



**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 REPLY COMMENTS
ON THE LOCAL CAPACITY REQUIREMENT (LCR) FINAL WORKING GROUP
REPORT AND ENERGY DIVISION'S LOSS OF LOAD EXPECTATION STUDY**

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SUMMARY OF RECOMMENDATIONS

- With the exception of the modifications made in D.21-06-029, further ELCC modifications should not be adopted until the slice-of-day framework has been determined;
 - The Commission should demonstrate the total NQC of the resources available in the market will cover the megawatts of NQC required under the new PRM;
 - CalAdvocates incorrectly states LOLE studies are inappropriate for determining RA requirements and its PRM proposal should be rejected;
 - CalCCA agrees with parties that planned outage impacts should not be included in the PRM;
 - UCAP can appropriately estimate future resource performance and should be adopted; and
 - CalCCA supports PG&E's recommendation for the 2022-2023 TPP to include up to date LCR study criteria.
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I. INTRODUCTION

The California Community Choice Association (CalCCA)¹ submits these Reply 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. CalCCA’s Reply Comments respond to parties’ Opening Comments on both California Community Choice Association and Pacific Gas and Electric Company’s (U 39 E) Local Capacity Requirement (LCR) Final Working Group Report² (Final Report), and Energy Division Study for Proceeding

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, Valley Clean Energy, Sonoma Clean Power, and Valley Clean Energy.

² *California Community Choice Association and Pacific Gas and Electric Company’s (U 39 E) Local Capacity Requirement (LCR) Final Working Group Report*, Rulemaking (R.) 21-10-002 (Feb 28, 2022).

R.21-10-002, Loss of Load Expectation and Effective Load Carrying Capability Study Results for 2024³ (LOLE Study).

II. REPLY COMMENTS TO LOLE STUDY COMMENTS

A. **With the Exception of the Modifications Made in Decision (D.) 21-06-029, Further Effective Load Carrying Capacity (ELCC) Modifications Should not be Adopted Until the Slice-of-Day Framework has Been Determined**

Southern California Edison Company (SCE) suggests the ELCC and Planning Reserve Margin (PRM) results should not be adopted because they require further in-depth stakeholder review and they are not compatible with the slice-of-day framework the California Public Utilities Commission (Commission) seeks to implement by 2024.⁴ CalCCA agrees with SCE that the PRM and ELCC will need to be reevaluated pending the adoption of slice-of-day reform. For this reason, the Commission should maintain the existing ELCC methodology and ELCC values for 2023, with the exception of results driven by the modification made in D.21-06-029 that adopted biennial updates and regional wind values beginning in 2023.⁵

Because a slice-of-day proposal is expected to be adopted in the coming year that would necessitate either a move away from ELCCs entirely or a reevaluation of existing ELCCs, the Commission should aim to maintain stability in contracting for the upcoming year by maintaining consistent ELCC values to the extent possible. The only updates made to the ELCCs at this time should be those necessary to comply with D.21-06-029, which adopted biennial ELCC updates and regional wind values beginning in 2023. The LOLE study contemplated

³ *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).

⁴ *Southern California Edison Company's Opening Comments on Energy Division's Loss of Load Expectation Study and Workshop*, R.21-10-002 (Mar. 14, 2022), at 1-2.

⁵ *Decision Adopting Local Capacity Obligations for 2022-2024, Flexible Capacity Obligations for 2022, and Refinements to the Resource Adequacy Program*, R.19-11-009 (June 24, 2021) (D.21-06-029), Ordering Paragraphs 14 and 15.

many other modifications to ELCCs including adopting storage and hybrid ELCCs for Resource Adequacy (RA) counting, using a new methodology for allocating diversity benefits, and using different portfolios to represent the expected fleet for 2023 and 2024. Given the comments from numerous parties including CalCCA, both the storage and hybrid assumptions and the methodology for allocating diversity benefits require additional clarification, discussion, and consideration before they can be adopted. Because changes to the ELCC methodology and values would only be in place for potentially one year, the Commission should not make major changes to ELCCs that are not yet well understood by stakeholders and would only be in place for one year.

Before adopting a new PRM, the Commission should first ensure there are enough resources to satisfy the need such that load-serving entities (LSEs) can satisfy their requirements. To accomplish this, the Commission should demonstrate the total Net Qualifying Capacity (NQC) of the resources available in the market will cover the megawatts of NQC required under the new PRM. Available resources could include both existing resources and resources in the Integrated Resource Plan (IRP) that are expected to be built by the time the PRM is modified. This would provide valuable insight into how constrained the market is, or is expected to be, after the completion of new resource build. It is critical to ensure the new PRM establishes a target that is achievable by LSEs; otherwise, the Commission risks being unable to meet a targeted level of reliability with the available RA fleet while simultaneously increasing customer costs through the resulting market power and unavoidable penalties. Before adopting a new PRM, the Commission should ensure there are enough resources available above the requirement to meet the need and commit to re-evaluating the PRM following the outcome of the slice-of-day reform. If the existing resources and the expected resources from the IRP are insufficient to meet

the new PRM, then the Commission should institute a transition period that would delay implementing the PRM to provide additional time for planned resources to come online or to consider the need for new resource build in the IRP proceeding. Once sufficient resources have come online to support the updated PRM, the Commission should implement the new PRM. This would ensure that the available RA fleet is capable of meeting the targeted level of reliability used to set the PRM and ensure LSEs are capable of meeting their compliance obligations.

