



**FILED**  
06/10/21  
04:59 PM

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

Order Instituting Rulemaking to Continue  
Electric Integrated Resource Planning and  
Related Procurement Processes.

R.20-05-003

**COMMENTS OF CALIFORNIA COMMUNITY CHOICE ASSOCIATION  
ON THE PROPOSED DECISION AND ALTERNATE PROPOSED DECISION  
REQUIRING PROCUREMENT TO ADDRESS MID-TERM RELIABILITY (2023-2026)**

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](mailto:regulatory@cal-cca.org)

June 10, 2021

## TABLE OF CONTENTS

Section	Page
I. INTRODUCTION .....	1
II. THE COMMISSION SHOULD ADOPT THE MID-NEED, INSTEAD OF HIGH-NEED, SCENARIO AS THE ANALYSIS SET FORTH IN THE PD DOES NOT JUSTIFY THE SIGNIFICANT INCREASE IN PROCUREMENT.....	3
A. The PD Lacks Thorough Analysis to Demonstrate the Need for the Dramatic Jump from 7,500 MW to 11,500 MW .....	4
B. Any Future Procurement in Excess of the Requirements of the Mid-Term Scenario Must Be Based on a Robust LOLE Study.....	5
C. If the PD’s High-Need Scenario Is Adopted, the Commission Must at a Minimum Provide the Analysis Underlying the Increase in Procurement .....	6
III. THE COMMISSION SHOULD CLARIFY THE DEFINITIONS OF CLEAN FIRM AND DISPATCHABLE RESOURCES .....	7
IV. THE COMMISSION SHOULD REVIEW THE MEASUREMENT OF WIND, SOLAR, AND STORAGE IN THIS PROCEEDING BASED UPON THE FINAL DECISION IN RA TRACK 3B.2 .....	9
V. THE COMMISSION SHOULD PROVIDE A PENALTY WAIVER PROCESS FOR NON-COMPLIANCE GIVEN THE BARRIERS THAT EXIST TO MEET THE ACCELERATED PROCUREMENT ORDER.....	10
VI. THE COMMISSION SHOULD ALLOW DEMAND-SIDE RESOURCES TO COUNT TOWARDS MEETING THE PROCUREMENT REQUIREMENTS.....	11
VII. THE COMMISSION MUST CLARIFY THE PD TO PROVIDE CERTAINTY TO LSES REGARDING THEIR PROCUREMENT OBLIGATIONS.....	12
A. Clarify That LSEs Can Choose Which Procurement Obligation a Particular Resource Satisfies.....	12
B. Clarify That a Variety of Storage Solutions, Regardless of Size, Can Meet the Requirement of Being Able to Be Discharged Continuously for 8 Hours .....	13
C. Clarify Whether New Out of State Resources Can Qualify for Long Lead Time or Firm Resource Requirements.....	13
VIII. CONCLUSION.....	14
Attachment A .....	A-1

**TABLE OF AUTHORITIES**

	<b>Page</b>
<b>Statutes</b>	
Cal. Pub. Util. Code §454.52(a)(1)(G) .....	11
<b>California Public Utilities Commission Decisions</b>	
D.19-11-016 .....	2, 12
D.21-02-028 .....	2
<b>California Public Utilities Commission Rules of Practice and Procedure</b>	
Rule 14.3 .....	1

## SUMMARY OF RECOMMENDATIONS

California Community Choice Association recommends the following modifications to the Proposed Decision/Alternate Proposed Decision (collectively, the PD):

- ✘ Adopt the mid-need, rather than the high-need, scenario to determine procurement needs given the lack of rigorous analysis justifying the high-need scenario procurement requirements.
  - ✘ Expedite a Loss of Load Expectation (LOLE) study, with stakeholder participation, while adopting the mid-need scenario. If the expedited LOLE study confirms the need for additional procurement, such procurement can be implemented at that time with the only delay being the length of time to perform and allow for review and comments on the study.
  - ✘ If the PD's high-need scenario is adopted, provide an analysis for the increase in procurement for the high need scenario from the ALJ Ruling.
  - ✘ Confirm and clarify the PD's definitions of firm and dispatchable resources.
  - ✘ Reevaluate the qualifying capacity in this procurement decision for wind, solar, and storage upon a final decision in R.19-11-009 if necessary.
  - ✘ Provide a penalty waiver process for non-compliance given the barriers that exist to meet the accelerated procurement order.
  - ✘ Allow demand-side resources shown to be incremental to the baseline to be eligible to count towards a Load Serving Entity's (LSE's) procurement obligations under this order.
  - ✘ Provide clarification that LSEs can choose which procurement obligation a particular resource satisfies.
  - ✘ Provide clarification that a variety of storage solutions can meet the requirement of the ability to discharge continuously for eight hours if the capacity counted toward meeting this requirement is consistent with an eight-hour discharge.
  - ✘ Provide clarification that new incremental out of state resources can qualify as long lead-time and/or firm resources.
-

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

Order Instituting Rulemaking to Continue  
Electric Integrated Resource Planning and  
Related Procurement Processes.

