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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

REPLY BRIEF OF THE CALIFORNIA COMMUNITY CHOICE ASSOCIATION

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CalCCA urges the Commission to adopt CalCCA's recommendation and, for 2021, retain both the obligation and the "credit" for capacity procured by the IOUs under the emergency order in the IOUs performing the procurement.

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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 Association[1] (CalCCA) submits this Reply 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.

[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.

I. INTRODUCTION

The Alliance for Retail Energy Markets, Direct Access Customer Coalition, and The Regents of the University of California in its Role as an Electric Service Provider (collectively, Joint DA Parties) urge the Commission to reject CalCCA's proposed treatment of incremental resource adequacy (RA) procurement to respond to the Commission's emergency procurement order for Summer 2021. CalCCA proposes *initially* placing the obligation for incremental procurement on the investor-owned utilities (IOUs) with costs recovered through the Cost Allocation Mechanism (CAM). The Joint DA Parties claim that "Sub-Section 365.1(c)(2)(C) of the CAM statute *requires* that the RA 'benefits' of the IOUs' procurement 'shall be allocated' to the customers paying for the CAM charge. Thus, CalCCA's proposal directly violates the CAM statute and must be rejected."[2] The Joint DA Parties read the statute too narrowly; CalCCA's proposal does not violate the CAM statute but provides the benefit in another form.

II. CALCCA'S PROPOSAL COMPORTS WITH STATUTE

CalCCA proposes placing the obligation on the IOUs while recovering costs through the CAM only for 2021. Giving load-serving entities (LSE) allocations implies a coextensive incremental obligation to be offset by the allocation. CalCCA, however, prefers in the *short run* not to burden all LSEs with a specific incremental obligation. Increasing LSEs' obligation (and allocation from CAM) carries the potential for confusion with the RA the LSE purchases and shows under the RA program in the normal course. Moreover, if the Commission were to set a requirement for all LSEs that ultimately could not be met – a distinct possibility - it would leave all LSEs short. Keeping the obligation at the IOU level avoids this confusion and risk to LSEs and the market.

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[2] *Opening Legal and Policy Brief of the Alliance for Retail Energy Markets, Direct Access Coalition, and The Regents of the University of California*, February 5, 2021 at 13.

The Joint DA Parties are correct that Sub-Section 365.1(c)(2)(C) of the CAM statute provides that the RA "benefits" of the IOUs' procurement "shall be allocated" to the customers paying the CAM charge.[3] However, the Joint DA Parties are incorrect in assuming that "benefits" must mean "'credit' that can be used in an RA Showing." Under CalCCA's proposal, LSEs are receiving "benefits" in exchange for their CAM payments: LSEs avoid any incremental procurement obligation for Summer 2021. Nothing in the statutory scheme surrounding Section 365.1(c)(2)(C) prevents this interpretation.

In fact, the statute as a whole, together with Section 380, suggests alternative mechanisms are welcome. Section 380 establishes the RA program, and sub-section (g) requires that costs incurred by the IOUs in procuring RA be "fully recoverable from those customers on whose behalf the costs are incurred, as determined by the commission."[4] But nothing in the statutory scheme mandates a particular methodology for doing so. In fact, sub-section 380(h) requires the commission to determine the "most efficient and equitable" means of achieving the goals of the program. [5]

CalCCA's proposal is wholly consistent with the governing statute. CalCCA agrees with the Joint DA Parties, however, that the normal procedure for the CAM is the right result under other circumstances. Indeed, CalCCA supports incorporation of any incremental need for 2021, *if demonstrated through a quantitative analysis,* through LSE requirements for 2022 and beyond. Under those circumstances, the IOUs would allocate credit to LSEs as they do today with CAM resources.

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3 CAL. PUB. UTIL. CODE § 365.1(c)(2)(C).
4 CAL. PUB. UTIL. CODE § 380(g).
5 CAL. PUB. UTIL. CODE § 380(h).

III. CONCLUSION

For the foregoing reasons, the Commission should adopt CalCCA's recommendation and retain both the obligation and the "credit" for capacity procured by the IOUs under the emergency order in the IOUs performing the procurement.

Respectfully submitted,

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California Community Choice Association

February 12, 2021