

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



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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  
REPLY COMMENTS ON ORDER INSTITUTING RULEMAKING**

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The California Community Choice Association<sup>1</sup> (CalCCA) submits these reply 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**

CalCCA reiterates its position that the Commission should prioritize the reform track, limit the implementation track to those items already identified in the OIR, and coordinate implementation track items with the reform track where applicable.<sup>2</sup> In addition, CalCCA offers the following replies to parties’ opening comments.

**II. CENTRAL PROCUREMENT ENTITY**

**A. CalCCA Supports the Commission Expediting Central Procurement Entity (CPE) Issues that Can Be Resolved Prior to Local RA Solicitations Beginning in 2022**

Pacific Gas and Electric Company (PG&E), Southern California Edison Company (SCE), and the California Independent System Operator (CAISO) request the Commission prioritize CPE issues such that a decision

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<sup>1</sup> 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.

<sup>2</sup> *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*, Nov. 1, 2021 (CalCCA Comments).

can be made prior to June 2022. PG&E<sup>3</sup> and SCE<sup>4</sup> request that CPE issues be resolved prior to the beginning of local Resource Adequacy (RA) solicitations in 2022. Additionally, the CAISO indicates that it may require additional time to implement the CPE structure if tariff and software changes are identified.<sup>5</sup> CalCCA agrees with PG&E, SCE, and the CAISO that CPE issues must be resolved as early as possible, preferably in the first quarter of 2022 such that the CPE can begin its solicitations for 2023, load-serving entities (LSEs) can be informed of procurement done on their behalf in a timely manner, and a process is established for submitting showings to the CAISO.

**B. PG&E Must Clarify the Portion of Self-Shown Resources It Envisions Being Re-classified**

PG&E requests the Commission clarify when and how investor-owned utility (IOU) resources procured by the CPE would be reclassified from Power Charge Indifference Adjustment (PCIA) to Cost Allocation Methodology (CAM). Specifically, PG&E asks for clarification on "... whether Decision (D.) 20-06-002 intends for only costs associated with the procured capacity attributes, or all associated procurement costs, of CPE-procured IOU resources to be reclassified to CAM from PCIA," and "...whether self-shown IOU resources should be reclassified."<sup>6</sup> PG&E should clarify which portions of resources need to be considered for re-classification. CalCCA understands PG&E's comment to suggest if an IOU self-shows a resource, the amount of the local capacity compensation should be transferred from PCIA to CAM, but clarification is needed to ensure the issue of reclassification is well-defined. This topic should be reviewed under the guiding principle that resource classification should be consistent regardless of which entity procures it (i.e., IOU, CCA, or ESP).

**C. The Commission Should Clarify Confidentiality Provisions Adopted in D.06-06-066 Applies to CPE Procurement**

PG&E asks the Commission to consider in this proceeding what confidentiality protections are available for market sensitive information submitted to the Commission by PG&E related to the CPE.<sup>7</sup> Confidentiality provisions have already been established in D.06-06-066 to ensure the confidentiality of any market sensitive information submitted in procurement plans and related submissions.<sup>8</sup> Procurement done by the CPE should follow the same confidentiality rules established for IOU procurement in D.06-06-066.

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<sup>3</sup> *Comments of Pacific Gas and Electric Company (U 39 EE) on the Order Instituting Rulemaking to Oversee the Resource Adequacy Program*, Nov. 1, 2021 (PG&E Comments) at 3.

<sup>4</sup> *Comments of Southern California Edison Company (U 338-E) on Order Instituting Rulemaking*, Nov. 1, 2021 (SCE Comments), at 4.

<sup>5</sup> *Comments on Order Instituting Rulemaking of the California Independent System Operator Corporation*, Nov. 1, 2021 (CAISO Comments) at 2-3.

<sup>6</sup> PG&E Comments at 6.

<sup>7</sup> PG&E Comments at 7-8.

<sup>8</sup> *Interim Opinion Implementing Senate Bill No. 1488, Relating to Confidentiality of Electric Procurement Data Submitted to the Commission (D.06-06-066)*, June 29, 2006.

### III. LOCAL CAPACITY REQUIREMENTS

#### A. Local Capacity Requirements (LCRs) Must Be Considered Cohesively Between the CAISO and the Commission so that Stakeholders Have a Clear Understanding of How the Requirements are Established

In opening comments on LCRs, the CAISO suggests the Commission should limit its review of LCR study process to considering how to best coordinate Commission and CAISO processes and that any specific concerns regarding the CAISO's LCR studies be raised in the CAISO's stakeholder process. CalCCA agrees that the CAISO stakeholder process is the correct venue for stakeholders to review and propose changes to the CAISO's LCR study process. However, it is important the Commission and CAISO provide opportunities for stakeholders to discuss and gain understanding of how local capacity requirements are established. Further, the Commission should not limit its review to simply considering how to best coordinate Commission and the CAISO processes, given the working group established in D.21-06-029 directed parties to consider the following topics: (1) Potential modifications to the current LCR timeline or processes to allow more meaningful vetting of the LCR study results, (2) Inclusion of energy storage limits in the LCR report and its implications on future resource procurement; and (3) How best to harmonize the Commission's and the CAISO's local resource accounting rules.<sup>9</sup> In addition, CalCCA has previously recommended the Commission, in coordination with the CAISO, consider how transmission alternatives are considered to alleviate increases in local requirements.<sup>10</sup> This issue is timely, especially given the large increases in local requirements in PG&E's Greater Bay Area for the past two years.