R.20-05-003

**COMMENTS OF CALIFORNIA COMMUNITY CHOICE ASSOCIATION  
ON THE PROPOSED DECISION AND ALTERNATE PROPOSED DECISION  
REQUIRING PROCUREMENT TO ADDRESS MID-TERM RELIABILITY (2023-2026)**

The California Community Choice Association<sup>1</sup> (CalCCA) submits these Comments pursuant to Rule 14.3 of the California Public Utilities Commission's (Commission) Rules of Practice and Procedure on Administrative Law Judge Fitch's proposed *Decision Requiring Procurement To Address Mid-Term Reliability (2023-2026)* (PD), filed May 21, 2021; and Commissioner Rechtschaffen's alternate proposed *Decision Requiring Procurement To Address Mid-Term Reliability (2023-2026)* (APD), filed May 21, 2021.<sup>2</sup>

**I. INTRODUCTION**

CalCCA appreciates the opportunity to provide these comments on the Commission's PD<sup>3</sup> requiring 11,500 megawatts (MW)<sup>4</sup> of net qualifying capacity (NQC) to be procured by all load serving entities (LSEs) subject to the Commission's integrated resource planning (IRP)

---

<sup>1</sup> California Community Choice Association represents the interests of 22 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, Sonoma Clean Power, and Valley Clean Energy.

<sup>2</sup> CalCCA has no comments on the changes set forth in the APD of Commissioner Rechtschaffen, which differs from the PD only in the area of eligibility and authorization for resources utilizing fossil fuels. It should be noted, however, that both the PD and APD would require that the IOUs perform procurement of fossil-fuel resources and recover the costs through the Cost Allocation Mechanism (CAM). Both the PD and APD should be clarified that consistent with historical CAM application, not only are net costs allocated, but the benefits (in this case Resource Adequacy capacity) are also allocated to the Load Serving Entities for all load consistent with the cost allocation.

<sup>3</sup> For purposes of these Comments, CalCCA's reference to the PD means both the PD and the APD, unless otherwise noted.

<sup>4</sup> As converted to round numbers from the 11,597 MW determined to be required in the high-need scenario. PD, Table 3, at 24.

authority. The NQC ordered in this mid-term reliability procurement is in addition to the 3,300 MW the Commission ordered to come online in three tranches between 2021-2023<sup>5</sup> and the requirement that Investor Owned Utilities (IOUs) seek additional capacity to address near-term reliability needs.<sup>6</sup> These accelerated, “emergency” procurement orders reflect the Commission’s stated goals of increasing reliability and reducing emissions, all in light of the rapidly changing electricity market in California, climate-change driven uncertainty, and the retirement of the Diablo Canyon Power Plant (DCPP) and several thermal power plants.

The PD adopts many of CalCCA’s recommendations in both its Comments and Reply Comments to Administrative Law Judge Julie Fitch’s *Ruling Seeking Feedback on Mid-Term Reliability Analysis and Proposed Procurement Requirements* (ALJ Ruling), dated February 22, 2021.<sup>7</sup> Specifically, CalCCA supports the following provisions of the PD:

- ✓ Assigning procurement allocations to LSEs based on load share (utilizing both year-ahead peak load and energy load forecasts of individual LSEs), implemented in a similar manner to the procurement obligations assigned in Decision (D.) 19-11-016.
- ✓ Automatically opting out LSEs that were not yet serving load as of January 1, 2021, from self-providing their required capacity by not allocating any required procurement to such LSEs.
- ✓ Imposing no penalty or backstop procurement for failure of an LSE to procure its share of the 2,000 MW long-lead-time (LLT) resources by 2026, if the LSE submits evidence of a good faith effort to effect such procurement by February 1, 2023.<sup>8</sup>

CalCCA recommends the following modifications to the PD, as well as to the IRP process in general, to ensure that the procurement requirements are based on rigorous analysis and modeling of need, and that the significant cost increases that will likely accrue to ratepayers from the accelerated procurement are justified:

---

<sup>5</sup> D.19-11-016, Conclusions of Law 9, 11 at 74 (“[i]t is reasonable for the Commission to require 3,300 MW of incremental system resource adequacy resources to be procured [by all LSEs on behalf of the customers they serve within the CAISO balancing authority area], with at least 50 percent online by August 1, 2021, 75 percent by August 1, 2022, and 100 percent by August 1, 2023”).

<sup>6</sup> D.21-02-028, Finding of Fact 12 at 16 (ordering procurement to “meet the emergency reliability capacity need for the summer of 2021”).

<sup>7</sup> *California Community Choice Association’s Comments on Administrative Law Judge’s Ruling Seeking Feedback on Mid-Term Reliability Analysis and Proposed Procurement Requirements*, Mar. 26, 2021 (CalCCA Comments); *California Community Choice Association’s Reply Comments on Administrative Law Judge’s Ruling Seeking Feedback on Mid-Term Reliability Analysis and Proposed Procurement Requirements*, Apr. 9, 2021 (CalCCA Reply Comments).

