decision of ALJ Stevens, R.20-11-003, Decision Directing Pacific Gas and Electric Company, Southern California Edison Company, and San Diego Gas & Electric Company to Seek Contracts for Additional Power Capacity for Summer 2021 Reliability, January 8, 2021 (Proposed Decision).

⁴ OIR at 11.

⁵ Id. at 14.

⁶ See generally Proposed Decision.

to the uncertainty surrounding the influence of the shortcomings in the CAISO’s Residual Unit Commitment (RUC) process.⁷ Without a more detailed understanding of the impact of the CAISO shortcomings, it is difficult to determine the incremental procurement need for Summer 2021. Even those parties that see a need do not agree on the total incremental procurement required. CalCCA shares their concern over uncertainty. Indeed, CalCCA’s witness Nick Pappas highlighted inconsistencies and areas of disagreement in the available reliability analyses offered by the California Independent System Operator Corporation (CAISO) and Southern California Edison Company (SCE).⁸ To ensure a “no regrets” outcome, however, CalCCA supports going forward with limited incremental procurement at the lower bound of the findings in the CAISO “stack” analysis, *provided* the Commission (1) shores up its analysis of through near-term stakeholder workshops and (2) reasonably bounds the IOUs’ additional procurement.⁹

Further, the Commission should make every effort to ensure that the uncertainty raised in this proceeding does not interfere with normal resource adequacy (RA) market operations. This requires two steps. First, the Commission must provide guidelines to the IOUs through the pending decision in this proceeding to ensure that the resources they procure are truly incremental, and would not merely cannibalize the existing market other LSEs are relying on. Second, if the CAISO adopts a higher Planning Reserve Margin (PRM), as it proposes to fully

⁷ Testimony of Samuel Golding on Behalf of the Utility Consumers’ Action Network, January 11, 2021 (UCAN Direct Testimony (Golding)) at 5: 7-11; Prepared Opening Testimony of Bill Powers, P.E. on Behalf of the Protect Our Communities Foundation, January 11, 2021 (PCF Direct Testimony (Powers)) at 3: 6-9; Prepared Direct Testimony of Michel Peter Florio Addressing Selected Issues Regarding Electric System Reliability for 2021, The Utility Reform Network, January 11, 2021 (TURN Direct Testimony (Florio)) at 4:21- 5:25.

⁸ Direct Testimony of Nicholas J. Pappas, Michael Hyams, Matthew Langer, Mahayla Slackerelli and Samantha Weaver on Behalf of California Community Choice Association, January 11, 2021 (CalCCA Direct Testimony); Reply Testimony of Nicholas J. Pappas on Behalf of California Community Choice Association, January 19, 2021 (CalCCA Rebuttal Testimony).

⁹ CalCCA proposed reasonable parameters in its comments on the Proposed Decision. Comments of California Community Choice Association on the Proposed Decision, January 28, 2021, at 7-9.

enable its backstop authority,¹⁰ the PRM should not be pushed down to LSEs through an increased 2021 RA requirement. Co-mingling this incremental procurement with LSE RA targets would significantly complicate and disrupt ongoing LSE activities to fill their Summer 2021 RA needs. Instead, the delta between the current and ultimate PRM should be uniquely placed on the IOUs, whom the Commission has placed in a role of responsibility. Recognizing the extreme challenge the IOUs face, they should not be penalized for failing to procure the added PRM increment; rather, the CAISO should be allowed to perform its backstop function.

Beyond these foundational issues, CalCCA supports the call of the Utility Consumers Action Network (UCAN) for improved access for all LSEs to Advanced Metering Infrastructure (AMI) data. While time is admittedly limited to implement improvements by August, improvements will help mitigate the possibility, as noted in the Root Cause Analysis, that LSEs may underschedule load during critical events.¹¹

II. A THOROUGH NEEDS ASSESSMENT SHOULD BE DEVELOPED THROUGH WORKSHOPS

CalCCA lauds the hard and critical work of SCE and CAISO in their respective reliability analyses and recognizes the significance of their efforts to build an analytical record supporting decisionmaking for Summer 2021. Despite their expedited devotion of analytical resources, however, substantial differences exist between these analyses in both methodology and source data, and consequently, the two analyses reach different conclusions. In addition, while SCE's analysis reflects the preferred, industry-standard methodology – a stochastic loss of load

¹⁰ Opening Testimony of Dr. Karl Meeusen on Behalf of the California Independent System Operator Corporation, January 11, 2021 (CAISO Direct (Meeusen)) at 2: 21-23.

