



**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'S
COMMENTS ON ADMINISTRATIVE LAW JUDGE'S RULING
SEEKING COMMENTS ON THE FUTURE OF RESOURCE ADEQUACY
WORKING GROUP REPORT**

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SUMMARY OF RECOMMENDATIONS

- The Commission should adopt the 24-hour slice RA framework only if modifications are made to allow for the transactability of hourly RA obligations and products;
 - The Commission should implement the 24-hour slice RA framework no earlier than for RA Compliance Year 2025 to ensure the development of key details;
 - The Commission must not adopt proposals that would place mandatory hedging requirements on RA procurement; and
 - The Commission and the CAISO should coordinate to adopt the same UCAP methodology.
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The California Community Choice Association¹ (CalCCA) submit these Comments pursuant to the schedule set forth in the *Administrative Law Judge's Ruling Seeking Comments on the Future of Resource Adequacy Working Group Report and the Local Capacity Requirement Working Group Report* (Ruling), issued on March 4, 2022.

I. INTRODUCTION

CalCCA appreciates the opportunity to comment on the Future of Resource Adequacy Working Group Report² (Working Group Report). The Working Group Report reflects the robust discussions that took place over ten workshops aimed at refining Pacific Gas and Electric Company's (PG&E's) slice-of-day proposal at the direction of Decision (D.) 21-07-014. Through the

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 *Future of Resource Adequacy Working Group Report, Track 3.B2 of the RA Proceeding*, R.21-10-002 (Feb. 2022) (Working Group Report).

workshop process, parties generally coalesced around two alternatives for slice-of-day reform. First is a 24-hour slice proposal put forth by Southern California Edison Company (SCE). This proposal would require each load-serving entity (LSE) to demonstrate that for each month, it has procured enough capacity to meet its load profile plus a planning reserve margin (PRM) in all 24 hours on the “worst day” of the month.³ This proposal would also count wind and solar using hourly profiles and would include a storage charging sufficiency component. Second is a 2-slice proposal put forth by Gridwell. This proposal would require each LSE to demonstrate it has procured enough capacity to meet its load ratio share of California Independent System Operator Corporation (CAISO) gross peak load plus a PRM and net peak load plus a PRM. This proposal would expand the use of Effective Load Carrying Capacity (ELCC) for Resource Adequacy (RA) counting to batteries and hydro and would adjust wind and solar values to values they can “reasonably [be] expected to operate in the test hour,” although this is undefined.⁴

D.21-07-014 outlined five principles that should be addressed in a reformed RA framework.

These principles are:

1. To balance ensuring a reliable electrical grid with minimizing costs to customers;
2. To balance addressing hourly energy sufficiency for reliable operations with advancing California’s environmental goals;
3. To balance granularity and precision in meeting hourly RA needs with a reasonable level of simplicity, and transactability;
4. To be implementable in the near-term (*e.g.*, 2024); and
5. To be durable and adaptable to a changing electric grid.⁵

³ See Working Group Report at 10: “SCE proposes to initially define the “worst day” as the day of the month that contains the hour with the highest coincident peak load forecast. This could evolve over time if some other attribute (*e.g.*, steepest ramping requirement) is found to be more challenging to reliability than the coincident peak.”

⁴ *Id.* at 34.

⁵ D.21-07-014, Ordering Paragraph 2.

If the 24-hour slice proposal is modified to improve transactability, the 24-hour slice proposal best meets these principles. The 24-hour slice proposal evolves resource counting rules to more appropriately account for the reliability contribution of renewable and energy limited resources across the day. It is a more durable approach because it will address energy needs in each hour as the grid evolves over time and will ensure enough RA capacity is shown to charge storage. Without enhancements to the proposal to allow for transactability of products on an hourly basis, however, the 24-hour slice proposal will likely fall short of meeting principles one, two, and three for the reasons described in Section A below. The California Public Utilities Commission (Commission) should allow the necessary time for Energy Division and parties to fully develop transactability enhancements and other necessary components of the 24-hour slice proposal before final adoption. A phased implementation approach that does not consider transactability at the outset could have unintended consequences detrimental to customer costs and California's environmental goals.