<sup>8</sup> PD at 73-74.

- ✘ Adopt the mid-need, rather than the high-need, scenario to determine procurement needs given the lack of rigorous analysis justifying the high-need scenario procurement requirements.
- ✘ Expedite a Loss of Load Expectation (LOLE) study, with stakeholder participation, while adopting the mid-need scenario. If the expedited LOLE study confirms the need for additional procurement, such procurement can be implemented at that time with the only delay being the length of time to perform and allow for review and comments on the study.
- ✘ If the PD's high-need scenario is adopted, provide an analysis for the increase in procurement for the high-need scenario from the ALJ Ruling.
- ✘ Reevaluate the qualifying capacity in this procurement decision for wind, solar, and storage upon a final decision in R.19-11-009 if necessary.
- ✘ Confirm and clarify the PD's definitions of firm and dispatchable resources.
- ✘ Provide a penalty waiver process for non-compliance given the barriers that exist to meet the accelerated procurement order.
- ✘ Allow demand-side resources shown to be incremental to the baseline to be eligible to count towards an LSE's procurement obligations under this order.

In addition to the requested modifications set forth above, CalCCA requests confirmation regarding the following requirements in the PD to provide clarity and certainty to LSEs regarding their procurement obligations:

- ✓ That LSEs can choose which procurement obligation a particular resource satisfies.
- ✓ That a variety of storage solutions can meet the requirement of the ability to discharge continuously for eight hours if the capacity counted toward meeting this requirement is consistent with an eight-hour discharge.
- ✓ That new incremental out of state resources can qualify as long-lead-time and/or firm resources.

## **II. THE COMMISSION SHOULD ADOPT THE MID-NEED, INSTEAD OF HIGH-NEED, SCENARIO AS THE ANALYSIS SET FORTH IN THE PD DOES NOT JUSTIFY THE SIGNIFICANT INCREASE IN PROCUREMENT**

The dramatic increase in the mid-term reliability procurement requirements from a recommendation of 7,500 MW<sup>9</sup> in the ALJ ruling to 11,500 MW in the PD is concerning. The PD's significant increase in procurement requirements is problematic, especially since the increased procurement may lock in high costs for ratepayers even while technology costs are declining. As set forth below, CalCCA encourages the Commission to maintain the mid-need

---

<sup>9</sup> As converted to round numbers from the 7,410 MW need determination from the mid-need scenario. *Id.*, Table 2, at 21.

scenario of 7,500 MW, given the lack of rigorous analysis or modeling associated with the jump to the high-need scenario. While adopting the mid-need scenario, the Commission should also expedite a LOLE study. If the expedited LOLE study, with stakeholder input, confirms the need for additional procurement, such procurement can be implemented at that time with the only delay being the length of time to perform and allow for review and comments on the study.

Finally, CalCCA requests that the Commission develop a more comprehensive long-term view of IRP grounded in rigorous analysis and modeling to better pinpoint long-term IRP requirements. Such a long-term view would avoid the PD's inclination to intentionally overshoot system needs as a means of preventing any further "emergency" obligations. Such analysis should use clear planning standards (e.g., is the Commission assuming that one LOLE event in ten years is the target level of reliability?), along with clear justifications for why each standard is desirable and in the interest of ratepayers. This analysis should also consider the cost to ratepayers of ordering excess procurement.

**A. The PD Lacks Thorough Analysis to Demonstrate the Need for the Dramatic Jump from 7,500 MW to 11,500 MW**

The PD requires procurement of at least 11,500 MW of additional NQC in three incremental tranches: online dates starting on August 1, 2023 (3,000 MW), June 1, 2024 (4,500 MW), June 1, 2025 (2,000 MW), and June 1, 2026 (2,000 MW).<sup>10</sup> The ALJ Ruling had previously recommended capacity additions of 7,500 MW by 2026, based on the mid-need scenario resulting from the stack analysis performed by Energy Division Staff.<sup>11</sup> In the ALJ Ruling, the high-need scenario would have required 10,432 MW of NQC.

In its Comments in response to the ALJ Ruling, CalCCA generally supported the proposed magnitude of the order, while expressing reservations regarding the lack of rigorous analysis to assess new procurement requirements, despite the foreseeable circumstance of the retirement of DCP. Specifically, CalCCA's Comments questioned the use of a simple stack analysis, rather than a more rigorous LOLE study, to justify the significant cost increases resulting from 7,500 MW of accelerated procurement.<sup>12</sup>

While relying on the same basic analysis as the ALJ Ruling, the PD now significantly increases the procurement requirement by a staggering 4,000 MW. The PD states that the

---

<sup>10</sup> *Id.*, Ordering Paragraph 1, at 85.

<sup>11</sup> ALJ Ruling, Table 1, at 14.

