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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 COMMENTS OF  
CALIFORNIA COMMUNITY CHOICE ASSOCIATION  
ON THE PROPOSED DECISION**

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The California Community Choice Association<sup>1</sup> (CalCCA) submits these reply comments pursuant to Rules 14.3 and 14.6 of the California Public Utilities Commission (Commission) Rules of Practice and Procedure on the proposed *Decision Directing Pacific Gas and Electric Company, Southern California Edison Company, and San Diego Gas & Electric Company to Take Actions to Prepare for Potential Extreme Weather in the Summers of 2021 and 2022* (Proposed Decision) issued on March 5, 2021.

**I. INTRODUCTION**

In their opening comments on the Proposed Decision, Pacific Gas and Electric Company (PG&E) and Southern California Edison (SCE) request authority to use excess resource adequacy (RA) in their portfolios as resources that may be put toward their respective

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<sup>1</sup> 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.

procurement targets set in the Proposed Decision.<sup>2</sup> Although neither provided significant detail on the process to be used, both investor-owned utilities (IOUs) suggest a Cost Allocation Mechanism (CAM)-type treatment of the costs of this RA. The lack of certainty is compounded by the Proposed Decision’s failure to define cost allocation mechanics<sup>3</sup> and its indication that the mechanism will remain in place “unless and until superseded by a future Commission decision.”<sup>4</sup>

Set in this context, the IOUs’ proposals to use excess resources appear akin to a “loan” of a specific increment of RA to the system, and as such raise three questions:

- Which resources will be considered “excess”?
- How long will these excess resources be “borrowed” for this purpose?
- What price will be charged for excess resources applied for this purpose?

CalCCA submits that only IOU resources in excess of their respective Decision (D.) 19-11-016 procurement requirement for Summer 2021 are truly “excess” for this purpose. In addition, CalCCA proposes that the excess resources be applied for the purposes of Summer 2021 only; in other words, if a contract procures “excess” resources and has a five-year term, only the amount of that resource needed for Summer 2021 compliance should be counted for 2021. Any additional procurement under that contract should remain allocated to IOU bundled customers for incremental procurement compliance thereafter. Finally, CalCCA supports SCE’s

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<sup>2</sup> *Southern California Edison Company’s (U-338-E) Comments on Proposed Decision Directing Pacific Gas & Electric Company, Southern California Edison Company, and San Diego Gas & Electric Company to Take Actions to Prepare for Potential Extreme Weather in the Summers of 2021 and 2022*, March 15, 2021 (SCE Opening Comments); *Opening Comments of Pacific Gas and Electric Company (U 39 E) on the Proposed Decision Directing Pacific Gas and Electric Company, Southern California Edison Company, and San Diego Gas & Electric Company to Take Actions to Prepare for Potential Extreme Weather in the Summers of 2021 and 2022*, March 15, 2021 (PG&E Opening Comments).

<sup>3</sup> It states only that “[t]he net costs associated with this procurement shall be passed through to all benefiting customers consistent with the existing cost allocation mechanism.” Proposed Decision at 40.

<sup>4</sup> *Id.* at 41.

recommendation to impute a cost equal to the current system RA market price benchmark (MPB) for purposes of the Summer 2021 CAM charge.

## **II. SUBJECT TO APPROPRIATE CLARIFICATIONS, THE COMMISSION SHOULD GRANT THE IOUS' PROPOSAL TO USE "EXCESS" IOU RESOURCES TO MEET SUMMER 2021 REQUIREMENTS**

SCE proposes that RA procured by the IOUs pursuant to the emergency procurement decision (D.21-02-028) first be applied to meet its bundled service customer need, with any residual amounts "applied to this PD's procurement targets and recovered through CAM."<sup>5</sup> In addition, SCE proposes that to the extent the IOUs have RA long positions, this excess RA may be used to fulfill their procurement targets in the Proposed Decision:

[T]he Commission should authorize the IOUs to allocate any excess system RA in their monthly RA showings toward the PD's procurement targets. Bundled service customers should be compensated for this excess RA by recovering the costs of the excess RA under the CAM at the Power Charge Indifference Adjustment RA System Market Price Benchmark (MPB).<sup>6</sup>

This treatment, according to SCE, "is consistent with the IOUs' ability to use bundled service customers' excess RA as replacement capacity for CAM resources and recover those costs at the average capacity price from the Energy Division RA report (which is also the source for the RA MPB)."<sup>7</sup>

PG&E also requests the Proposed Decision be revised "to allow the IOUs the flexibility to use resources within their existing portfolios to count towards the established procurement targets if the resources are determined to be in excess of the IOUs RA requirements using a 15 percent PRM."<sup>8</sup> PG&E does not provide specifics, but suggests the IOUs "submit cost recovery proposals via a Tier 2

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<sup>5</sup> SCE Opening Comments at 14.

<sup>6</sup> *Ibid.*

<sup>7</sup> *Id.* at 14, fn. 34.

<sup>8</sup> PG&E Opening Comments at 5.

advice letter that would request the resource’s costs and output being used to meet the incremental procurement targets to be designated as CAM-eligible.”<sup>9</sup>

CalCCA understands the IOUs’ proposals as a “loan” of system RA by bundled customers to the system for the Summer 2021 period. Subject to certain clarifications – defining “excess,” limiting the term, and confirming the price and cost recovery – CalCCA supports this proposal.

First, the Commission should clarify the definition of “excess.” Neither of these proposals adequately explains which RA is “excess” or how that amount would be determined. Resources should qualify only if they are (1) in excess of the D.19-11-016 baseline, and (2) in excess of the IOUs’ requirements under D.19-11-016 for their bundled customers. This will ensure that the resources actually have added to available resources for Summer 2021 beyond any LSE’s requirements.

Second, the Commission should clarify the term during which bundled customers may “lend” their excess resources to the system. Because the goal of this proceeding is to address Summer 2021, any loan from bundled customers should be limited to this period. Thereafter, the resources should move back to the bundled customers’ side of the ledger for cost recovery.

Third, CalCCA agrees with SCE that the appropriate price for the resource loan from bundled customers is the RA market price benchmark. Specifically, the Commission should confirm that the costs of these resources should be priced at the system RA price employed in the calculation of the PCIA in the IOUs’ 2021 Energy Resource Recovery Account proceedings.

With these clarifications, CalCCA supports the IOUs’ proposals to “lend” excess resources to the system for Summer 2021.

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<sup>9</sup> *Ibid.*

### III. CONCLUSION

CalCCA appreciates the opportunity to submit these comments and requests adoption of the recommendations proposed herein. For all the foregoing reasons, the Commission should modify the Proposed Decision as provided herein.

Respectfully submitted,

A handwritten signature in blue ink that reads "Evelyn Kahl". The signature is written in a cursive, flowing style.

EVELYN KAHL  
General Counsel  
California Community Choice Association

March 19, 2021