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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

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

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SUMMARY OF RECOMMENDATIONS

- The Commission should allow for the consideration of both the PG&E Slice-of-Day Proposal and the SCE/CalCCA Proposal to develop a viable structural framework.
 - The Commission must consider how the future structural resource adequacy (RA) framework aligns with IRP procurement and CAISO backstop.
 - The Commission should not modify the Proposed Decision with respect to multi-year RA requirements, which correctly allows time to develop the RA framework prior to adopting multi-year requirements.
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**REPLY COMMENTS OF
CALIFORNIA COMMUNITY CHOICE ASSOCIATION
ON THE PROPOSED DECISION**

I. INTRODUCTION

The California Community Choice Association¹ (CalCCA) submits these reply comments pursuant to Rule 14.3 of the California Public Utilities Commission (Commission) Rules of Practice and Procedure on the proposed *Decision On Track 3B.2 Issues: Restructure Of The Resource Adequacy Program* (Proposed Decision), issued on June 10, 2021.

II. THE COMMISSION SHOULD ALLOW FOR THE CONSIDERATION OF BOTH THE PG&E SLICE-OF-DAY PROPOSAL AND THE SCE/CALCCA PROPOSAL TO DEVELOP A VIABLE STRUCTURAL FRAMEWORK

In its opening comments, CalCCA urged the Commission to allow for the continued consideration of the SCE/CalCCA Proposal² in addition to the PG&E Proposal³ such that the best aspects of both proposals can be incorporated into a restructuring framework.⁴ Several parties in addition to CalCCA expressed support for continued consideration of the SCE/CalCCA Proposal for three primary reasons.⁵ First, neither the Commission nor stakeholders have had the opportunity to delve deeply into the PG&E Proposal and cannot fully anticipate the difficulties they will encounter in adding granularity to the proposal. As the California Independent System Operator (CAISO) states, the implementation complexities with PG&E's proposal not fully explored "may create a sense of false precision that when translated into the operational time frame could still leave the system

¹ 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.

² See *Southern California Edison Company (U 338-E) and California Community Choice Association's Second Revised Track 3B.2 Proposal* (SCE/CalCCA Proposal), Feb. 26, 2021.

³ See *Second Revised Track 3B.2 Proposals of Pacific Gas and Electric Company (U 39 E)* (PG&E Proposal or PG&E Slice-of-Day Proposal), Feb. 26, 2021.

⁴ *Comments of California Community Choice Association on the Proposed Decision* (CalCCA Comments), June 30, 2021.

⁵ American Clean Power – California (ACP-California), CAISO, CESA, Hydrostor, SCE, Vote Solar, Large-scale Solar Association, and Solar Energy Industries Association.

deficient in energy and capacity.”⁶ Second, the challenges of setting and continually updating the number and duration of “slices” must be considered. Third, SCE and the California Energy Storage Alliance (CESA) appropriately raise important questions about how the RA market will change with the introduction of “slice” products. For these reasons, the Commission should consider integrating features of the SCE/CalCCA Proposal with the PG&E Proposal, including “bottom up” requirements, netting of solar and wind resources to establish requirements and ensuring sufficient energy to charge the storage claimed as an RA resource.

As noted in CAISO’s and CESA’s opening comments,⁷ PG&E submitted its proposal significantly later than the SCE and CalCCA joint proposal, leading to procedural shortcomings in which parties did not have time to fully consider the PG&E Proposal. In contrast, SCE and CalCCA submitted their joint proposal into the record over four months prior to the PG&E Proposal. This provided significant opportunity for stakeholders to evaluate the SCE and CalCCA joint proposal. As a result, SCE and CalCCA were able to address stakeholder concerns around hourly temporal energy sufficiency with potential solutions for consideration in the working group process. Parties did not have the same opportunity to fully evaluate the PG&E Proposal prior to the publication of the Proposed Decision. If they had, they would certainly have uncovered the many complexities highlighted in CalCCA’s and other parties’ opening comments. In particular, establishing and trading “slices” present challenges.⁸