<sup>12</sup> CalCCA Comments, at 3-4.

change to the high-need scenario, utilizing a planning reserve margin (PRM) of 22.5 percent,<sup>13</sup> is based on: (1) the rotating outages of August 2020 and the fact that “we are not in a business-as-usual situation on the electric grid in California”; (2) the changing nature of the electricity market, including new LSEs, recent shifts in the resource mix, weather and climate change driven uncertainty, and the increasing acceleration of electrification and building/transportation uses; (3) the need to procure larger amounts of resources to achieve the 38 MMT greenhouse gas target by 2030; and (4) the urgency of California’s climate and emissions goals.<sup>14</sup> While all of the stated reasons highlight the need for additional procurement as supported by CalCCA in its Comments on the ALJ Ruling recommending 7,500 MW, the change to the high-need scenario based on such broad-brushed, high level conclusions, without the rigorous analysis and reliable modeling necessary to pinpoint the requisite procurement amount, runs the risk of significant over-procurement at customers’ expense.

As stated in its Comments to the ALJ Ruling, CalCCA supports the adoption of resources at the ALJ Ruling’s mid-need level (adjusted in the amount of 327 MW for errors related to the omitted small hydroelectric resources and erroneous counting of imports). Further procurement requirements and any acceleration of the requirements, however, as required by the PD, can only be justified through rigorous analysis that the PD lacks.

**B. Any Future Procurement in Excess of the Requirements of the Mid-Term Scenario Must Be Based on a Robust LOLE Study**

CalCCA understands the urgency faced by the Commission to rapidly order sufficient procurement given the reliability and emission reduction needed in the short term. However, through appropriate long-term planning, with robust stakeholder participation as well as rigorous modeling to inform the process, as well as timely planning for foreseeable circumstances such as the retirement of DCP, the orders of procurement can, and should have been, issued not on an “emergency” basis, but rather on an incremental, planned, and reasonable basis. The PD recognizes that any long-term assumptions to be used for IRP planning purposes need to be further developed.<sup>15</sup> CalCCA does not support the use of the stack analysis as a robust

---

<sup>13</sup> The PD concludes that 20.7 percent PRM is a reasonable assumption for the purposes of this mid-term interim procurement but fails to acknowledge that a 22.5 percent PRM is actually the assumption used in the high-need scenario. *See* PD at 12, Table 1, at 14, and Conclusion of Law 3, at 81.

<sup>14</sup> *Id.* at 19.

<sup>15</sup> *Id.* at 11.

methodology for need determination, because previous IRP modeling has shown that such crude modeling is highly inaccurate in estimates of actual system need. Any planning standard should instead be set based on a robust LOLE study and be vetted by the Commission, the California Independent System Operator Corporation (CAISO), and stakeholders.

At this time, CalCCA recommends that the Commission expedite a LOLE process while adopting the mid-case scenario for procurement. If the expedited LOLE study, informed by stakeholder input, confirms the need for additional procurement, such procurement can be implemented at that time with the only delay being the length of time to perform and allow for review and comments on the study.

**C. If the PD’s High-Need Scenario Is Adopted, the Commission Must at a Minimum Provide the Analysis Underlying the Increase in Procurement**

While CalCCA supports the adoption of the mid-need scenario as stated above, if the high-need scenario is adopted, an analysis of the increase in procurement for the high-need scenario from the ALJ Ruling to the PD must be provided. The high-need scenario as set forth in the Staff analysis, as well as the ALJ Ruling, required 10,432 MW of NQC by 2026.<sup>16</sup> The PD corrects for errors in accounting for small hydroelectric resources, as well as erroneous counting of a specified import as thermal instead of solar, resulting in a net reduction under any scenario of 327 MW.<sup>17</sup> The PD also, however, adjusts the high-need scenario “to account for higher demand in the CEC’s [Integrated Energy Policy Report (IEPR)] forecast adopted in February 2021,” which resulted in an increased need of 11,597 MW of NQC,<sup>18</sup> which was then rounded down to a need of 11,500 MW of NQC. The Commission must provide further analysis of the impact of the IEPR forecast on the high-need NQC, especially given the significant jump in need from 10,432 MW to 11,500 MW.

To allow for stakeholders to adequately understand the impact of these changes, CalCCA has prepared an example table below, and requests that the Commission fill in the blank cells with the appropriate positive and negative NQC figures that would lead to the final result on the last line of the table.

---

<sup>16</sup> *Id.*, Table 1, at 14.

<sup>17</sup> *Id.* at 18.

<sup>18</sup> *Id.* at 20.

