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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 Reforms and Refinements, and
Establish Forward Resource Adequacy
Procurement Obligations.

R.21-10-002

**CALIFORNIA COMMUNITY CHOICE ASSOCIATION
COMMENTS ON ORDER INSTITUTING RULEMAKING TO OVERSEE THE
RESOURCE ADEQUACY PROGRAM, CONSIDER PROGRAM REFORMS AND
REFINEMENTS, AND ESTABLISH FORWARD RESOURCE ADEQUACY
PROCUREMENT OBLIGATIONS**

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TABLE OF CONTENTS

I. INTRODUCTION1

II. THE COMMISSION SHOULD PRIORITIZE THE RA REFORM TRACK AND LIMIT ADDITIONS TO THE SCOPE OF THE IMPLEMENTATION TRACK.....2

III. THE COMMISSION CORRECTLY IDENTIFIES THE HIGH-PRIORITY ISSUES IN THE IMPLEMENTATION TRACK AND SHOULD ENSURE THEY ARE CONSIDERED HOLISTICALLY WITH THE REFORM TRACK.....4

 1. The CPE Structure Warrants Near-Term Review to Improve the Process for LSEs to “Self-Show” Resources to the CPE.....4

 2. Considering PRM Modifications in the Context of an Updated LOLE Study and Proposals in the Reform Track is Necessary4

 3. A Review of QC Counting Conventions is Warranted, but Should be Done within the Reform Track5

 4. The Commission Should Limit Modifications to ELCC Values at this Time, Beyond those Identified in D.21-06-029 given Broader Structural Changes Being Considered in the Reform Track6

IV. CONCLUSION.....6

SUMMARY OF RECOMMENDATIONS

- The Commission should prioritize the RA reform track and limit additions to the scope of the implementation track; and,
- The Commission correctly identifies the high-priority issues in the implementation track and should ensure they are considered holistically with the reform track.
 - The Central Procurement Entity (CPE) structure warrants near-term review to improve the process for load-serving entities (LSEs) to “self-show” resources to the CPE;
 - Considering Planning Reserve Margin (PRM) modifications in the context of an updated Loss of Load Expectation (LOLE) study and proposals in the reform track is necessary;
 - A review of Qualifying Capacity (QC) counting conventions is warranted, but should be done within the reform track; and
 - The Commission should limit modifications to Effective Load Carrying Capability (ELCC) values at this time, beyond those identified in Decision (D.) 21-06-029, given broader structural changes being considered in the reform track.

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The California Community Choice Association¹ (CalCCA) submits these Comments in response to the Order Instituting Rulemaking to Oversee the Resource Adequacy Program, Consider Program Reforms and Refinements, and Establish Forward Resource Adequacy Procurement Obligations (OIR), issued October 11, 2021, pursuant to Rule 6.2 of the California Public Utilities Commission's (Commission) Rules of Practice and Procedure and the directives provided by the OIR.

I. INTRODUCTION

The Commission issued its OIR on October 11, 2021, to continue its oversight of the RA program. The OIR establishes two separate tracks: a reform track to continue the examination of broader structural RA changes previously within Track 3B.2 of Rulemaking (R.) 19-11-009, and an implementation track to consider all other issues relating to RA procurement obligations and program

¹ California Community Choice Association represents the interests of 23 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, Santa Barbara Clean Energy, Silicon Valley Clean Energy, Sonoma Clean Power, and Valley Clean Energy.

implementation. The OIR correctly identifies important structural issues and other high-priority issues that must be addressed in this proceeding. Therefore, rather than take on additions to the scope of the implementation track, the Commission should focus efforts on the reform track. This will allow parties to make meaningful progress towards a cohesive RA structural proposal that addresses fundamental RA issues. Further, the Commission should consider implementation track issues and reform track issues contemporaneously to ensure modifications in both tracks align.

CalCCA makes the following recommendations on the scope of issues to be considered in this rulemaking to ensure holistic and durable improvements to the RA program are realized:

- The Commission should prioritize the RA reform track and limit additions to the scope of the implementation track; and,
- The Commission correctly identifies the high-priority issues in the implementation track and should ensure they are considered holistically with the reform track.
 - The Central Procurement Entity (CPE) structure warrants near-term review to improve the process for load-serving entities (LSEs) to “self-show” resources to the CPE;
 - Considering Planning Reserve Margin (PRM) modifications in the context of an updated Loss of Load Expectation (LOLE) study and proposals in the reform track is necessary;
 - A review of Qualifying Capacity (QC) counting conventions is warranted, but should be done within the reform track; and
 - The Commission should limit modifications to Effective Load Carrying Capability (ELCC) values at this time, beyond those identified in Decision (D.) 21-06-029, given broader structural changes being considered in the reform track.

II. THE COMMISSION SHOULD PRIORITIZE THE RA REFORM TRACK AND LIMIT ADDITIONS TO THE SCOPE OF THE IMPLEMENTATION TRACK

The OIR identifies the reform track as the venue to consider the examination of the broader RA capacity structure to address energy attributes and hourly capacity requirements. The OIR also outlines six specific topics for consideration in the implementation track. These include:

1. Adoption of Local Capacity Requirements
2. Adoption of Flexible Capacity Requirements
3. CPE structure
4. PRM
5. QC Counting Conventions
6. ELCC

In addition to these six topics, parties are also instructed to provide no more than five issues relating to refinements of the RA program parties believe should be addressed in this proceeding within the implementation track.

