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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'S COMMENTS ON THE WORKSHOP REPORT ON FINAL PROPOSALS FROM REFORM TRACK PHASE 2 WORKSTREAMS 1 – 3 SUBMITTED BY PACIFIC GAS AND ELECTRIC COMPANY (U 39 E)

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- The Commission should adopt a system and flexible Resource Adequacy (RA) waiver process pending the results of the resource sufficiency test;
- If the hourly transactability needs assessment indicates a need, the Commission must immediately commence a process for developing hourly transactability for the 2025 RA year;
- Cost Allocation Mechanism (CAM) resources should be allocated on a resource level rather than by slice and should require excess energy to charge storage only in the event CAM resources can be easily estimated or known well in advance;
- Energy-only resources should count towards the charging sufficiency requirement for onsite storage;
- The Commission should consider the impacts of the Inflation Reduction Act when considering the need for different hybrid resource counting methodologies; and,
- The Commission should pursue a full unforced capacity (UCAP) rather than UCAP-light.

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The California Community Choice Association[1] (CalCCA) submits these Comments pursuant to the *Assigned Commissioner's Amended Scoping Memo and Ruling,* filed on September 2, 2022.

I. INTRODUCTION

CalCCA appreciates the opportunity to comment on the W*orkshop Report on Final Proposals from Reform Track Phase 2 Workstreams 1-3 Submitted by Pacific Gas and Electric Company (U 39 E)* (Workshop Report), dated November 15, 2022. The Workshop Report reflects the robust stakeholder discussion that took place over 11 workshops to further develop the 24-hour slice framework adopted in Decision (D.) 22-06-050. In D.22-06-050, the California Public

[1] California Community Choice Association represents the interests of 24 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, Energy For Palmdale's Independent Choice, 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.

Utilities Commission (Commission) established three workstreams to further develop elements of the 24-hour slice framework:

- **Workstream 1:** Develop 24-hour framework compliance tools;
- **Workstream 2:** Determine the Planning Reserve Margin (PRM) and counting rules; and,
- **Workstream 3:** California Independent System Operator (CAISO) and Commission Validation and Compliance.

The current RA landscape necessitates careful examination of the ability for Load Serving Entities (LSEs) to (1) meet their hourly requirements, and (2) do so in a cost-effective manner. Section II describes analysis CalCCA performed on the September 2023 Resource Adequacy (RA) outlook which shows a negative (or very small) RA surplus relative to the estimated system requirement. As the requirement setting and resource counting methodologies change under slice-of-day, so will this surplus or shortfall. The size of the RA surplus does not necessarily indicate a flaw in the requirement setting or resource counting methodologies. However, it does inform the need to mitigate against the exercise of capacity market power while the Integrated Resource Planning (IRP) program is in the process of getting new resources built. It will also help to inform whether or not the inability to transact hourly will hinder LSEs' ability to meet their new hourly requirements. As the Commission tests the functionality of the slice-of-day framework in the test year, it must include assessments of RA resource sufficiency and the need to introduce hourly transactability into the slice-of-day framework.[2]

In summary, CalCCA makes the following recommendations to the proposals described in the Workshop Report:

- The Commission should test resource sufficiency and hourly transactability needs during the test year;

[2] Hourly transactability includes the consideration of hourly resource or load obligation trading.

- The Commission should adopt a system and flexible RA waiver process pending the results of the resource sufficiency test;
- If the hourly transactability needs assessment indicates a need, the Commission must immediately commence a process for developing hourly transactability for the 2025 RA year;
- Cost Allocation Mechanism (CAM) resources should be allocated on a resource level rather than by slice and should require excess energy to charge storage only in the event CAM resources can be easily estimated or known well in advance;
- Energy-only resources should count towards the charging sufficiency requirement for onsite storage;
- The Commission should consider the impacts of the Inflation Reduction Act (IRA) when considering the need for different hybrid resource counting methodologies; and,
- The Commission should pursue a full Unforced Capacity (UCAP) counting methodology rather than UCAP-light.

II. THE COMMISSION SHOULD TEST RESOURCE SUFFICIENCY AND HOURLY TRANSACTABILITY NEEDS DURING THE TEST YEAR

D.22-06-050 established a test year to take place before the first slice-of-day compliance year given the complexities of implementing a new RA framework.[3] The test year would allow additional time for implementation and for potential adjustments identified during the workstreams or test year itself. The current RA market has a negative (or very small) RA surplus relative to the estimated system requirement. This necessitates careful examination of the ability for LSEs to meet their hourly requirements under the new framework and do so in a cost-effective manner. The Commission must establish processes during the test year that (1) test the ability for the RA fleet to meet system RA requirements in aggregate, and (2) test the ability for LSEs to meet their own individual obligations assuming the inability to transact resources or load on an hourly basis. During the test year if the Commission finds an inability for the RA fleet to meet system RA requirements, the Commission must adopt a system and flexible RA waiver process. If the

[3] D.22-06-050 at 76.