**Table 1: Breakdown of differences between Stack Analysis and PD’s Proposed Procurement Level (NQC MW)**

	2024	2025	2026	Source
High-need shortfall according to Stack Analysis model	6,571	9,892	10,432	Stack Analysis Model, Results Tab, Row 9
Omitted 410 MW of small hydroelectric				PD at 17
Counting specified import as thermal instead of solar				PD at 18
Navajo coal plant retired in 2019				PD at 17
Updating IEPF Forecast vintage from 2020 to 2021				PD at 17
Proposed System Resource Adequacy Need (cumulative)	7,361	10,816	11,597	PD at 24

**III. THE COMMISSION SHOULD CLARIFY THE DEFINITIONS OF CLEAN FIRM AND DISPATCHABLE RESOURCES**

The PD is mostly consistent with respect to the two sub-categories that encompass the long-lead time “clean firm” resources as: “firm (at least 85 percent capacity factor) and/or dispatchable (between at least hours 17 and 22 daily) zero-emissions resources. . . .”<sup>19</sup> However, the PD also states, in one discussion regarding LLT resources, that:

[b]oth the long-duration storage category of 1,000 MW and the clean firm (*and/or* high-capacity factor *and* dispatchable) category of 1,000 MW will be required for compliance in 2026 and not earlier in the procurement period of this order, to acknowledge the comments of many parties that noted the need for longer lead times for these resources.<sup>20</sup>

The Commission should revise this sentence to be consistent with the rest of the PD as follows:

Both the long-duration storage category of 1,000 MW and the clean firm (~~and/or~~ high-capacity factor and/or dispatchable) category of 1,000 MW will be required for compliance in 2026 and not earlier in the procurement period of this order, to acknowledge the comments of many parties that noted the need for longer lead times for these resources.

Further, the Commission should clarify what qualifies as a “zero-emitting” resource and a “dispatchable” resource between the hours of 17 and 22 daily. For example, the Commission

<sup>19</sup> *Id.*, Ordering Paragraph 2, at 85.

<sup>20</sup> *Id.* at 35 (emphasis added).

must clarify whether storage qualifies for this category. Where the resource is a hybrid or co-located with investment tax credit restrictions that increase the likelihood that the resource is charging from the host renewable facility, it appears evident that such a resource should be considered as a zero-emitting resource. However, it is not as clear that an independent storage device will always or likely be charging directly from renewable resources. Without the ability to guarantee that the charging of energy storage will be completely from renewable resources, the Commission should clarify that energy storage for this purpose of compliance with this procurement obligation is a zero-emitting resource.

In addition, the Commission should clarify the 17–22 hour requirement, both with respect to the LLT dispatchable resources (required by 2026),<sup>21</sup> and the Diablo Canyon replacement tranche of firm, zero-emissions resources “available every day during hours 17 through 22, and for every 1 MW of incremental capacity, able to deliver at least 5 megawatt hours (MWh) of energy during these time periods.”<sup>22</sup> First, the Commission should clarify that the 17-22 hour requirement is a reference to Hour Ending (HE), which is the nomenclature used in the CAISO and CPUC Availability Assessment Hour criteria. Second, the span of 17 through 22 is a 6-hour dispatch window and not a 5-hour window as appears to be envisioned in Conclusion of Law 17 which requires 5 MWh of energy for every MW of capacity. The Availability Assessment Hours are presently set as hour ending 17 through 21. The Commission should modify the decision to reflect HE 17 through 21 rather than the current 17 through 22 language throughout the document.

Finally, the Commission must clarify what types of resources will qualify as dispatchable during the hours of 17 through 21 daily. In particular, the Commission should clarify that it intends to allow hybrid and collocated resources with a renewable and storage of four-hour duration to qualify. Since most hybrid and collocated resources are likely to come from a combination of solar and storage, the probability of energy output in hour 17 from the solar facility is very high during the peak load summer months under consideration in this proceeding, and the four-hour battery can then cover hours 18 through 21. Such clarity is necessary to enable LSEs to procure with confidence that their solicitations are meeting their compliance obligations.

---

<sup>21</sup> *Id.* at 35.

<sup>22</sup> *Id.* at 46.

#### **IV. THE COMMISSION SHOULD REVIEW THE MEASUREMENT OF WIND, SOLAR, AND STORAGE IN THIS PROCEEDING BASED UPON THE FINAL DECISION IN RA TRACK 3B.2**

Any decision of how to value wind, solar and storage should be reviewed based on the Commission's upcoming decision in the Resource Adequacy (RA) proceeding, R.19-11-009, in Track 3B.2. The PD currently groups energy storage with solar, wind, and hybrid resources in terms of utilizing Effective Load Carrying Capability (ELCC) to measure each resources' compliance with an LSE's procurement obligation. The PD states:

Commission staff may provide indicative ELCCs for energy storage, solar, solar plus storage, and wind for online years beyond 2024, and then may update those values to final compliance ELCCs for those years as updated data on LSEs' resource additions becomes available.<sup>23</sup>

The PD appropriately values compliance with the procurement obligation as the NQC value of the resources that are procured. That value, however, has two exceptions: (1) wind and solar, and (2) energy storage.

The Commission must be mindful of the potential differences in an IRP setting for planning purposes and the RA setting where those resources developed within the plan must be made available to ensure reliable grid operation. R.19-11-009 is currently due to issue a Proposed Decision on Track 3B.2 which is contemplating structural reform for the RA program. Among the proposals being evaluated is a joint proposal by CalCCA and Southern California Edison Company in which the value of wind and solar are experienced by netting their anticipated output from the managed load. There is then a requirement to meet net peak load and energy with a test to ensure that if an energy storage device is used for RA compliance that the LSE has sufficient energy not only to meet their energy needs but also to charge the storage device including losses. Since it is not clear that a marginal ELCC will accurately depict the reliability value under this model, the Commission should evaluate further the counting capacity from wind, solar, and storage in meeting this procurement objective once the RA decision on Track 3B.2 is final.