D.21-07-014 directed parties to also consider a requirement that would link RA to a resource's bidding behavior with the stated goal of increasing cost-effectiveness of RA.⁶ PG&E presented two separate proposals; a variable cost hedge proposal that would require a rebate to LSEs any energy market revenues that exceed variable costs and a price cap rebate proposal that would require a resource to pay the LSE a rebate when the locational marginal price is above a certain price cap. Instituting a mandatory hedging component for RA raises a number of concerns around the lack of a clear problem statement, increased ratepayer costs, and administrative complexity. The Commission should not adopt mandatory hedging mechanisms on RA resources.

Finally, the CAISO submitted a proposal that would incorporate forced outages into net qualifying capacity (NQC) values through an unforced capacity (UCAP) framework. CalCCA

⁶ D.21-07-014, at 27.

supports a UCAP framework but notes the Energy Division developed its own UCAP values in its *Loss of Load Expectation and Effective Load Carrying Capability Study Results for 2024* (LOLE Study) that differ from the methodology proposed by the CAISO.⁷ The Commission and the CAISO should work together to ensure the methodology used to assess forced outage rates is consistent and that the Commission processes and the CAISO processes are aligned under a UCAP framework.

In summary, CalCCA offers the following comments described in detail below to the Working Group Report:

- The Commission should adopt the 24-hour slice RA framework only if modifications are made to allow for the transactability of hourly RA obligations and products;
- The Commission should implement the 24-hour slice RA framework no earlier than for RA Compliance Year 2025 to ensure the development of key details;
- The Commission must not adopt proposals that would place mandatory hedging requirements on RA procurement; and
- The Commission and the CAISO should coordinate to adopt the same UCAP methodology.

These recommendations should be adopted to ensure the new framework results in a transactable, reliable, and affordable RA program.

II. COMMENTS TO THE WORKING GROUP REPORT

A. **The Commission Should Adopt the 24-Hour Slice RA Framework Only if Modifications are Made to Allow for the Transactability of Hourly RA Obligations and Products**

While CalCCA supports adoption of the 24-hour slice proposal, this support is dependent on the ability of LSEs to trade resources and RA obligations on an hourly basis. The 24-hour slice proposal better meets the Commission's principles than the two-slice proposal. Therefore, CalCCA does not support the two-slice proposal. However, without the ability to trade resources and

⁷ *Energy Division Study for Proceeding R.21-10-002, Loss of Load Expectation and Effective Load Carrying Capability Study Results for 2024*, R.21-10-002 (Feb 18, 2022).

obligations on an hourly basis, the 24-hour proposal could also result in significant unintended consequences that make it unworkable. The Commission must adopt the 24-hour slice proposal with the ability for LSEs to adjust resources and obligations hourly to ensure the new RA framework is transactable, cost-effective, and aligns with the state's policy goals.

If the Commission adopts hourly RA obligation and resource trading to enhance transactability of the 24-hour slice framework, SCE's proposal provides a solid framework capable of securing capacity to meet each hour's need as the load shape and resource mix evolve. The proposal would appropriately value each resource's contribution to reliability by valuing resources based on the energy they can provide across the day. As storage becomes a more prevalent resource type, it is important for the future RA framework to properly account for storage resources' capability. The 24-hour proposal does this by allowing LSEs to choose the duration and associated capacity to show the resource and requiring the LSE to also show enough excess capacity to charge the storage.

1. The Commission Must Adopt a Modified 24-Hour Slice Proposal That Allows for Trading of RA Obligations on an Hourly Basis and Resources on an Hourly Basis

Transactability is a key component of the RA program that should be maintained to allow LSEs to meet their compliance obligations simply and efficiently. This is supported by Commission's third principle in D.21-07-014, "To balance granularity and precision in meeting hourly RA needs with a reasonable level of simplicity, and transactability." For an RA framework to meet this third principle, however, the 24-hour slice proposal must be modified. The 24-hour slice proposal as currently defined would not allow resources to be traded in separate hourly blocks. The proposal also does not expressly allow hourly trading of RA obligations. This could significantly challenge LSEs' ability to meet their RA obligations by artificially constraining the RA market and unnecessarily increasing procurement and ratepayer costs; this jeopardizes the Commission's first