The Commission should prioritize the reform track and the implementation track should be limited to the six items already identified in the OIR. Given the significant work needed to develop an implementable solution in the reform track, focus on this effort is required to ensure durable and effective solutions are reached in a timely manner. Limiting the scope of issues within this proceeding will allow parties to make meaningful progress towards a cohesive RA structural proposal that addresses fundamental RA issues. Further, such approach will avoid the Commission making modifications in the implementation track that do not align with or will be undone by work in the reform track. Considering implementation track issues and reform track issues contemporaneously will minimize market disruption, reduce the risk of rule changes to multi-year contracts, and allow the Commission and stakeholders to develop an integrated, durable solution. Durable solutions will create regulatory certainty in the RA program to enable a cost effective and reasonable procurement environment for market participants to support reliability.

III. THE COMMISSION CORRECTLY IDENTIFIES THE HIGH-PRIORITY ISSUES IN THE IMPLEMENTATION TRACK AND SHOULD ENSURE THEY ARE CONSIDERED HOLISTICALLY WITH THE REFORM TRACK

The OIR correctly identifies the high-priority issues in the implementation track. Several of the items listed within this track, however, should be considered contemporaneously within the reform track, given the interdependencies and overlap between the issues in each track. CalCCA offers the following comments on four of the six items identified in the implementation track: the CPE structure, the PRM, QC counting conventions, and ELCC.

1. The CPE Structure Warrants Near-Term Review to Improve the Process for LSEs to “Self-Show” Resources to the CPE

The OIR outlines modifications to the CPE structure and process, including implementation details of the “shown” resource component of the hybrid framework and changes to the CPE timeline. The Commission should include these modifications to the CPE structure in scope of this rulemaking. With respect to the “shown” resource component, significant room for improvement can be made within this rulemaking. The current process for LSEs to self-show resources for local RA can result in a “one-size fits all” approach that puts unnecessary risk on the LSE and in some cases, prevents LSEs from being able to self-show resources. Improvements can be made within this rulemaking to allow LSEs to show their resources to the CPE and those resources can be required to be made available to the California Independent System Operator (CAISO) market without requiring the LSE take on additional risk beyond the original contract terms. Such improvements would ensure local RA resources procured by LSEs are fully accounted for by the CPE and available to the CAISO market as a local RA resource.

Considering PRM Modifications in the Context of an Updated LOLE Study and Proposals in the Reform Track is Necessary

The OIR includes modifications to the PRM, including Energy Division's LOLE study and proposal to be submitted in this proceeding. The Commission should include this item in scope, as consideration of an updated LOLE study is a necessary next step to determine how the PRM should be revised to support the desired level of reliability.

The PRM should also be considered in the context of proposals in the reform track despite not being expressly identified in D.21-07-014 as a part of the Track 3B.2 working group process; this is because outcomes in the reform track could impact the appropriate level of the PRM. For example, resource counting rules proposed in the reform track could impact the level of PRM required to achieve a targeted level of reliability. Such rules could include an unforced capacity (UCAP) construct, under which the PRM would need to be modified to remove the portion attributed to forced outages to account for this change. Under an exceedance methodology, the level of exceedance could also impact the level of PRM needed to meet planning targets. In short, the PRM must be considered in conjunction with the structural changes in the reform track because the PRM must be set in a way that ensures the rules of the RA program as a whole result in the targeted level of reliability.

2. A Review of QC Counting Conventions is Warranted, but Should be Done within the Reform Track

The OIR identifies potential modifications to QC counting conventions and requirements for third-party demand response resources, hybrid resources, wind and solar resources, and other resources. The Commission should review counting conventions for these resources. However, this review is ongoing in the RA reform track and should continue in that forum to ensure changes to resource counting align with the broader RA structure. Rather than diverting efforts to develop modifications to counting rules that will only be in place until the structural changes contemplated in the reform track is in place, the Commission should direct parties to focus their efforts on developing reasonable counting rules in the reform track that align with the broader overall framework. This

approach will benefit parties by avoiding additional regulatory uncertainty for counting rule changes that will only be in place for one year and by ensuing efforts are focused on creating a holistic solution to RA reform, including counting rules.

3. The Commission Should Limit Modifications to ELCC Values at this Time, Beyond those Identified in D.21-06-029, given Broader Structural Changes Being Considered in the Reform Track

Like the other QC counting conventions discussed in 3, the Commission should limit modifications to the ELCC values at this time beyond those identified in D.21-06-029, which directed staff to update ELCC values biennially and develop regional ELCC values for wind resources. The Commission should limit any further modifications to ELCC methodology in the implementation track given the broader structural changes being considered in the reform track. In the reform track working groups, variations of netting, hourly profiles, and exceedances have all garnered significant discussion. The ELCC methodology should be contemplated comparatively with these alternative methodologies rather than separately in the implementation track, as modifications made in the implementation track may no longer be relevant under the proposal developed in the reform track.

IV. CONCLUSION

For all the foregoing reasons, CalCCA requests that the Commission adopt a scope for this rulemaking focused on reform track and high priority issues identified in the implementation track.

Respectfully submitted,



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