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

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

R.19-11-009

**CALIFORNIA COMMUNITY CHOICE ASSOCIATION'S  
REPLY COMMENTS ON THE PROPOSED DECISION**

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REPLY COMMENTS ON THE PROPOSED DECISION**

The California Community Choice Association<sup>1</sup> (CalCCA) submits these Reply Comments pursuant to Rule 14.3(d) of the California Public Utilities Commission (Commission) Rules of Practice and Procedure on the proposed *Decision Adopting Local Capacity Obligations for 2022-2024, Flexible Capacity Obligations for 2022, and Refinements to the Resource Adequacy Program* (Proposed Decision), filed May 21, 2021.

**I. INTRODUCTION AND RECOMMENDATIONS**

CalCCA continues to support the positions taken in its opening comments and offers the following reply comments to supplement those positions. CalCCA recommends:

- A loss of load expectation (LOLE) study is the appropriate next step to inform an updated planning reserve margin (PRM)
- The Commission should not adopt the California Independent System Operator Corporation's (CAISO's) Resource Adequacy (RA) imports firm transmission proposal in this Proposed Decision
- The Commission should direct a Local Capacity Requirements (LCR) working group and consider recommendations resulting from that process
- Existing demand response contracts should count for resource adequacy even if they are not available on Saturday

**II. A LOSS OF LOAD EXPECTATION STUDY IS THE APPROPRIATE NEXT STEP TO INFORM AN UPDATED PLANNING RESERVE MARGIN (PRM)**

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<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.

The Public Advocates Office at the California Public Utilities Commission (Cal Advocates) state the Commission must provide direction in this Proposed Decision modifying the PRM for Resource Adequacy (RA) year 2023 and beyond and suggest the Commission adopt their proposal for a 17.5% PRM for 2023 and a 1-in-5 forecast plus 13% PRM for 2024 and onward.<sup>2</sup> CalCCA continues to oppose longer-term modifications to the PRM without more robust analysis vetted by the Commission, the CAISO, and stakeholders.

Cal Advocates suggests that using the future loss of LOLE study referenced in the Proposed Decision to inform PRM updates will create challenges for the RA program because “[a]ny deviation in the LSEs’ actual procurement patterns could undermine the integrity of such an LOLE-driven PRM, requiring a new study with updated inputs and new capacity expansion assumptions.”<sup>3</sup> The fact that the magnitude of the PRM needed to maintain the same level of reliability changes as the resource mix and other inputs change is true, regardless of how the PRM is established. However, without performing an LOLE study, California is left blind as to the level of reliability it is planning for, and how much of the existing fleet is needed as resource adequacy to meet that target. Increasing the PRM on a long-term basis without such robust analysis is misguided because it bypasses the critical exercise of determining the amount of capacity needed to meet a target level of reliability.

While Cal Advocates seems to suggest an LOLE study process to define the PRM is untenable due to its iterative or time intensive nature, it is common practice among ISO/RTOs in other areas to perform an LOLE study on a regular basis to set their planning reserve margins.<sup>4</sup> CalCCA recognizes that important policy discussions will need to be had about inputs, assumptions, and desired level of reliability. However, it is reasonable for the Commission and stakeholders to thoroughly vet a LOLE study in a timely manner to ensure planning targets reflect the desired level of reliability under the evolving grid. Because modifications to the PRM could significantly alter customer costs, the Commission has a responsibility to ground decisions in a robust analysis demonstrating that the increased PRM will maintain or improve reliability to a defined standard. Given this, CalCCA agrees

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<sup>2</sup> *Comments Of The Public Advocates Office On The Proposed Decision Adopting Local Capacity Obligations For 2022-2024, Flexible Capacity Obligations For 2022, And Refinements To The Resource Adequacy Program*, June 10, 2021, at 1.

<sup>3</sup> *Id.* at 4.

<sup>4</sup> MISO Resource Adequacy BPM Section 3.5 and PJM Manual 20: PJM Resource Adequacy Analysis Section 1.4 and 3.

with the Commission that an updated LOLE study is an appropriate next step to determine how the PRM should be revised.

### **III. THE COMMISSION SHOULD NOT ADOPT THE CAISO'S RA IMPORTS FIRM TRANSMISSION PROPOSAL IN THIS DECISION**

The CAISO proposed the Commission adopt its RA imports proposal or, at minimum, the firm transmission component of its proposal.<sup>5</sup> CalCCA previously supported the source specification, attestation, and must offer obligation aspects of the proposal but expressed concerns about the firm transmission requirement.<sup>6</sup> The Commission should not adopt the CAISO's proposed firm transmission requirement at this time and instead continue to evaluate the performance of existing rules while new import RA requirements are further discussed.

It is still unclear whether the proposal offers significant incremental reliability benefits compared to the increased cost to California load. Existing Commission rules codified in Decision (D.) 20-06-028 already require imports to bid such that they will very likely be scheduled during the availability assessment hours and they have existing incentives to ensure they can deliver energy when scheduled to avoid under delivery charges. The CAISO shared data indicating 21 different parties currently hold long-term firm transmission rights on the California Oregon Border and the Nevada Oregon Border intertie.<sup>7</sup> However, without understanding the concentration of each party's share of firm transmission, the concern remains over the ability to obtain firm transmission to meet the proposed requirement. While numerous parties may have firm transmission rights on a particular path, one or a few parties may hold a significantly high share of those rights. Additionally, a portion of intertie transmission rights will be held by entities looking to use it to serve their own load outside of California. Simply pointing to the number of parties holding firm transmission rights is not sufficient to conclude the market for firm transmission is liquid enough to avoid adverse consequences of the proposed requirement. Mandating firm transmission as a prerequisite to providing RA, however, will limit the pool of available import RA resources to only those who can

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<sup>5</sup> *Opening Comments On Proposed Decision Adopting Local Capacity And Flexible Capacity Obligations Of The California Independent System Operator Corporation*, June 10, 2021 (*CAISO Opening Comments*), at 1-2.