principle, “To balance ensuring a reliable electrical grid with minimizing costs to customers.”⁸ In many cases, LSEs’ portfolios may not perfectly match their obligations. LSEs must be able to shape their portfolios to match their obligations to minimize customer costs and mitigate against market power in an already constrained RA market. As discussed in the informal comments attached to the Working Group Report by Clean Power Alliance of Southern California (CPA), East Bay Community Energy (EBCE), Marin Clean Energy (MCE), Peninsula Clean Energy (PCE), Pioneer Community Energy (Pioneer), San Jose Clean Energy (SJCE), and Sonoma Clean Power (SCP) (the Collective CCAs), hourly transactability is even more critical for non - investor-owned utility (IOU) LSEs, given D.21-05-030 determined IOUs retain the RA attributes for resources in their portfolio and departed load receives a financial credit in lieu of the RA resource.⁹ Without hourly transactability, non-IOU LSEs would be put in the difficult position of procuring artificially scarce supply while the IOU LSEs would be unnecessarily long in most hours.

To demonstrate the challenges that arise without hourly transactability take, for example, LSE A, which needs to procure additional capacity to meet its obligations Hour Ending (HE) 9 through HE 10. Without hourly trading of RA obligations or resources, depending on the resources available in the market, the LSE A may not be able to procure capacity for its two-hour need only. The LSE A may, in some cases, be required to buy capacity from a 24-hour resource for all 24 hours, despite only needing the resource for two. If another LSE, LSE B, has an open position in HE 20 through HE 21, the first LSE A would not be able to sell its excess from the 24-hour resource that it does not need to LSE B. LSE B would be required to purchase additional capacity from an entirely new resource. The result in this example is an artificially constrained RA market which drives up customer costs. It could also result in LSEs potentially needing to hold on to carbon-emitting

⁸ D.21-07-014, Ordering Paragraph 2.

⁹ Working Group Report at 186.

resources that are not needed if RA resources could be used more efficiently through hourly trading; this runs counter to the Commission’s second principle, “To balance addressing hourly energy sufficiency for reliable operations with advancing California’s environmental goals.” The 24-hour slice should be adopted with modifications to allow hourly trading of RA obligations and resources.

a. Hourly RA Obligation Trading

In informal comments attached to the Working Group Report, the California Energy Storage Alliance (CESA), PCE and SJCE (collectively, the Joint Parties), offered a simple proposal that would allow LSEs with open positions in some hours to trade those obligations to other LSEs with long positions in those hours.¹⁰ This proposal would allow LSEs to capture diversity benefits when load and generation portfolios are different between the two LSEs by allowing LSEs to “share” resources when they have open positions in different hours instead of doing costly and duplicative procurement. Importantly, the Joint Parties’ proposal to trade obligations would not shift the responsibility of serving customer load, it would only shift the compliance obligation. Without hourly RA obligation trading, both LSEs would need to procure separate resources when such procurement is not necessary to meet RA obligations as a whole.

In summary, the Joint Parties propose “LSEs with short positions in some hours would be allowed to trade with others with long positions in those hours to allow resource sharing between the two LSEs with different loads and RA portfolios.”¹¹ The Joint Parties’ proposal provides an example and outlines detailed steps for RA showings.¹² These steps would ensure RA obligations are fully accounted for following a trade by requiring both LSEs to document the trade on their RA showing. The LSE trading away its obligation would represent the trade as a megawatts (MW) decrease in its

¹⁰ Working Group Report at 196-205.

¹¹ Final Report at 202.

¹² *Id.* at 204-205.

hourly obligation profile and the LSE receiving the obligation would show the trade as a MW increase to its RA portfolio. The MW decrease and MW increase on the LSEs' RA showings must sum to zero and the LSE receiving the obligation would accept all responsibilities for the obligation. The Commission would be responsible for validating trades to ensure no double counting or loss of total RA across hours resulting from load obligation trading. This is very similar to the checks the Commission performs today to ensure that a resource is not being over claimed in meeting RA needs.