Commission finds an inability for LSEs to meet their own individual obligations, the Commission must immediately commence a process for developing hourly transactability for the 2025 RA year.

A. Resource Sufficiency Test

It has not yet been tested to date whether enough expected RA-eligible resources will be online to cover the new hourly requirements using the new counting rules established for the slice-of-day framework. Placing penalties on LSEs who cannot meet their requirements after good-faith efforts to procure would be unproductive for reliability and harmful for customer affordability if the aggregate RA requirements cannot be met with the total available RA-eligible resources. During the test year, the Commission should assess whether the aggregate of system-wide RA-eligible resources and RA imports, as measured using the new slice-of-day counting rules, can meet total system RA requirements under the new hourly slice framework. The Commission should implement a waiver process for system RA if this assessment determines RA-eligible resources cannot meet the requirements with a reasonable margin.

1. Current RA Conditions Necessitate a Commission Assessment to Determine Whether RA-Eligible Resources Can Meet System RA Requirements Under the New Framework

Scarcity in the RA market has intensified in recent years as climate change continues to increase demand and reduce available supply. To alleviate this scarcity, LSEs and suppliers are working to bring new capacity online in response to procurement directives from the IRP proceeding, the proceeding designed to get new resources built. This will take time, as LSEs and suppliers must overcome several barriers, including supply chain interruptions, COVID-19 impacts, and permitting and interconnection delays. Consequently, all entities with RA procurement requirements – including LSEs and central procurement entities (CPEs) – faced challenges in procuring needed resources to meet their 2023 RA obligations and procuring them at reasonable prices. To estimate the 2023 RA capacity surplus or shortfall, CalCCA conducted a

simple stack analysis of 2023 load and resources largely mirroring how the Commission currently assesses RA requirements. This analysis reveals the severity of the RA market scarcity problem, with a projected market wide Net Qualifying Capacity (NQC) shortfall of 634 megawatts (MW). CalCCA's analysis uses the following assumptions:

- 2023 Peak Load Forecast calculated using assumed peak load growth of 0.9 percent from 2021 IEPR
- Non-DR resources from Final 2023 CAISO NQC List
- DR resources from 2020 RA Report
- Historical Average RA Import Levels[4]

Comparison of Loads and Resources – All Values Except Percentages are Sept. NQC MW		
Data Type	**Data Point**	**Estimate**
Load	2023 PRM	16%
Load	2023 Peak Load Forecast	46,839
Load	2023 System RA obligation	54,333
Resource	Non-DR CAISO resources	46,237
Resource	DR resources	1,472
Resource	RA Imports	5,990
Resource	Total September Resource Stack	53,699
Resource minus Load	**Surplus or (Shortfall)**	**-634**

CalCCA used conservative assumptions about new build between the issuance of the Final 2023 NQC CAISO List and the September RA month, assuming no new capacity would come online between the issuance of the final NQC list and the September 2023 RA month. It is reasonable to be conservative in new build assumptions given the barriers impacting LSEs' and suppliers' ability to get resources online expeditiously, including permitting and interconnection delays. However, even if CalCCA had used the same assumptions PG&E used in its response to CalCCA's analysis in its Petition for Modification of D.22-03-034 (1,695 MW of new build

[4] The CAISO used these assumptions in its 2022 Summer Assessment at 17: http://www.caiso.com/Documents/2022-Summer-Loads-and-Resources-Assessment.pdf.

associated with Mid-term Reliability (MTR) procurement orders by September 2023),[5] the RA surplus would only be 1,061 MW, or roughly 1.95 percent of the overall requirement. Given the lack of information publicly available about the ownership concentration of RA resources, a pivotal supplier test is difficult for a market participant to conduct and leaves concern that a 1.95 percent RA surplus does not indicate that California has a competitive RA market. This then leaves LSEs at risk of not meeting their requirements or paying exorbitant prices to do so.

2. The Commission Should Conduct a Resource Sufficiency Test Using the Following Steps

The Commission should conduct a similar analysis to the one conducted by CalCCA in section II.A.1, with the following updates to align it with the new framework and the test year:

- Apply the new counting rules to all 2024 RA-eligible non- Demand Response (DR) and DR resources expected to be online by September 2024; and
- Apply a 17 percent PRM to the 2024 September peak load in the California Energy Commission (CEC) Integrated Energy Policy Report (IEPR) load forecast.

With these updates, the Commission can take the following steps to determine expected hourly RA supply surplus or shortfall expected for RA year 2024 had the Commission been operating under a 24-hour framework:

	Data Type	**Data Point**	**Estimate**
1.	Load	2024 PRM	17%
2.	Load	2024 Hourly September Peak Load Forecast	2024 Hourly September Peak Load Forecast from CEC
3.	Load	2024 Hourly September System RA Obligation	1.17 * Row 2
4.	Resource	Non-DR CAISO resources hourly NQC	2024 Master Resource Database
5.	Resource	DR resources	2024 LIP and third-party DR values

[5] *Response of Pacific Gas and Electric Company (U 39 E) to California Community Choice Association's Petition for Modification of Decision 22-03-034* (R.21-10-002), Oct. 11, 2022 at 10-11: https://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M497/K621/497621743.PDF.