Establishing the number and duration of slices under PG&E’s Proposal will present challenges when ensuring energy sufficiency in each slice of day, particularly as net load changes over time. SCE and CESA highlight the challenges of setting the duration of slices when resource duration does not fit neatly into a slice. SCE highlights that for administrative efficiency and market liquidity purposes, limiting the number of slices is preferred. They also highlight that depending on the size of each slice, energy sufficiency tests will be necessary.⁹ CESA expresses concern over the proposal’s inability to capture the operational characteristics of long duration energy storage that can operate beyond a 24-

⁶ *Opening Comments on Proposed Decision on Track 3B.2 Issues: Restructure of the Resource Adequacy Program of the California Independent System Operator Corporation* (CAISO Comments), June 30, 2021, at 3.

⁷ *Comments of the California Energy Storage Alliance on the Proposed Decision on Track 3B.2 Issues: Restructure of the Resource Adequacy Program* (CESA Comments), June 30, 2021.

⁸ For a discussion of additional complexities associated with the PG&E Proposal, see CalCCA Comments.

⁹ *Southern California Edison Company’s (U 338-E) Opening Comments on Proposed Decision on Track 3B.2 Issues: Restructure of the Resource Adequacy Program* (SCE Comments), June 30, 2021, at 6.

hour period.¹⁰ CalCCA agrees with SCE and CESA that these questions must be further considered. For example, an energy sufficiency test will be necessary to ensure the resources shown in each slice can provide sufficient energy to serve load in that slice and charge batteries that need to be available in future slices. Further, it is not clear how resources with longer duration will be valued for their contribution in multiple slices, such as a 5-hour battery with 4-hour slices or multi-day storage that can meet inter-day reliability needs. Additionally, the Commission would need to consistently review and update the slices to ensure they align with the changing net load. While parties who support the Proposed Decision cite the PG&E Proposal's simplicity as a benefit, the SCE/CalCCA Proposal offers a more straightforward and durable method to ensure the shown RA portfolio meets energy needs.

Beyond the complexity of establishing slices, the PG&E Proposal will necessitate trading of RA products for each slice of the day. SCE questions if and how RA products will trade under the slice-of-day approach, or if the slices will be bundled. CESA comments that under the PG&E Proposal, LSEs will be incentivized to trade a single RA resource such that multiple load-serving entities (LSEs) could show the same resource for different slices. The PG&E Proposal essentially creates six different products for each showing period. Trading by slice introduces significant contractual complexity. However, if LSEs were not able to trade by slice, some LSEs would be long RA capacity in a slice and others would be short with no means to resolve the disparity. This would require transactions of up to 72 different products under a monthly construct with 6 slices per day. This administrative complexity does not align with the goal of the Commission's third principle in the Proposed Decision, "ease of transactability and contracting."¹¹ The restructuring framework can be significantly simplified by limiting the products to net qualifying capacity and net qualifying energy. CalCCA supports the recommendation by CESA to hold a workshop dedicated to transactability of RA products under a restructuring framework.¹² The Commission should adopt CESA's proposal for a workshop that will consider how the SCE/CalCCA proposal can be incorporated to simplify transactions within the RA framework while ensuring energy sufficiency.

The SCE/CalCCA Proposal is well developed and has come a long way in addressing the Commission's and stakeholders' concerns. Alternatively, PG&E acknowledges in their comments a working group process is needed to "allow stakeholders to weigh the pros and cons of each approach

¹⁰ CESA Comments at 6-8.

¹¹ Proposed Decision at 28.

¹² CESA Comments at 9.

while reviewing relevant data and different structural options *for the first time*,” because stakeholders have not yet had an opportunity to adequately vet the proposal.¹³ Closing the door on the SCE/CalCCA Proposal now would throw away workable solutions necessary to develop a feasible and durable structural framework in favor of a proposal that has yet to be fully vetted for effectiveness and feasibility. Therefore, the Commission should direct the working group to consider both the PG&E Proposal and the SCE/CalCCA Proposal such that the best aspects of both proposals can be developed and incorporated into the final framework.