RA obligation trading is a critical component for transactability under a 24-hour slice proposal with only minor increases in complexity. Effectively, the only change is that an LSE's load is no longer fixed on the California Energy Commission (CEC) forecast. Instead, it can be modified by trading load among LSEs for the purpose of meeting RA compliance obligations. It will require a mechanism to ensure the CAISO is aware of each LSE's new compliance obligation resulting from the trade. The CAISO currently receives LSEs' compliance obligations from the CEC through the Integrated Energy Policy Report (IEPR) forecast. Under a framework in which LSEs can trade obligations, the Commission would need to communicate the LSEs' new compliance obligations resulting from trades to the CAISO such that the CAISO can validate RA showings against the new obligations. This coordination is well worth the benefits a transactable RA product would provide. Because validation of showings under SCE's proposal will become more complicated than it is today, showings validation will likely need to become automated. Adding a validation of RA obligation trades would add minimal additional complexity beyond what is already contemplated under the 24-hour slice proposal.

Other parties' concerns around RA obligation trading are unfounded. While CLECA¹³ raised questions around the need for such a mechanism in its informal comments, LSEs most critically impacted by transactability and responsible for compliance have shown that RA obligation trading will allow for lower transaction costs and avoid duplicative procurement.¹⁴ The Public Advocates Office (Cal Advocates) questions whether LSEs would be able to engage in load trading without a change to Public Utilities (PU) Code 366. Cal Advocates states the PU Code, "allows CCAs to serve their customers and does not provide recourse for a CCA to shift customer load to another LSE."¹⁵ This represents a fundamental misunderstanding of the concept of load obligation trading. As stated above, the Joint Parties' proposal to trade obligations would not shift the responsibility of serving customer load, it would only shift the compliance obligation. CCAs or other LSEs who engage in obligation trading would still be responsible for customer load service. Trading of obligations would have no bearing on the energy provided to the customer. This concept is no different than a CCA trading a resource to another CCA, a common practice under today's RA program.

Some parties have suggested that load trading is not necessary as parties can simply perform swaps where party A provides a resource for a set of hours in exchange for Party B providing a different resource for another set of hours. First, it is not clear that the combination of trading whole resources will address the problems in each individual hour for each party if the parties cannot transact individual hours of the resource. Second, swaps come with additional risk in that the terms and conditions of the swap transaction may not match the terms and conditions of the LSE contract with the root resource. This has been recognized as a significant issue in the central procurement entity (CPE) portion of the RA proceeding and has led to the abandonment of a contract to self-

¹³ Working Group Report at 227.

¹⁴ See informal comments from the Collective CCAs at 183-186, and the Joint Parties at 196-205, in the Working Group Report.

¹⁵ Working Group Report at 292.

provide in favor of an attestation where the chain of counterparty risk is reduced to the risk of the original contract for the RA product. Simply put, swaps will not readily address the concerns of optimizing a portfolio to meet a 24-hour requirement and will require the use of other instruments.

b. Hourly Resource Trading

While in their informal comments, the Joint Parties do not take a position on hourly resource trading, CalCCA supports including hourly resource trading in addition to hourly RA obligation trading under the 24-hour slice proposal. This would allow LSEs to trade capacity hourly, rather than being required to hold onto capacity in all hours if it is not needed to meet its obligations. This would enable multiple LSEs to show a resource if their hours of need do not overlap by enabling one LSE long in some hours to trade a resource with another LSE short in the same hours, or to allow each LSE to seek RA capacity from suppliers that directly matches their individual compliance needs. This would allow for the more efficient use of the RA fleet and avoid costly overprocurement.

For example, assume LSE A has procured a 24-hour 50 MW resource, Resource 1, to meet its obligations in HE 1 through HE 19. LSE A does not need the resource in HE 20 through HE 24, so it does not procure it for all 24 hours. LSE B, on the other hand, needs 50 MW of capacity to meet its obligations in HE 20 through HE 24. Resource 1 could then sell its 50 MW of capacity to LSE B in HE 20 through HE 24. This allows both LSEs to meet their obligations with the same resource while not double-counting the resource in any hour.

Table 1: Example LSE A Showing

Resource Name	Shown NQC MW	HE1	...	HE19	HE20	HE21	HE 22	HE 23	HE24
Resource 1	50	50	50	50	0	0	0	0	0

Table 2: Example LSE B Showing

Resource Name	Shown NQC MW	HE1	...	HE19	HE20	HE21	HE 22	HE 23	HE24
Resource 1	50	0	0	0	50	50	50	50	50

Table 3: Example Resource 1 Supply Plan Showing

Resource Name	Shown NQC MW	HE1	...	HE19	HE20	HE21	HE 22	HE 23	HE24
Resource 1	50	50	50	50	50	50	50	50	50

Following the showing, the Commission or the CAISO could then validate the showings to ensure that no resource is shown for the same capacity in multiple hours. The 24 by 7 must offer obligation could be maintained such that resources shown in any hour would still have to offer its capacity 24 by 7 (and not just the hours they were shown in). This approach would ensure no capacity was double-counted and that the CAISO can continue to optimize the dispatch of all RA resources through its market as it does today.