¹¹ Final Root Cause Analysis: Mid August 2020 Extreme Heat Wave, California Independent System Operator Corporation, California Energy Commission, California Public Utilities Commission, January 13, 2021 (Final RCA) at 61.

expectation (LOLE) – CalCCA is concerned with the inclusion of 584 MW of retired fossil units in SCE’s baseline, which could significantly impact the quantitative outcome. Further analysis must be undertaken to reconcile the analyses inputs and differing conclusions. Consequently, the record falls short of answering the question of how much additional procurement is required for Summer 2021 or 2022. While CalCCA supports commencement of additional procurement to ensure a “no regrets” outcome for Summer 2021, a consensus on the need for procurement must be achieved before California ratepayers are asked to fund significant outlays for capacity.

A. Existing Needs Assessments Require Review and Reconsideration

CalCCA performed a detailed review of the SCE LOLE and CAISO stack analyses, both of which attempt to analyze whether expected generation in summer 2021 will meet system need, and outlines the results of its review below. As will be discussed, substantial caveats must be taken with both analyses.

CAISO’s original analysis compares load to the net peak plus a 20% PRM, finding capacity shortfalls from July through September ranging from 452 MW (August) to 3,316 MW (September).¹² CAISO later submitted testimony calculating a proposed PRM of 17.5% for June – Oct 2021 to cover “both the gross system peak demand and to the most critical hour after peak, when solar production is very low or zero.”¹³ This proposed 17.5% PRM was calculated by taking into account a 6% contingency reserve requirement, a 4% difference between the CEC’s 1-in-5 demand forecast and 1-in-2 demand forecast, and a forced outage rate of 7.2% based on analysis of data from the NERC Generator Availability Data System (GADS) dataset.¹⁴

¹² Comments of the California Independent System Operator Corporation on Order Instituting Rulemaking Emergency Reliability, November 30, 2020, Table 2, at 16.

¹³ Opening Testimony of Jeff Billinton on Behalf of the California Independent System Operator Corporation, January 11, 2021 (CAISO Direct Testimony (Billinton)) at 2: 14-15.

¹⁴ Id. at 3:9- 4: 16.

In its analysis, SCE ran the PLEXOS production cost model, and concluded that expected outages were at 0.09, meeting the 0.1 LOLE standard.¹⁵ However, they acknowledge that “achieving that 1-in-10 LOLE reliability standard is heavily dependent on the on-time delivery of the 1,650 MW of system reliability procurement ordered by Decision (D.) 19-11-016 for August 2021 and what type of resources are procured.”¹⁶ In its review, CalCCA identified the inclusion of 8 retired fossil generators which were included in SCE’s baseline, representing 584 megawatts of firm capacity not actually available in Summer 2021. It is possible that a revised analysis without these resources could fail the 0.1 LOLE standard and corroborate CAISO’s conclusions regarding the need for additional Summer 2021 procurement.

SCE’s methodology is preferable to the CAISO stack analysis, and a similar LOLE study should be revised and used as the basis for Summer 2021 procurement activities. As CalCCA explained in its direct testimony, stack analyses are less rigorous than other industry standard resource planning and reliability methods, and CAISO’s analysis does not provide an assessment of the probability or level of risk associated with achieving, for example, slightly less or slightly more than the prescribed PRM.¹⁷ In its direct testimony, TURN expresses similar concerns: “[s]uch a stack analysis [i.e. CAISO’s] is a crude measure of reliability, however, and ignores the probabilities of various events occurring in favor of a single snapshot view.”¹⁸ Notwithstanding, TURN’s witness finds that although “[o]ne could certainly quarrel with some of the assumptions in both the CAISO and SCE studies, . . . the robust SCE analysis should give this Commission

¹⁵ Southern California Edison Company’s (U 338-E) Comments on Order Instituting Rulemaking to Establish Policies, Processes, and Rules to Ensure Reliable Electric Service in California in the Event of an Extreme Weather Event in 2021, November 30, 2020 at 16.

