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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

**CALIFORNIA COMMUNITY CHOICE ASSOCIATION
REPLY BRIEF**

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September 27, 2021

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Pursuant to Rule 13.12 of the California Public Utilities Commission (Commission) Rules of Practice and Procedure, and the schedule set forth in the *Assigned Commissioner's Amended Scoping Memo and Ruling for Phase 2* (Scoping Memo)[1], dated August 10, 2021, the California Community Choice Association[2] (CalCCA) submits this reply brief.

I. INTRODUCTION

CalCCA recommended in its Opening Brief[3] that the Commission encourage load-serving entities (LSEs) to expedite procurement of resources available at net peak to a level equivalent to a 17.5 percent planning reserve margin (PRM) rather than adopt major modifications to RA requirements within this proceeding. CalCCA offered this proposal as an alternative to an actual increase of 2.5 percent to the PRM and new net peak requirement, as

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1 *Assigned Commissioner's Amended Scoping Memo and Ruling for Phase 2*, Aug. 10, 2021 (Scoping Memo).

2 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.

3 *California Community Choice Association Opening Brief*, Sept. 20, 2021 (CalCCA Opening Brief) at 3-6.

proposed by the California Independent System Operator Corporation (CAISO). This reply brief responds directly to the CAISO's proposal in its opening brief and supports Southern California Edison Company's (SCE's) conclusion that it is too late to make changes to LSEs' 2022 Resource Adequacy (RA) requirements.

II. THE COMMISSION SHOULD ENCOURAGE LSES TO EXPEDITE PROCUREMENT OF RESOURCES AVAILABLE AT NET PEAK TO A LEVEL EQUIVALENT TO A 17.5 PERCENT PLANNING RESERVE MARGIN RATHER THAN ADOPT MAJOR MODIFICATIONS TO RA REQUIREMENTS WITHIN THIS PROCEEDING

CalCCA's Opening Brief expressed support for expediting procurement of resources available at net peak to a level equivalent to a 17.5 percent PRM to the extent possible. Given the expedited timeframe of this proceeding, CalCCA supports a procurement mechanism in which LSEs make best efforts to procure additional supply to support summer reliability, similar to the procurement authorized in Decision (D.) 21-03-056, rather than through modifications to the PRM or RA requirements beginning in 2022.[4] This approach is appropriate for emergency procurement given the uncertainty around how much additional supply is available or can be accelerated in such a short timeframe. CalCCA also supports a review of the PRM and net-peak RA requirements within the RA proceeding, where structural changes to the RA program are already being evaluated. However, given the timeline of this proceeding and uncertainty around the amount of new capacity that can be expedited within that timeframe, the Commission should not make such changes within this proceeding.

The CAISO submitted two proposals that would increase RA requirements for LSEs in 2022 and 2023. The first of CAISO's proposals recommends the Commission set the system RA

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4 *Decision Directing Pacific Gas and Electric Company, Southern California Edison Company, and San Diego Gas and Electric Company to Take Actions to Prepare for Potential Extreme Weather in the Summers of 2021 and 2022*, March 25, 2021 (D.21-03-056).

requirements to meet demand and the PRM at 8:00 p.m. for June through October, in addition to the current system RA requirement based on the gross monthly peak.[5] The second proposal would increase the PRM from 15 percent to 17.5 percent to account for forced outages and the increased potential for extreme weather events.[6] While RA requirements and associated penalties are important components of the RA program, CalCCA's Opening Brief describes the negative consequences associated with adopting new RA requirements under such a short timeframe.[7] Specifically, such modifications would increase penalties and associated customer costs without certainty incremental supply will be available for LSEs to procure to meet their requirements.

The CAISO stated in their Opening Brief modifications to the RA program are necessary to allow the CAISO to use its Capacity Procurement Mechanism (CPM) authority more effectively.[8] On June 29, 2021, Commission President Marybel Batjer and California Energy Commission Chair David Hochschild sent the CAISO a joint letter requesting the CAISO exercise its CPM authority to procure additional capacity for summer 2021.[9] The CAISO stated, "… when the CAISO initiated its CPM procurement in July following receipt of the joint letter, there were limited supplies available—much less than the amount the CAISO identified as necessary to ensure reliability." It further suggested the Commission "get ahead of the curve" by adopting new RA requirements because conditions are expected to be tight again in 2022.[10] Despite its efforts to encourage the Commission to take action, the CAISO's experience

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[5] *Opening Testimony of the California Independent System Operator Corporation*, Section III, Sept. 1, 2021 (CAISO (Billinton)), at 2:7 – 2:16.

[6] *Id.*, Section IV, Sept. 1, 2021 (CAISO (Mohammed-Ali)), at 12:3 – 12:5.

[7] CalCCA Opening Brief at 4-6.

[8] *Opening Brief of the California Independent System Operator Corporation*, Sept. 20, 2021 (CAISO Opening Brief) at 10.

[9] http://www.caiso.com/Documents/CapacityProcurementMechanismSignificantEvent-JointStatementandLetter.pdf

[10] CAISO Opening Brief at 11.

highlights the challenges LSEs will face when attempting to expedite procurement on such a short timeframe. The results of this CPM procurement demonstrate supply conditions are extremely tight, and the challenges the CAISO faced procuring additional resources for this summer will similarly be faced by LSEs attempting to procure for next summer. It is unclear how increasing RA requirements will increase supply at this late date such that LSEs will have the ability to meet the new requirements.

Additionally, CalCCA agrees with Southern California Edison Company (SCE) that it is too late to make changes to LSEs' RA obligations for 2022, as a practical matter.[11] As SCE explains in its Opening Brief, LSEs have already procured to meet their year-ahead RA obligations for 2022. Introducing a new RA requirement at such a late stage could disrupt procurement already complete and leave LSEs unclear or unable to meet their RA requirements. First, year-ahead showings must be submitted by the end of October, prior to the expected final decision for this proceeding per the Scoping Memo.[12] Additionally, as CalCCA describes in its Opening Brief, increasing RA requirements at this late stage will not result in increased supply by 2022, given the limited time to make any meaningful increases in supply by summer 2022.[13] If the Commission determines additional capacity is needed for 2022, the Commission should adopt "effective" targets for all LSEs in this proceeding, rather than modifying their RA obligations.

III. CONCLUSION

For all the foregoing reasons, CalCCA respectfully requests the Commission adopt CalCCA's recommendation to encourage LSEs to expedite procurement of resources available at

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11 *Southern California Edison Company's (U 338-E) Opening Brief*, Sept. 20, 2021 (SCE Opening Brief) at 58.
12 Scoping Memo at 6.
13 CalCCA Opening Brief at 6.

net peak to a level equivalent to a 17.5 percent planning reserve margin rather than adopting major modifications to RA requirements within this proceeding.

Respectfully submitted,

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