B. The Commission Should Implement the 24-Hour Slice RA Framework no Earlier Than for RA Compliance Year 2025 to Ensure the Development of Key Details

SCE’s 24-hour slice proposal provides a high-level framework, but significant details must be developed before implementation to ensure a smooth transition with minimal disruptions to the RA market. The following milestones are necessary for implementation:

- Develop enhancements to transactability through hourly obligation and resource trading processes;

- Establish RA counting for wind and solar based on hourly expected energy profiles;¹⁶
- Establish RA counting for wind and solar based on hourly expected energy profiles;¹⁷
- Perform a new LOLE study with RA counting assumptions to determine the appropriate PRM; and
- Allow time for CAISO to conduct its own stakeholder process to align its RA rules with the 24-hour slice framework.

The Commission should not adopt the 24-hour slice framework without the enhancements to transactability discussed in Section A, nor should the Commission implement the 24-hour slice proposal with the intention to phase in transactability components at a later date. Doing so could cause significant market disruption and increased customer costs. Additionally, the PRM must be reevaluated to account for changes to resource counting as new resource counting rules will impact the level of PRM required to achieve a targeted level of reliability. The Commission must therefore perform a new LOLE study using wind and solar profiles used in the new RA counting rules. As such, CalCCA recommends the following implementation timeline that would provide one additional to ensure the framework is fully developed prior to implementation:

- **June 2022:** Commission Decision to move forward with the 24-hour slice proposal and direct parties to develop transactability enhancements to allow hourly RA obligation trading and hourly resource trading;
- **Summer 2022 – End of 2022:**
 - Energy Division conducts public workshops to develop transactability enhancements (i.e., hourly trading of RA obligations and hourly trading of

¹⁶ See Working Group Report at 9: SCE states “**Solar and wind** will count based on their hourly expected capacity profiles—**specific methodology** (e.g., exceedance, hourly ELCC, or other) **to be determined in subsequent forum.**”

¹⁷ See Working Group Report at 9: SCE states “**Solar and wind** will count based on their hourly expected capacity profiles—**specific methodology** (e.g., exceedance, hourly ELCC, or other) **to be determined in subsequent forum.**”

resources), establish RA counting for wind and solar, and refine procedures under new structure; and

- Following the establishment of RA counting rules, Energy Division conducts LOLE study to determine the PRM under slice-of-day framework;
- **January 2023 – March 2023:** Conduct public workshops to vet LOLE study and PRM results;
- **March 2023:** Party comment and reply comment on transactability enhancements, RA counting for wind and solar, LOLE study, and PRM results;
- **June 2023:** Commission Decision adopts transactability enhancements, RA counting for wind and solar, and PRM results;
- **Summer 2023 – Spring 2024:** LSEs test procedures in coordination with Energy Division and Energy Division assesses RA cost and pricing impacts;
- **End of October 2024:** LSEs submit year-ahead showings; and
- **January 1, 2025:** RA compliance year begins.

This timeline will allow Energy Division and parties time to ensure the 24-hour slice proposal is fully developed prior to implementation. It will also allow LSEs sufficient time to conduct orderly procurement under the new requirements and, in collaboration with Energy Division, test the new procedures to ensure a straightforward showing process. Taking additional time would also allow time for Energy Division to conduct an assessment of RA cost and pricing impacts of the new framework or make any necessary adjustments following its initial adoption of the slice-of-day framework.

C. The Commission Must not Adopt Proposals That Would Place Mandatory Hedging Requirements on RA Procurement

D.21-07-014 states, “We find it critical that a future framework include a component that links RA to a resource’s energy bidding behavior so as to increase the cost-effectiveness of RA.”¹⁸ The Commission cites a decline in IOU-held tolling contracts, tightening supply in the West, and

¹⁸ D.21-07-014 at 27.

lack of adequate market power mitigations measures in the CAISO market as justification for such a mechanism.¹⁹ While the Commission's concerns are around the cost-effectiveness of the RA program, introducing mandatory requirements on RA resources to hedge against exposure to energy costs would not result in the most cost-effective outcome for customers, nor would it make any significant improvements to reliability.