<sup>6</sup> *Opening Comments Of The California Community Choice Association On Track 3B.1 And Track 4 Revised Proposals*, Mar. 12, 2021, at 13.

<sup>7</sup> CAISO Opening Comments at 5.

secure firm transmission, even when import RA can reliably deliver without it, and increase costs to ratepayers.

Given the potential increased costs without clear reliability benefit, CalCCA supports the Commission's Proposed Decision to continue to evaluate current rules before adopting a firm transmission requirement. The CAISO's RA imports proposal is currently under consideration in the RA Enhancements initiative, and the CAISO has recently announced a new initiative External Load Forward Scheduling Rights Process that will commence this July to develop a prioritization process for wheel-through transactions. CalCCA sees benefit in continuing to consider this proposal in conjunction with the new initiative given potential areas for coordination.

#### **IV. THE COMMISSION SHOULD DIRECT A LCR WORKING GROUP AND CONSIDER RECOMMENDATIONS RESULTING FROM THAT PROCESS**

Calpine and Middle River Power do not oppose a LCR working group but suggest any recommended changes resulting from the working group process should not be adopted in a Commission forum but rather through the CAISO's existing process or at the Federal Energy Regulatory Commission.<sup>8</sup> CalCCA disagrees and finds significant benefit in exploring the issues outlined in the Proposed Decision<sup>9</sup>, as well as alternative solutions to the local area needs for the Pacific Gas and Electric Company's Greater Bay Area as outlined in CalCCA's comments to the Proposed Decision.<sup>10</sup> Public Utilities Code Section 380 (a) and (b) states, "The commission, in consultation with the Independent System Operator, shall establish resource adequacy requirements for all load-serving entities," and "[i]n establishing resource adequacy requirements, the commission shall ensure the reliability of electrical service in California..." clearly outlining a collaborative process in which the Commission and the CAISO work together to establish resource adequacy requirements that ensure reliable service. As such, the Commission is free to convene a working group to examine the process by which local area requirements are established, consider suggestions resulting from the working group, and make decisions about how best to achieve local area reliability.

#### **V. EXISTING DEMAND RESPONSE CONTRACTS SHOULD COUNT FOR RA EVEN IF THEY ARE NOT AVAILABLE ON SATURDAY**

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<sup>8</sup> *Comments Of Calpine Corporation On Proposed Decision Adopting Local Capacity Obligations For 2022-2024, Flexible Capacity Obligations For 2022, And Refinements To The Resource Adequacy Program*, June 10, 2021, at 2; and *Middle River Power LLC Opening Comments On Proposed Decision Adopting Local Capacity Obligations For 2022- 2024, Flexible Capacity Obligations For 2022, And Refinements To The Resource Adequacy Program*, June 10, 2021, at 3-4.

<sup>9</sup> Proposed Decision at 13.

<sup>10</sup> *California Community Choice Association's Comments on the Proposed Decision*, June 10, 2021, at 14.

Southern California Edison Company (SCE) expressed concerns about the impact of requiring Saturday availability on existing demand response (DR) contracts and suggested DR resources under existing contracts executed before the effective date of the Decision be exempt from the Saturday availability requirement.<sup>11</sup> This is a reasonable approach. DR contracts already executed prior to the effective date of this decision should continue to count toward RA and towards the DR Maximum Cumulative Capacity (MCC) bucket if they are not available on Saturdays. This would allow existing DR resources already under contract to continue to provide RA value, giving time to update DR programs and sign new contracts with DR resources designed to be available on Saturdays.

**VI. CALCCA AGREES WITH SCE'S OPENING COMMENTS ON HOW THE PROVIDER OF LAST RESORT (POLR) WOULD BE TREATED UNDER THE REVISED PENALTY STRUCTURE, SUBJECT TO CLARIFICATION**

In comments to the proposed penalty structure revisions, SCE requests the Commission clarify that the POLR will not accrue points for any deficiency where the POLR qualifies for the system RA waiver adopted in D.20-06-031.<sup>12</sup> CalCCA generally agrees with the following clarification: the POLR should not accrue any points for any deficiencies resulting from unexpected load returns for which the Commission grants a system waiver. This clarification makes it clear that only the portion of a deficiency attributable to unexpected returning load would receive a point-accrual exemption and only if the Commission grants the waiver requested by the POLR.

**VII. CONCLUSION**

CalCCA appreciates the opportunity to submit these Reply Comments and requests adoption of the recommendations proposed herein.

Respectfully submitted,



Evelyn Kahl  
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California Community Choice Association

June 15, 2021

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<sup>11</sup> *Southern California Edison Company's (U 338-E) Opening Comments On Proposed Decision Adopting Local Capacity Obligations For 2022-2024, Flexible Capacity Obligations For 2022, And Refinements To The Resource Adequacy Program*, June 10, 2021, at 3-4.

<sup>12</sup> *Id.* at 7.