---

<sup>23</sup> *Id.* at 70. The Commission also states that “[t]his first set of marginal ELCCs will be provided for energy storage at various durations, solar, solar plus storage or various durations and configurations, and wind in various regions, . . .” *Ibid.*

**V. THE COMMISSION SHOULD PROVIDE A PENALTY WAIVER PROCESS FOR NON-COMPLIANCE GIVEN THE BARRIERS THAT EXIST TO MEET THE ACCELERATED PROCUREMENT ORDER**

CalCCA supports the PD’s approach of allowing LSEs to request an extension up to 2028 for their share of the LLT resources to be procured by 2026. Such a request would need to be accompanied by evidence of a good faith effort to effect such procurement.<sup>24</sup> In that case, no penalty will be imposed and no backstop procurement will be required.<sup>25</sup>

The PD, however, imposes penalties for failure to comply with all other required procurement obligations at a “net CONE” level, which equates to the cost of new entry, net of estimated energy market and ancillary services revenue.<sup>26</sup> The net CONE value is based on the cost of a new battery storage facility.<sup>27</sup> These penalties would be in addition to backstop procurement (with its associated costs).<sup>28</sup>

With the significant increase in procurement requirements required in the PD, and the acceleration of those requirements by 40 percent for each year between 2023 and 2026, the penalty provisions in the PD should consider a waiver process to avoid customers being subjected to potential market power. Similar to local RA, the Commission should allow LSEs to demonstrate that they have taken commercially reasonable efforts to procure the necessary resources. However, if for unforeseen circumstances beyond their control, the LSE is unable to procure, the Commission should allow a waiver of the penalty and instead, allocate the backstop costs to the deficient LSE.<sup>29</sup>

For self-procuring LSEs such as CCAs, resource procurement in the magnitude and timeframe required by the PD can be complicated by factors that may be within or outside of their control. Elements including supply chain, IOU transmission interconnection processes, CAISO interconnection processes, and the timing of RA counting processes for newly developed

---

<sup>24</sup> Table 8 of the PD contains an error on the date that an LSE would request an extension for LLT resources, that should be corrected. *Id.*, Table 8, at 62. Row 3 of Table 8 lists February 1, 2022, as the date an extension must be requested. *Id.* However, both Section 10 and Ordering Paragraph 4 require the request for extension to be submitted by February 1, 2023. *Id.* at 73-74, Ordering Paragraph 4, at 85.

<sup>25</sup> *Id.* at 73-74.

<sup>26</sup> *Id.* at 72.

<sup>27</sup> *Ibid.*

<sup>28</sup> *Ibid.*

<sup>29</sup> CalCCA has advocated for such a penalty waiver process not only for local RA, but also for system and flexible RA. *See California Community Choice Association’s Late-Filed Track 2 Proposal, Rulemaking (R.) 19-11-009, Mar. 18, 2020.*

and operational resources can all play a role. With the accelerated timeframe of this procurement, LSEs may already be facing significant costs to accelerate development of projects. In addition, given the limited supply of resources in the short term,<sup>30</sup> many LSEs are vying for those same resources. At the same time, the CAISO recently announced that due to the volume of projects within the interconnection queue, the analysis will take one year longer than normal and the next queue will therefore not open until April 2023.<sup>31</sup> While there may be a number of resources in the current queue, the effective limit on competition to those currently in that queue for compliance with this mid-term procurement is problematic and grants a degree of market power to those already in the queue.

As set forth above, CalCCA encourages the Commission to improve the IRP process through more rigorous analysis of the needs, as well as updating the planning process to afford more forward notice of needs to procure, to prevent goals from being undermined by limited supply. Advanced foresight will also enable LSEs to address project challenges that could undermine new development timelines. Given the difficulties in procurement presented by the current PD's magnitude of need and the accelerated timeline, CalCCA requests that a penalty waiver process be included in the PD to address circumstances beyond the control of LSEs that may prevent compliance. In such circumstances, the Commission should allocate backstop costs to the deficient LSE even if the penalty has been waived.

## **VI. THE COMMISSION SHOULD ALLOW DEMAND-SIDE RESOURCES TO COUNT TOWARDS MEETING THE PROCUREMENT REQUIREMENTS**

The PD makes no mention of demand-side resources' eligibility to count towards meeting the proposed requirements, despite the critical role these resources play in addressing reliability needs. Excluding demand-side resources runs counter to long-standing state policy that prioritizes their development, and explicitly ignores the statutory requirements of the IRP process to "enhance distribution systems and demand-side energy management"<sup>32</sup> and the emphasis on all-source procurement fundamental to the IRP framework. Given the importance of

---

<sup>30</sup> While the CAISO interconnection process has listed over 100 GW of installed capacity in the queue process, the information provided does not reflect the number of different owners nor the viability of any of the projects. Given this, it is not assured that even this apparently large amount of installed capacity within the queue will provide for sufficient competition to ensure that a waiver process is unnecessary, particularly when coupled with the accelerated implementation schedule of this PD.