B. CalAdvocates Incorrectly States LOLE Studies are Inappropriate for Determining RA Requirements and its PRM Proposal Should be Rejected

The Public Advocates Office (CalAdvocates) suggests an LOLE study is not appropriate for calculating RA obligations because it would lead to a sense of false precision resulting from the need to make assumptions around resource planning and the nature of system reliability needs.⁶ Instead, CalAdvocates proposes the Commission use a 1-in-5 load forecast and a 13 percent PRM to account for reserves and forced outages.⁷ CalCCA disagrees with the assertion that LOLE studies are not appropriate for setting a PRM. LOLE studies are critical to inform the amount of resources that need to be procured as RA in order to meet a targeted level of reliability. Foregoing such a study in favor of major modifications proposed by CalAdvocates that have not been properly vetted in this proceeding is not appropriate. While CalAdvocates cautions against LOLE studies due the number of assumptions made, the Commission should take the time through a robust stakeholder process to ensure the assumptions are reasonable rather than abandon a well-established industry practice for establishing a PRM.

⁶ *Comments of the Public Advocates Office on the Energy Division Loss of Load Expectation and Effective Load Carrying Capability Study Results for 2024 and the California Energy Commission Qualifying Capacity of Supply-Side Demand Response Working Group Interim Report, R.21-10-002 (Mar. 14, 2022) (CalAdvocates Comments), at 9-11.*

⁷ CalAdvocates Comments at 11-14.

C. CalCCA Agrees with Parties that Planned Outage Impacts Should not be Included in the PRM

In questions to the LOLE study, Energy Division asked how planned outages should be treated in calculating a PRM. Many parties including CalCCA commented that planned outages on RA resources necessitate substitution to ensure the RA capacity is covered.⁸ Parties also indicated planned outages are typically taken in off-peak months when load is low and the capacity is unlikely to be needed.⁹ San Diego Gas and Electric Company (SDG&E) suggests, “Planned outages should be included in the LOLE study, causing the respective resource to be unavailable during the planned outage as partial or full outage according to the plans.”¹⁰ First, it is not clear how the resource planned outage plans could be determined up front to incorporate into the LOLE study – planned outage assumptions would need to be made. Second, planned outages are optimized such that they are taken when loads are low and the system is not constrained, the California Independent System Operator Corporation (CAISO) approval process ensures that resources are not on planned outage when the CAISO expects they are needed, or they are substituted for such that another resource is available to cover the RA resource taking maintenance. Therefore, CalCCA supports the study’s approach of removing planned outages from the PRM determination.

D. UCAP can Appropriately Estimate Future Resource Performance and Should be Adopted

Calpine indicated that it generally does not support adjusting qualifying capacities to reflect forced outages due to concerns around the accuracy of using historical forced outage

⁸ CalCCA Comments at 9.

⁹ *Comments of Pacific Gas and Electric Company (U 39 E) on Energy Division’s Loss of Load Expectation Analysis*, R.21-10-002 (Mar. 14, 2022), at 5.

¹⁰ *San Diego Gas & Electric Company (U 902 E) Comments on Energy Division LOLE Study*, R.21-10-002 (Mar. 14, 2022), at 3.

performance to reflect future performance.¹¹ CalCCA disagrees with Calpine’s concern that past performance is not a good predictor of future performance and notes that most other resources are valued based on past performance in some manner. If parties are concerned that a Unforced Capacity (UCAP) methodology would not reflect in forced outage rates any major maintenance that occurs to improve the reliability of a resource, the Commission and the CAISO could adopt a methodology that weights recent years more heavily as proposed by the CAISO in its UCAP proposal.¹² While CalCCA supports UCAP in concept, the Commission must ensure it appropriately updates the PRM in tandem by removing forced outages from the PRM. The Commission must also ensure that if it adopts a UCAP framework, it aligns its approach with the CAISO, such that the Commission and CAISO use the same methodology for calculating forced outages and the CAISO updates its RA rules to account for the new UCAP methodology (e.g., removing the Resource Adequacy Availability Incentive Mechanism (RAAIM) and establishing must offer obligation rules to account for UCAP).

III. REPLY COMMENTS TO LCR WORKING GROUP COMMENTS

A. CalCCA Supports PG&E’s Recommendation for the 2022-2023 Transmission Planning Process (TPP) to Include up to Date LCR Study Criteria

In comments to the LCR Working Group Report, Pacific Gas and Electric Company (PG&E) indicated that it would be requesting that the CAISO conduct LCR reduction studies using the new local reliability criteria within the 2022-2023 TPP.¹³ CalCCA supports this

¹¹ *Comments of Calpine Corporation on Administrative Law Judge’s Ruling on Loss OF Load Expectation Study and Supply-Side Demand Response Report*, R.21-10-002 (Mar. 14, 2022), at 8.

¹² *See* Future of Resource Adequacy Working Group Report (R.21-10-002), at 56: “To ensure the UCAP provides more up-to-date performance information, the CPUC could place greater weight on the most recent year’s performance and less weight on prior periods in determining a resource’s UCAP values.”

¹³ *Opening Comments of Pacific Gas and Electric Company (U 39 E) on the Local Capacity Requirement Working Group Report*, R.21-10-002 (Mar. 14, 2022), at 3.

recommendation as it will better inform CPEs and LSEs of near term and long term LCR needs. It will also allow for a better evaluation of transmission upgrades need to relive local area constraints by aligning the near term and long term LCR studies with the criteria driving the local capacity requirements.

IV. CONCLUSION

For all the foregoing reasons, CalCCA respectfully requests consideration of these Reply Comments.

Respectfully submitted,



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March 22, 2022