III. THE COMMISSION MUST CONSIDER HOW THE FUTURE STRUCTURAL RA FRAMEWORK ALIGNS WITH IRP PROCUREMENT AND CAISO BACKSTOP

Several parties correctly stress the importance of ensuring the revised structural framework aligns with the existing integrated resource planning (IRP) process and the CAISO’s backstop procurement process.¹⁴ The SCE/CalCCA Proposal is clearly most consistent with the IRP process. The tools used in IRP expressly match generation and load profiles and incorporate daily variation by using a simulated weather driven generation profile. The SCE/CalCCA Proposal’s net load duration curve framework can leverage the existing IRP tools, and much of the data needed to develop the net load duration curves is already in use in the IRP process. Alternatively, if the Commission adopts PG&E’s proposal, it would be widening the gap stakeholders are urging the Commission to close between the RA and IRP processes because the IRP does not consider how resources will fit into slices. Closing the gap would require modifying IRP to plan for slice-of-day requirements, adding complexity to the IRP process without certainty energy needs are accounted for adequately.

The Commission must also consider the potentially adverse impacts of PG&E’s proposal on CAISO processes. CAISO states that given the complexity of the Slice-of-Day framework, the CAISO will be unlikely to overhaul its tariff or internal systems to reflect the framework in a timely manner, while still accommodating other local regulatory authorities’ (LRAs’) RA frameworks.¹⁵ Further, the CAISO states, it would not “... implement procedures to validate individual slices of day, but instead would continue to use a single supply plan to validate resource adequacy sufficiency.”¹⁶ Given the CAISO cannot validate individual slices, it appears deficiencies cannot be assessed on an LSE by LSE

¹³ *Opening Comments of Pacific Gas and Electric Company (U 39 E) on Proposed Decision on Track 3B.2 Issues: Restructure of the Resource Adequacy Program*, June 30, 2021, at 4. (Emphasis added).

¹⁴ ACP-California, CAISO, CESA, Hydrostor, and SCE.

¹⁵ CAISO Comments at 3.

¹⁶ *Id.* at 4.

and slice by slice basis, and instead must be assessed on a cumulative basis. This introduces leaning concerns if some LSEs do not meet their requirements in an individual slice and other LSE do, but the CAISO cannot identify the deficient LSEs when validating showings for compliance.

IV. THE PROPOSED DECISION CORRECTLY ALLOWS TIME TO DEVELOP THE RA FRAMEWORK PRIOR TO ADOPTING MULTI-YEAR REQUIREMENTS

Both the Independent Energy Producers Association (IEP) and the CAISO request the Proposed Decision be modified to commit to adopting multi-year forward contracting requirements for system and flexible RA by the time the Commission adopts long-term structural changes.¹⁷ IEP proposes the Proposed Decision be modified to include multi-year requirements for the 2024 RA year equal to 100 percent of each LSE's share of forecasted demand for each "slice" in Years 1 and 2 and 50 percent (or higher percentage) of forecasted demand in Year 3.¹⁸ While CalCCA agrees there is benefit to adopting multi-year forward process once the larger structural framework is finalized, it is premature for the Commission to adopt specific multi-year requirements in this Proposed Decision before the new RA framework is developed. For this reason, CalCCA recommends the Commission adopt the Proposed Decision's approach to multi-year requirements to allow the working group process to consider the appropriate levels of multi-year requirements in conjunction with the broader RA framework.

V. CONCLUSION

CalCCA appreciates the opportunity to submit these reply comments and requests adoption of the recommendations proposed herein.

Respectfully submitted,



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¹⁷ *Comments of the Independent Energy Producers Association on the Proposed Decision on Track 3B.2 Issues* (IEP Opening Comments), June 30, 2021, and CAISO Comments.

¹⁸ IEP Opening Comments at 7.