¹⁶ Id. at 2.

¹⁷ CalCCA Direct Testimony (Pappas) at 5: 14-16.

¹⁸ TURN Direct Testimony (Florio) at 9: 18-20.

considerable comfort that system reliability in 2021 will meet the adopted one-day-in-10-years standard, without any incremental generation procurement.”¹⁹

However, SCE’s analysis inadvertently included 584 MW of retired fossil resources which are no longer available to CAISO. But TURN’s conclusion that the SCE analysis shows that the system will meet the established LOLE standard in 2021²⁰ — does not take into account SCE’s inclusion of 584 MW of resources that had retired. If 584 MW had been removed from SCE’s analysis, it is quite possible that the system’s LOLE would have exceeded the 0.1 LOLE standard, and thus been unreliable.

While CalCCA agrees that an LOLE study is a more precise assessment of need, SCE’s LOLE study, without a deeper dive, should not be considered the final answer on system reliability. In sum, there is no evidence in the record that gives the Commission a precise “answer” for the quantity of system need. The shortcomings in assumptions and the limited insights provided by CAISO’s stack analysis leave neither SCE nor CAISO’s analysis as a basis for procurement beyond a directional indication. California ratepayers deserve a more considered basis for additional capacity procurement.

B. Workshops Should Be Held to Revise the Needs Assessment Before Additional Procurement is Ordered.

The Commission should hold a workshop as soon as possible to resolve outstanding discrepancies between the CAISO and SCE input assumptions and methodologies, as detailed above. CalCCA has continuously stressed the need for workshops in this proceeding. CAISO explicitly agreed with CalCCA on the need for a workshop, stating that “a workshop will allow the CAISO and SCE to explain more fully their respective study assumptions and parameters. It

¹⁹ Id. at 10: 13-16.

²⁰ Ibid.

will also allow parties to ask questions about the analyses in a forum that allows for an open exchange of information.²¹

Stakeholder workshops are necessary to enable full and frank discussion of input assumptions and analyses so far conducted, and to seek buy-in for a methodological approach to the issue going forward. The workshops should have as their ultimate goals: (1) clearly defining how to quantify system need; (2) resolving discrepancies between the current analyses as necessary for agreement on a methodological approach; and (3) developing a clear path with unambiguous targets for addressing the assessed need.

California ratepayers deserve a complete and accurate assessment of the true need to be addressed. Ratepayers also deserve a considered approach to how best to address this need, including what methods are likely to be successful, before unlimited and unrestricted procurement adds chaos to an already pressed capacity market. Until that time, incremental procurement should be limited to 1073 MW, as discussed below in section IV, and the scope of procurement should be narrow to limit ratepayer exposure.²²

C. The Commission Should Consider the Impact of the Shortcomings in CAISO RUC and Export Procedures in Bounding the Magnitude and Scope of IOU Incremental Procurement

Several parties lay responsibility for the blackouts, in part, on “a software error in the CAISO’s RUC process.”²³ Sam Golding on behalf of UCAN provides a detailed discussion of the RUC process:

In terms of the design of the CAISO market, the RUC relies on CAISO’s internal load forecast to ensure reliability, in part, because LSEs are not required to submit their full load forecasts as demand bid schedules. It is my understanding that CAISO does not assume

²¹ CAISO Rebuttal Testimony (Billinton) at 2: 18-21.

²² Comments of California Community Choice Association on the Proposed Decision, January 28, 2021 at 7-9.