<sup>31</sup> <http://www.caiso.com/Documents/IssuePaper-DraftFinalProposal-SuperclusterInterconnectionProcedures.pdf>, at 3.

<sup>32</sup> Cal. Pub. Util. Code §454.52(a)(1)(G).

and commitment to resource diversity referenced throughout the PD, it is paradoxical and illogical to remove an entire category of clean resources from eligibility. CalCCA requests clarification that, consistent with the initial procurement order under D.19-11-016, demand-side resources that can be shown to be incremental to the baseline should be permitted for the purposes of this order.

**VII. THE COMMISSION MUST CLARIFY THE PD TO PROVIDE CERTAINTY TO LSES REGARDING THEIR PROCUREMENT OBLIGATIONS**

CalCCA requests clarification and/or confirmation on the following issues to ensure the certainty necessary for LSEs regarding their procurement obligations.

**A. Clarify That LSEs Can Choose Which Procurement Obligation a Particular Resource Satisfies**

CalCCA requests clarification as to how to allocate resources to comply with the multiple procurement orders and obligations. The PD states that the capacity required in the order will be incremental to the baseline, which consists of “existing resources online or in-development and contracted and approved by the Commission and/or the LSE’s highest decision making authority as of June 30, 2020.”<sup>33</sup> In addition, the PD allows “any long-duration storage, firm, or dispatchable resource that was developed for compliance with D.19-11-016 to count early for the 2026 LLT requirements” in this order, “so long as the LSE can show that other resources were also developed to meet the total capacity requirements of D.19-11-016 and/or this order. . . .”<sup>34</sup> What remains unclear, however, is how modifications to resources that are already in the baseline count towards compliance with the new obligation (e.g., adding storage to a solar project). The Commission should allow additional capacity at an existing site to count for the incremental capacity brought online in NQC terms. The likely case is the addition of storage to a renewable resource. In such a case, the Commission has Qualifying Capacity processes for renewables as a stand-alone and for hybrid resources. The Commission should clarify that in the case of adding storage to an existing renewable resource, the incremental capacity counted to meeting this proceedings’ procurement requirement is the difference between the capacity of the existing renewable facility (i.e., the ELCC value of the renewable resource) and the final NQC of the hybrid resource using the already established Commission counting rules for such.

---

<sup>33</sup> PD at 68.

<sup>34</sup> *Id.* at 36.

**B. Clarify That a Variety of Storage Solutions, Regardless of Size, Can Meet the Requirement of Being Able to Be Discharged Continuously for 8 Hours**

The PD specifies that “long-duration storage must be able to discharge over at least an eight-hour period. . . .”<sup>35</sup> Consistent with CalCCA’s request that the procurement needs be categorized by their characteristics, rather than a specific technology, the PD should be clarified to allow any sized storage solution to meet this requirement.

Specifically, the Commission should define the capacity meeting long duration storage as the maximum capacity output that can be sustained continuously for eight consecutive hours. For example, if an LSE is assigned 20 MW of storage capacity, that requirement should be able to be met through a four-hour, 40 MW storage device, which is able to discharge 20 MW continuously over an eight-hour period. This clarification would be consistent with the recent RA Proposed Decision, in which the Commission states that a four-hour storage device qualifies in the maximum cumulative capacity bucket 1 (which is designed for resources that can output for four consecutive hours), or the four-hour storage device can qualify at half of its capacity in maximum cumulative capacity bucket 2 (which is designed for resources that can output for eight consecutive hours).<sup>36</sup>

Through this clarification and by allowing such flexibility, the market will decide which option is more cost-effective or provides greater grid reliability. Indeed, a storage device that can either provide eight consecutive hours or provide a higher capacity instantaneously is capable of meeting more reliability needs than one that is constrained in its maximum instantaneous output.

**C. Clarify Whether New Out of State Resources Can Qualify for Long Lead Time or Firm Resource Requirements**

The PD allows the counting of imports toward the compliance requirements of this order, as long as the imports are associated with a new resource with a commercial online date after the date of the order and are under a long-term contract of at least ten years. CalCCA seeks clarification as to whether such incremental imports can qualify as LLT or firm resources under the PD assuming they otherwise meet the requirements for LLT or firm resources.

---

<sup>35</sup> *Id.* at 34.

<sup>36</sup> Proposed *Decision Adopting Local Capacity Obligations For 2022-2024, Flexible Capacity Obligations For 2022, and Refinements To The Resource Adequacy Program*, R.19-11-009, May 21, 2021 (RA Proposed Decision), at 26.