Hedging requirements on RA resources will not result in the most cost-effective outcome for customers and should not be adopted. LSEs already utilize physical and financial hedges to reduce exposure to energy price volatility. LSEs are in the best position to choose their hedging strategies that work best for their portfolio and adopting a uniform methodology for hedging against energy prices would be duplicative to what LSEs are already doing. Because LSEs already choose how to hedge their RA portfolios, if the best way to hedge was to have RA contract with a strike price, LSEs would already be using these mechanisms. This indicates proposals in this proceeding are not the best way to meet RA needs and hedging needs. Therefore, establishing uniform requirements would likely only result in less effective hedging. Hedging is not one-size-fits all and it is not free. LSEs are the only ones with the ability to evaluate for themselves the level of hedge and the mechanisms to accomplish those hedges needed to protect their customers from energy price spikes.

Instead of developing bidding requirements for RA resources, the Commission should focus on getting the slice-of-day framework right such that LSEs contract for sufficient capacity to meet energy needs all hours of the day. LSEs themselves can then make the best decisions for themselves around how to hedge against energy price spikes. The Commission should not adopt uniform bidding requirements on RA resources.

¹⁹ *Id.* at 26-27.

Finally, based upon current must offer rules for CAISO internal resources, it is not clear that a strike price is necessary to ensure reliability. For imports, the CPUC has already adopted rules to ensure that the energy from RA capacity is made available to the market. Internal resources, on the other hand, have a must offer obligation in the CAISO market. This is coupled with mechanisms for market power mitigation for local area resources. The fact that in order to export an internal resource, the resource would have to clear the CAISO market or become uninstructed imbalance energy makes it exceedingly unlikely that a capacity resource inside of the CAISO will not provide energy from their RA capacity in a manner similar to the concerns the Commission expressed with regard to import RA. This is particularly true when coupled with the strengthened withholding rules in place at the Federal Energy Regulatory Commission. Therefore, a mechanism that would require a strike price is directed at the price of energy and not the grid reliability that is the focus of the RA program.

D. The Commission and the CAISO Should Coordinate to Adopt the UCAP Methodology

In the Working Group Report, the CAISO proposes to use UCAP to account for forced outages in the NQC of thermal generators. A UCAP methodology offers several benefits. First, attributing unit specific performance metrics into resources' capacity values rather than including a forced outage percentage in the PRM allows LSEs to assess the reliability of resources when making contracting decisions. By placing the impacts of forced outages and thermal derates on the contracting LSE rather than spreading them across all LSEs, UCAP would prevent a cost shift onto those contracting with more reliable resources. Second, it allows the CAISO to eliminate its Resource Adequacy Availability Incentive Mechanism tool, which has proven to be ineffective at incenting forced outage substitution. Finally, UCAP provides the right incentives for generators to conduct planned maintenance to reduce the chance of forced outages occurring when the system

needs the resource. CalCCA generally supports the UCAP concept so long as forced outages are also removed from the PRM.

The CAISO's proposal in the Working Group report uses a Weighted Seasonal Average Availability Factor to calculate forced outages which would assess forced outage rates seasonally during the tightest RA supply conditions. Alternatively, the Commission, in its LOLE Study, used a different methodology to calculate forced outage rates, the Effective Forced Outage Rate of Demand (EFORD) calculation which assesses if units are available when they are "in demand" based on a stochastic simulation of system operations. The Commission and the CAISO should work together to ensure the calculations used to assess forced outage rates are consistent and that the CPUC processes, including setting the PRM and the qualifying capacity values, and the CAISO processes, including must offer obligations and substitution rules, are aligned to account for the UCAP framework. The Commission should also ensure the implementation of UCAP does not have unintended impacts to existing contracts.

III. CONCLUSION

For all the foregoing reasons, CalCCA respectfully requests consideration of the comments specified herein and looks forward to an ongoing dialogue with the Commission and stakeholders.

Respectfully submitted,



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ASSOCIATION

March 24, 2022