



**CALIFORNIA COMMUNITY CHOICE ASSOCIATION
INFORMAL COMMENTS ON THE
LOCAL CAPACITY REQUIREMENT WORKING GROUP
February 2, 2022**

I. INTRODUCTION

The California Community Choice Association¹ (CalCCA) appreciates the opportunity to comment on the Local Capacity Requirement (LCR) Working Group held on February 2, 2022. The CAISO Presentation² provided helpful clarity regarding the drivers of the 2021 and 2022 increases in Greater Bay Area requirements, interactions between the LCR and Transmission Planning Process (TPP), and how the LCR considers energy storage charging needs. In these comments, CalCCA recommends considerations that must be made in the Integrated Resource Planning (IRP) process and TPP when evaluating resource build and transmission upgrades needed to meet state policy goals at the lowest cost.

II. COMMENTS

When discussing the significant Greater Bay Area LCR changes for 2021 and 2022, the California Independent System Operator (CAISO) identified two drivers. First, the LCR reliability criteria changed in 2021. Second, the San Jose area experienced load growth for 2022 that required the use of more resources that are less-effective at meeting the constraints in other parts of the Bay Area. While the load forecast only increased by roughly 120 megawatts (MW),

¹ California Community Choice Association represents the interests of 23 community choice electricity providers in California: Apple Valley Choice Energy, Central Coast Community Energy, Clean Energy Alliance, Clean Power Alliance, CleanPowerSF, Desert Community Energy, East Bay Community Energy, Lancaster Choice Energy, Marin Clean Energy, Orange County Power Authority, 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.

² *California ISO Local Capacity Requirement (LCR) Working Group Meeting per CPUC's D.21-06-029, Feb 2, 2022 (CAISO Presentation).*



the resulting LCR increase was roughly 880 MW. The LCR increase was larger than the load forecast increase because the next set of resources that meet the contingency is very ineffective. The effectiveness factor of San Jose resources is roughly 30 percent, while the effectiveness factor of previously unused resources that are now needed to meet the new LCR is roughly 4 percent.³ The result is procurement to meet a larger requirement relative to the increase in the forecast because each newly needed resource is so ineffective.

When changes to the local area such as load forecast increases result in large increases in LCR, several questions must be answered to most cost-effectively meet the new LCR. These include:

1. If the current resources have significantly low effectiveness factors, where should new resources locate to be more effective?
2. What are the transmission alternatives and how much do they cost compared to the large increase in local Resource Adequacy (RA) requirement or a new resource at a more effective location?
3. What information can be provided to the market about where new resources are needed based upon local area contingencies that are highly complex?

These questions should be answered through coordinated efforts between the California Public Utilities Commission (Commission) and the CAISO in the IRP and TPP. As the state progresses to meet state policy goals, it will become increasingly important to consider these questions. Achieving a zero-carbon electric system by 2045 will necessitate more renewable resource and storage development, creating opportunities for existing fossil fuel plants to retire. However, if an existing fossil fuel plant is in a locally constrained area, the resource retirement will not occur until the transmission constraint is eliminated or enough carbon-free resources are

³ CAISO Presentation at 21.



built in the local area to fulfill the local need. The ability for local area resources to retire will also depend on the effectiveness factors of resources that would replace them. To avoid delays in meeting environmental standards, coordinated efforts between the Commission and the CAISO must occur to inform where new resources should locate to be highly effective at meeting the local need or, alternatively, where new transmission upgrades are needed to alleviate the local need.

IV. CONCLUSION

CalCCA appreciates the opportunity to comment on the LCR Working Group and urges the Commission and the CAISO to consider the recommendations herein.

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(Original signed by)

Eric Little

Director of Regulatory Affairs

California Community Choice Association

(510) 906-0182 | eric@cal-cca.org