Public Utilities Code Sections 380 (a) and (b) established a collaborative process in which the Commission and the CAISO work together to establish resource adequacy requirements that ensure reliable service.<sup>11</sup> As such, there is benefits to exploring the LCR 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. Any discussion or recommendations from this working group should be considered by both the Commission in this proceeding and the CAISO in their stakeholder process.

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<sup>9</sup> *Decision Adopting Local Capacity Obligations for 2022-2024, Flexible Capacity Obligations for 2022, and Refinements to the Resource Adequacy Program*, June 24, 2021 (D.21-06-029), at 14.

<sup>10</sup> *California Community Choice Association's Comments on the Proposed Decision*, R.19-11-009, June 10, 2021, at 14.

<sup>11</sup> See Public Utilities Code Section 380 (a) and (b), which 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...."

#### **IV. PLANNING RESERVE MARGIN**

##### **A. A Robust Stakeholder Process to Evaluate Energy Division’s Loss-of-Load Expectation (LOLE) Study is Necessary in this Proceeding and the Integrated Resource Planning (IRP) Proceeding**

CalCCA agrees with the CAISO<sup>12</sup> and SCE<sup>13</sup> that the review of the Planning Reserve Margin (PRM) should be aligned with the IRP proceeding. The OIR references an LOLE study performed by Energy Division that will be released in this proceeding to inform modifications to the PRM. Stakeholders should be provided an opportunity to review the inputs and assumptions used in the LOLE study in through a robust stakeholder process. This process should take place within both the RA and IRP proceedings so that the assumptions, methodology, and results are not inconsistent between the two processes. This stakeholder process should discuss both (1) a “target” level of grid reliability (*e.g.*, 1-in-10, 1-in-20, etc.) that balances reliability and customer costs and (2) the inputs and assumptions for the LOLE study. Coordination between the RA and IRP proceedings is crucial because it will ensure the PRMs adopted in both proceedings will result in the same targeted level of reliability.

#### **V. EFFECTIVE LOAD CARRYING CAPACITY (ELCC)**

##### **A. If ELCC is Used to Evaluate Storage, the Commission Must Publish Relevant Data to Allow Stakeholder Review**

In its opening comments, the CAISO requests the Commission consider adopting ELCC values for storage and demand response resources.<sup>14</sup> CalCCA does not take a position on adopting ELCCs for these resources at this time and reiterates its position that modifications to the ELCC methodology should be considered in the reform track.<sup>15</sup> However, if an ELCC is adopted as the counting methodology for storage in the reform track, the Commission must publish detailed data on the modeled storage dispatch and calculations underlying the storage ELCC values, including storage’s hourly charge and discharge profiles, and the effects on LOLE of adding storage to the system. This will allow stakeholders to evaluate if those profiles are realistic and match real-world conditions, in addition to the reasonableness of the ELCC calculation.

#### **VI. ADDITIONAL TOPICS**

##### **A. CalCCA Agrees with the CAISO that Availability Limited Resource Procurement in Local Areas Must Be Considered to Ensure Local Area Reliability**

The CAISO states, “It is critical the Commission now develop specific rules to ensure the CPEs and/or LSEs procure sufficient resource adequacy resources in each local capacity area and sub-area accounting for

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<sup>12</sup> CAISO Comments at 3.

<sup>13</sup> SCE Comments at 4-5.

<sup>14</sup> CAISO Comments at 4.

<sup>15</sup> CalCCA Comments at 6.

availability-limited resource characteristics.”<sup>16</sup> CalCCA agrees that as the resource fleet transitions to one that is increasing use- and availability-limited, upfront rules that guide procurement will be critical to ensure energy sufficiency in local areas and limit the need for CAISO to exercise its backstop authority. These rules should be developed in the reform track, where energy sufficiency is already being considered for system RA. As the working group process develops these discussions should expand to examine how proposals address energy sufficiency in local areas to determine if additional rules are required to guide local RA procurement.

**B. CalCCA Supports a Holistic Review of the Existing RA Penalty Structure at the Right Time**

In the CAISO’s opening comments, it recommends the Commission include a post-implementation assessment of the system resource adequacy penalty structure adopted in D.21-06-029. An effective penalty structure is an important element of the RA program to ensure all LSEs bring their share of resources to the table to support grid reliability. CalCCA supports a review of the current penalty structure adopted in D.21-06-029 to ensure it reaches this objective. However, because the new structure will be in place starting in RA compliance year 2022, CalCCA notes a full evaluation of the penalty structure will not be able to be completed within the timeframe of this proceeding as outlined in the OIR. A decision in this proceeding is scheduled for June 2022, before RA showings for most summer months are submitted under the new structure.

CalCCA agrees with the CAISO that this is a worthwhile exercise to undertake once the new penalty structure’s impacts can be fully evaluated. Therefore, CalCCA recommends this review take place in a successor proceeding such that the review takes place at the end of 2022 and beginning of 2023 and proposals can be made for any modifications to be adopted in a June 2023 decision.

**VII. CONCLUSION**

CalCCA appreciates the opportunity to submit these reply comments and looks forward to collaborating with stakeholders and the Commission in this proceeding.

Respectfully submitted,



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November 10, 2021

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<sup>16</sup> CAISO Comments at 4.