²³ UCAN Direct Testimony (Golding) at 6: 5-11; see also *supra* note 7.

that the demand bids that all LSEs submit in the IFM in aggregate are representative of the next day's physical load, and that this is why the RUC process was designed to run (1) after the IFM clears and (2) using the CAISO's internal load forecast (which does forecast actual load on a day ahead basis and is thus the appropriate forecast to use to ensure physical supply). On Aug. 14 and 15, CAISO's internal load forecast should have been relied upon to schedule resources in the RUC sufficient to maintain system reliability. Because of the software glitch, however, the CAISO instead relied on the aggregate demand bids submitted by LSEs in the IFM.²⁴

He further explains that because the "aggregate demand bids submitted by LSEs in the IFM was lower than CAISO's internal load forecast. Consequently, exports were scheduled in the Day Ahead Market at a level that exceeded what would have been necessary to maintain the supply-demand balance."²⁵ Mr. Florio on behalf of TURN reaches a similar conclusion and recommends that the Commission:

Acknowledge that absent the Residual Unit Commitment software flaw that had yet to be discovered as of August 14-15, 2020, the rolling blackouts likely would not have occurred, and that with that software fix in place similar conditions over the Labor Day weekend did not result in firm load shedding.²⁶

These parties raise an important point which arises from the failure of the Final Root Cause Analysis²⁷ to draw any conclusion regarding the magnitude of influence of any one of the three factors that purportedly caused the August 2020 events.

Incremental procurement to address 2021 will come at a cost to ratepayers. If UCAN and TURN are correct -- there would not have been load shedding "but for" the CAISO errors -- there is no reason to heap additional costs on ratepayers. Recognizing, however, that this factor has not been fully examined in this proceeding nor its impact quantified, CalCCA

²⁴ Id. at 7: 10-13.

²⁵ Id. at 7: 14-16.

²⁶ TURN Direct Testimony (Florio) at 1: 21-24.

²⁷ See generally Final RCA, Section 4 at 38-64.

supports consideration of this factor by carefully bounding the magnitude and scope of incremental procurement as discussed in Section IV of this brief.

III. IF NECESSARY FOR CAISO BACKSTOP PROCUREMENT, THE PRM SHOULD BE MODIFIED ON A TEMPORARY BASIS ONLY FOR SUMMER 2021 AND IMPOSE NO COMPLIANCE OBLIGATIONS ON INDIVIDUAL LSES

A. The Record Lacks Evidentiary Support for an Increased PRM

Modifying the PRM is one of several policy options to expand procurement for Summer 2021, but likely reflects one of the more disruptive and complicated policy approaches available to the Commission. CAISO recommended that the Commission adopt “a 17.5% planning reserve margin for June through October 2021,” and that such a margin “should be maintained across both the peak load hours and the hours in the early evening when summer demands remain high and solar output is de minimus [sic].”²⁸

As noted, until the full needs analysis CalCCA urges is undertaken, there is not sufficient evidence that such a step is required—or if so, what the increase should be. This is underscored by the fact, as noted by AReM/DACC, that no party beyond CAISO recommended increasing the PRM.²⁹ CAISO itself revised its opinion regarding the extent of the increase to recommend, originally proposing 20% and later 17.5%, as detailed above.

PG&E agrees, stating that “at this time, PG&E does not support a change to the PRM that is not supported by robust analysis and a stakeholder process. A 33 percent increase in the PRM (i.e., 15 percent to 20 percent) as proposed by CAISO in this proceeding is a very significant

²⁸ CAISO Direct Testimony (Billinton) at 1:18-22.

²⁹ Reply Testimony of Sue Mara on Behalf of the Alliance of Retail Energy Markets, Direct Access Customer Coalition, and the Regents of the University of California, January 19, 2021 at 6: 5-6.

change.”³⁰ An abrupt change to a 17.5% PRM would presumably have a similar, and similarly unknowable, effect.

SCE also dismisses a PRM increase. SCE notes the precarious timing of an additional procurement requirement, particularly given market conditions:

It is too late to impose increased RA requirements on LSEs for summer 2021. LSEs’ RA showings for June 2021 are due on April 17, 2021 (approximately the same time as a final decision is expected in this rulemaking in March to April 2021) and July 2021 showings are due just one month later on May 17, 2021. This gives LSEs little to no time to procure to meet higher RA compliance requirements that the CAISO recognizes LSEs may not be able to meet due to limited resource availability.³¹

CAISO, however, submits that an increased PRM is necessary to enable its exercise of authority to procure under the Capacity Procurement Mechanism (CPM).³² Assuming this to be an accurate assessment of the CAISO Tariff, there is merit in narrowly tailoring a PRM increase, with the limited scope of enabling more CPM procurement to safeguard against capacity shortfalls. Any modification must be temporary, however, and applied solely to 2021 summer months to enable CAISO to use the CPM to remedy identified shortfalls not resolved through IOU central procurement.