## VIII. 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 in Attachment A.

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 to the  
California Community Choice Association

June 10, 2021

## ATTACHMENT A

### Proposed Changes to Findings of Fact, Conclusions of Law and Ordering Paragraphs

#### FINDINGS OF FACT

5. The electric grid within the California Independent System Operator's balancing authority requires at least ~~11,500~~7,500 of incremental net qualifying capacity compared to resources online, or contracted and approved to come online, as of June 30, 2020, in order to maintain grid reliability.

#### CONCLUSIONS OF LAW

5. The Commission should use the ~~high-need scenario~~mid-need scenario analyzed by Commission staff to form the procurement need required in this order. The Commission should require Commission staff to perform a robust LOLE analysis with stakeholder participation, of the procurement need, and recommend whether any additional procurement is necessary based on that LOLE analysis.

7. The Commission should require all LSEs, in aggregate, to procure a total amount of 7,500 MW of incremental ~~the resources. amounts in the timeframe given in Table 3 of this decision.~~

9. The Commission should require the procurement, in aggregate, of at least 1,000 MW of firm (at least 85 percent capacity factor) and/or dispatchable (between hours of 17 ~~and~~ 22 through 21 daily) resources that have zero or de minimis emissions by 2026, with the option of an extension to 2028 for compliance, if good cause and a good faith effort to procure are shown.

16. The Commission should require the incremental natural gas resources required in this order to be procured by the IOUs only, with the costs allocated via the CAM. Consistent with historical CAM application, both net costs and benefits (including RA capacity) will be allocated to all LSEs for all load consistent with the cost allocation.

17. To ensure no ambiguity about the emissions profile of replacement capacity for Diablo Canyon, the Commission should require that a minimum of 2,500 MW of incremental NQC be from firm, zero-emitting resources, that are available every day between hours 17 ~~and~~ 22 through 21, and can deliver 5 MWh of energy during each of those periods for every MW of incremental capacity used to comply with the requirements of this order.

24. The Commission should use marginal ELCC values provided by Commission staff to estimate the reliability contributions of various resources to be procured in response to this order. With respect to wind, solar, and storage, however, Commission staff should evaluate further the counting capacity of these resources based on any decision in the Resource Adequacy (RA) proceeding, R.19-11-009, in Track 3.B.2.

25. It is reasonable to set the penalty for non-compliance with the procurement required in this order at the level of net CONE included in the Avoided Cost Calculator, after assessing compliance after the June 1, 2025 compliance filing date. It is also reasonable for the Commission to waive such penalty for non-compliance if an LSE can demonstrate that they have taken commercially reasonable efforts to procure the necessary resources and have been unable to procure for unforeseen circumstances beyond their control. In that case, the Commission will waive the penalty and allocate the backstop costs to the deficient LSE.

26. Demand-side resources shown to be incremental to the baseline are eligible to count towards an LSE's procurement obligations under this order.

## **ORDERING PARAGRAPHS**

1. Procurement of ~~11,500~~7,500 megawatts (MW) of incremental net qualifying capacity shall be conducted over the course of four years, with ~~3,000~~1,800 MW online by August 1, 2023, an additional ~~4,500~~3,700 MW online by June 1, 2024, and an additional 2,000 MW online by June 1, 2025, ~~and an additional 2,000 MW online by June 1, 2026.~~

2. Long lead-time resources required by this order shall be defined as at least 1,000 megawatts (MW) of long-duration storage (able to deliver for at least eight hours) and at least 1,000 MW of firm (at least 85 capacity factor) and/or dispatchable (between at least hours 17 and ~~22~~through 21 daily) zero-emissions resources by June 1, 2026.

3. All load-serving entities named in Table 7 of this order shall procure the net qualifying capacity amounts given in Table 7, as modified to incorporate the mid-need scenario total NQC MW of 7,500 set forth in Table 4, and shall file and serve on the service list of this proceeding or any successor proceeding compliance filings according to the schedule given in the modified Table 8 of this order.

6. Collectively, to ensure that the capacity retiring at the Diablo Canyon Power Plant is replaced entirely with firm, zero-emitting resources, the load-serving entities shall collectively procure a minimum of 2,500 megawatts (MW) of incremental firm, zero-emitting capacity out of the total of ~~11,500~~7,500 MW required in this decision. This firm, zero-emitting capacity shall have the following characteristics:

- (a) Be available every day from hours 17 through ~~22~~21, at a minimum; and
- (b) Be able to deliver at least 5 megawatt-hours of energy during each of these periods for every megawatt of incremental capacity claimed.

**NEW Ordering Paragraph.** Commission staff shall expedite a robust LOLE analysis, with stakeholder participation, to confirm and recommend whether any additional procurement is necessary.

**NEW Ordering Paragraph.** Commission staff shall establish a penalty waiver process for non-compliance with this order, patterned after the local RA waiver mechanism already in place, to be utilized in the event an LSE can demonstrate that they have taken commercially reasonable

efforts to procure the required resources but have been unable to do so for unforeseen circumstances beyond their control.

**NEW Ordering Paragraph.** Demand-side resources shown to be incremental to the baseline are eligible to count towards an LSE's procurement obligations under this order.