³⁰ Pacific Gas & Electric Company Emergency Reliability OIR Prepared Testimony, January 11, 2021 (PG&E Direct Testimony (Clegg)) at 6: 10-13.

³¹ Reply Testimony of Southern California Edison Company, January 19, 2021 (SCE Rebuttal Testimony (Walsh)) at 10: 12-13.

³² “Increasing the planning reserve margin and providing for appropriate cost recovery measures will promote procuring the incremental resources needed to meet summer 2021 needs and will allow the CAISO to use its CPM authority most effectively.” (CAISO Direct Testimony (Meeusen) at 5; 1-3; “If the Commission directs increased capacity procurement for 2021—without an attendant increase in the planning reserve margin—the CAISO will not have authority to issue a monthly deficiency CPM if the incremental capacity is not procured.” CAISO Rebuttal Testimony (Meeusen) at 1: 22-25.

B. Incremental Procurement Requirements Should Rest with the IOUs and Not Be Added to the 2021 RA Requirements for Any LSE

If the 2021 PRM is increased, any incremental procurement obligation should remain an IOU-level requirement that is not added to LSEs' 2021 RA requirements. "Pushing down" the procurement need into individual RA requirements will unnecessarily disrupt in-progress contract negotiations, disrupt the market, and raise the costs of RA. Doing so would be unnecessary and counterproductive to the Commission's goals in this proceeding.

The Commission has already signaled in the Proposed Decision its intent to centralize procurement of this incremental capacity in the IOUs. The Commission presumably decided that requiring individual LSEs to procure would add confusion by adding buyers working against each other in an already tight capacity market. It no doubt could not be done as quickly if the responsibility were spread among [44] LSEs. Instead, it is entirely logical that the IOUs be assigned to procure for their TAC areas given the emergent nature of the need.

If the Commission's goal in centralizing the procurement was to decrease confusion and expedite procurement, allowing the RA requirement to be pushed down would serve little purpose. There is no obvious benefit to allowing the actual RA obligation to be pushed down to LSEs. Requirements aim to encourage certain actions by LSEs; here, no action is required. Flowing the requirement through to individual LSEs would simply complicate RA procurement for the remainder of the year.

If the purpose of increasing RA requirements is strictly to enable CAISO backstop at certain levels for Summer 2021, flowing the requirements through to individual LSEs is also unnecessary. The Commission should leave the incremental RA requirement, as with the procurement obligation, with the IOUs. In addition, it should make clear that no penalties will

attach to this requirement because of the unique circumstances and the uncertainty about whether, in fact, the required incremental procurement is possible by August 2021.

IV. AUTHORIZED SUPPLY AND DEMAND SOLUTIONS MUST BE LIMITED UNTIL FURTHER ANALYSIS IS COMPLETED

CalCCA appreciates that potential reliability events in Summer 2021 would have a high societal cost. Understandably, it seems more reasonable to err on the side of being “long” rather than “short.” However, to avoid errors of magnitude, until further analysis establishes a clear and unambiguous need, CalCCA urges the Commission to place firm limits on any procurement ordered.

A. Incremental Procurement Should Not Exceed 1,073 MW Without Further Analysis

CAISO’s analysis shows a shortfall of 1,073 MW (relative to the current 15% PRM requirement) at HE 20 (the net peak) in September 2021.³³ Notwithstanding the methodological concerns with using a stack analyses as a basis for procurement, as described above, CalCCA believes that this is a reasonable first upper bound approximation of the system need, for several reasons.

First, a resource stack that falls short of even the current 15% PRM standard by 1,073 MW is concerning. Regardless of the shortcoming of stack analyses, such a shortfall provides strong directional evidence that there is a potential need of a significant magnitude.

Second, given the high social costs of outages, it is much more reasonable to err on the side of being “long.” In other words, even though the CAISO system may not experience load curtailment without remedial action, there is sufficient risk of a reliability event to merit immediate remedial action.

³³ Comments of the California Independent System Operator Corporation on Order Instituting Rulemaking Emergency Reliability, November 30, 2020, Table 2, at 16.

Third, while stack analyses are imprecise, the CAISO analysis was based on reasonable assumptions – the use of the current NQC list, the assumption of average import showings, the analyses of specific hours of concern, and the use of a planning reserve margin reasonably informed by current understandings of generator outages and demand risk. Therefore, the quantity of need determined by the stack analysis, while imprecise, is likely accurate in its general magnitude.

Thus, as a “least-regrets” starting point, CalCCA recommends authorizing supply and demand solutions only up to a cumulative total of 1,073 MW, the need identified by CAISO, without further analysis. CalCCA recommends that this as an upper bound to immediate procurement, recognizing there is still limited risk of significant over-procurement should greater precision indicate a reduced need.

B. Procurement Should Be Limited to Short-Term Contracting for Summer 2021 Only

Procurement should be focused on Summer 2021 and exclude consideration of future procurement periods unless and until further analysis is conducted. CalCCA has stated that “[t]he Commission can best acknowledge [other stakeholders’] concerns by reasonably limiting the scope of new procurement and avoiding any new, significant, long-term commitments” (emphasis added).³⁴ As CalCCA has previously stated, contracts should have a maximum duration of three years, but preferably one.³⁵ TURN also stresses the importance of restricting procurement to “a short-term emergency basis,” although TURN recommends such contracts not

³⁴ CalCCA Rebuttal Testimony (Pappas) at 4: 10-12.

³⁵ “The Commission should articulate a preference for one-year transactions, or three years or less should one-year transactions prove infeasible.” California Community Choice Association’s Response to Email Ruling Directing Parties to Serve and File Responses to Proposals and Questions Regarding Emergency Capacity Procurement by the Summer of 2021, December 18, 2020 at 5.

exceed three years.³⁶ CEERT agrees, stating that “any procurement authorized in this proceeding, particularly gas-fired generation, must be limited to short-term contracts.”³⁷

Significant additional capacity is already scheduled to come online in 2021, 2022, and 2023 in response to the Commission’s procurement order in D.19-11-016. It is unwise to commit now to other long-term contracts on top of this already existing mandate because it could result in costly redundancy. With respect to procurement for Summer 2022, there is ample time to review and consider the highlighted sensitivities in the CAISO and SCE needs assessments and to prepare a more precise and detailed needs assessment for that period.

Furthermore, because additional resources will be coming online after September 2021, the need during the Summer 2021 is likely to be transitory. Thus, any imminent procurement must be tailored to the specific, imminent, period of need, to avoid unnecessary disruption in the RA markets, and unnecessary costs.

Finally, ratepayer impacts seem to be a missing puzzle piece in the Summer 2021 discussions. No analysis of the cost impacts of multi-year contract commitments has been developed in the record, and thus the additional cost burden of adding multi-year contracts is unknown. The Commission should not “lock in” expensive long-term contracts to address a short-term need, especially when reliability needs and load migration in 2023 and beyond are unclear.

³⁶ Prepared Reply Testimony of Michel Peter Florio Addressing Selected Issues Regarding Electric System Reliability for 2021, The Utility Reform Network, January 19, 2021 at 16: 20-17: 1.

³⁷ Rebuttal Testimony of the Center for Energy Efficiency and Renewable Technologies (Caldwell, Jr.), January 19, 2021 at 2: 8-9.

C. Demand-Side Solutions Will Be More Feasible Solutions to Implement by August

CalCCA has consistently urged that “[b]oth supply and demand-side procurement should be considered” to meet system needs.”³⁸ However, CalCCA believes that given the short time frame, demand-side solutions are likely more feasible. In fact, significant supply-side solutions may not be possible.³⁹

Other stakeholders agree. For example, Pacific Gas and Electric Company (PG&E) flags issues with increasing supply side resources’ output in the short term, including challenges with air permits, lead times for materials and services, and changes to interconnection agreements.⁴⁰ SCE concurs with this view, stating: “Of the two options of reducing energy demand or increasing energy supply, the options that reduce demand are more likely to be achievable in meaningful quantity by the summer of 2021.”⁴¹ SCE then provides a list of demand-side proposals, including an ELRP pilot and expansion of various DR programs.⁴²

V. THE QUANTITY PROCURED SHOULD BE ALLOCATED EQUITABLY AMONG IOU TAC AREAS

As discussed above, there is no consensus on a particular “target” amount of capacity that should be procured, or in fact, whether there is a need at all. The testimony of TURN’s witness is instructive, identifying the extreme rarity of the events that occurred in August, 2020, and the high cost and limited practicality of supply-side procurement.⁴³

³⁸ CalCCA Rebuttal Testimony (Pappas) at 7: 21-22.

³⁹ Id. at 8: 1-3.

⁴⁰ PG&E Opening Testimony (Clegg) at 5-2: 10-14.

⁴¹ Direct Testimony of Southern California Edison Company (SCE Direct Testimony (Keating)) at 2: 10-11.

⁴² Id at 2:9- 3: 1 at 2:9- 3:17.

⁴³ TURN Direct Testimony (Florio) at 6: 11-13 and 6:21-7:3.

As a result, the Commission has also not yet established limits on what each IOU should individually procure. In order to avoid excessive, costly, and potentially duplicative procurement, CalCCA urges the Commission to limit each IOU's procurement to no more than its proportional load share for its bundled customers and unbundled customers in its service territory. Other stakeholders echo this recommendation. For example, PG&E advocates "each IOU to procure on behalf of customers within their service territories."⁴⁴ SCE recommends part of the shortfall be satisfied through procurement of firm imports, again by the IOUs on behalf of the customers in their service territories.⁴⁵

VI. THE IOUS SHOULD CONTINUE TO IMPROVE LSE ACCESS TO METER DATA.

The Final Root Cause Analysis concludes that underscheduling of load during the heat storm events contributed to the insufficiency of resources during critical periods.⁴⁶ UCAN raises concerns regarding the quality of meter data available to CCAs to be used in forecasting and scheduling load in the Day Ahead Market.⁴⁷ UCAN observes "delays in accessing smart meter data, and other operational barriers due to the IOUs' control over metering and billing functions, additionally degrade the ability of non-IOU LSEs to offer dynamic rate options and other retail product innovations."⁴⁸

CalCCA shares UCAN's concerns and urges more strident efforts by the IOUs to ensure that the best data possible is available to all LSEs – including the IOUs themselves – to enable more accurate scheduling. In particular, the ability to quickly revise forecasting models with

⁴⁴ PG&E Direct Opening Testimony (Clegg) at 6-3: 6-8.

⁴⁵ SCE Direct Testimony (Walsh) at 49: 23-25.

⁴⁶ Final RCA at 5.

⁴⁷ UCAN Direct Testimony at (Golding) at 9: 1-5.

⁴⁸ Reply Testimony of Samuel Golding on Behalf of the Utility Consumers' Action Network, January 19, 2021 at 4: 8-11.

new information from events such as heat storms or changes in load patterns due to stay-at-home orders is significantly hampered by delays in LSE access to data.⁴⁹ In addition, better data will also enable CCAs to implement key programs such as critical peak pricing programs.⁵⁰

CalCCA supports UCAN's recommendation to "require all three IOUs to offer a Service Level Agreement (SLA) to provide non-IOU LSEs with the smart meter interval data collected by the IOUs' mesh networks each day, such that the data is received by non-IOU LSEs several hours prior to the CAISO's Integrated Forward Market demand-bid submission window."⁵¹ CalCCA understands the complexity of this task given current IOU billing system constraints, but the priority of this issue should be elevated to create solutions, both near- and long-term.

VII. CONCLUSION

For the foregoing reasons, the Commission should adopt the recommendations presented in this opening brief.

Respectfully submitted,



Evelyn Kahl
General Counsel to the
California Community Choice Association

February 5, 2021

⁴⁹ UCAN Direct Testimony (Golding) at 9: 1-7.
⁵⁰ See CalCCA Direct Testimony (Hyams) at 26.
⁵¹ UCAN Direct Testimony (Golding) at 20:10-13.