	Data Type	Data Point	Estimate
6.	Resource	RA Imports	CAISO Historical Average
7.	Resource	Total September Resource Stack	Sum of Rows 4-7 for each hour
8.	**Resource minus Load**	**Surplus or (Shortfall)**	Row 7 minus Row 3 for each hour

After determining the RA surplus or shortfall, the Commission should then evaluate, or work in consultation with the CAISO Department of Market Monitoring to evaluate, whether the amount of capacity and ownership thereof is sufficient to ensure market competition for RA capacity.

3. The Commission Should Adopt a System and Flexible RA Waiver Process Pending the Results of the Resource Sufficiency Test

If, after taking the steps outlined above, the Commission finds that the expected 2024 RA resources does not meet the forecasted 2024 load and PRM in each hour with a sufficient margin, the Commission must take steps to limit LSEs' exposure to capacity market power and avoid increasing customer costs through penalties that would not result in any reliability increase. This should be done by adopting a penalty waiver process for annual and monthly system and flexible RA obligations, similar to the process already in place for LSEs with a local RA obligation.

The Commission adopted the local RA penalty waiver process in D.06-06-064. D.06-06-064 found that because much of the generation available within a local area would be necessary to maintain local area reliability needs, "… a waiver process is necessary as a market power mitigation measure, and should therefore be adopted as a component of the Local RAR program."[6] The waiver process adopted in D.06-06-064 requires documentation to demonstrate that the LSE requesting a waiver took reasonable efforts to procure and despite these efforts, received no bids or only received bids above a certain price threshold. The Commission would

[6] D.06-06-064, *Opinion on Local Resource Adequacy Requirements,* R.05-12-013 (June 29, 2006), at 71: https://docs.cpuc.ca.gov/PublishedDocs/WORD_PDF/FINAL_DECISION/57644.PDF.

then have the discretion to approve or deny waiver requests.[7] This same process should apply for LSEs applying for system or flexible RA waivers.

While the Commission has declined to adopt a waiver process for system and flexible RA in the past,[8] the current circumstances necessitate a reevaluation of the need for such a process. CalCCA has demonstrated the lack of sufficient RA supply margin for 2023 in Section II.A.1. above. Should these circumstances continue into 2024 and beyond, the Commission must have a waiver process in place to mitigate against the exercise of market power by suppliers and avoid penalizing LSEs for deficiencies that they could not resolve with the amount RA resources on the system. Exposing LSEs to capacity market power or penalizing them for requirements they had no way of meeting only increases customer costs without any marginal benefit to reliability. For these reasons, the Commission should adopt a system and flexible waiver process if the resource sufficiency test indicates there is an insufficient RA supply margin to support a competitive RA market.

B. Hourly Transactability Needs Assessment

In comments to the last round of RA Reform Track workshops, CalCCA supported proposals that would allow LSEs to trade their resources or RA obligations on an hourly basis.[9] These proposals would allow LSEs to shape their procurement on an hourly basis to match their hourly RA obligations, leading to more efficiently and reduce over-procurement. While D.22-06-050 declined to consider hourly resource or load obligation trading for the 24-hour framework for initial implementation, the Commission stated that it may consider such proposals "if

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7 *Id.* at 72-74.

8 D.20-06-031 at 64-65.

9 *California Community Choice Association's Comments on Administrative Law Judge's Ruling Seeking Comments on the Future of Resource Adequacy Working Group Report,* R.21-10-002 (Mar. 24, 2022): https://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M462/K250/462250112.PDF.

transactability and inefficiency concerns arise once the new 24-hour framework is implemented…."[10] To identify such transactability and inefficiency concerns, the Commission should adopt the recommendation by East Bay Community Energy to assess whether or not LSEs can meet their own individual requirements under the new framework given the level of transactability contemplated in D.22-06-050.[11] If they cannot, the Commission must establish an immediate process for developing hourly transactability for resources and load obligations.

1. The Commission Should Conduct an Hourly Transactability Needs Assessment Using the Following Steps

The Commission should take the following steps to assess the need for hourly transactability:

1. LSEs make non-binding test year showings with how they would show their 2024 portfolio if 2024 RA compliance had been assessed using the 24-hour slice framework;

2. Evaluate individual LSEs' non-binding test year showings compared to their hourly requirements to determine in which slices LSEs have short and long positions – LSEs will likely have short and long positions in varying slices of the day given differences in resource portfolios and load shapes; and

3. Aggregate LSE non-binding test year showings and their hourly requirements to determine if there are sufficient resources shown by all LSEs to satisfy the total RA obligation.

If there are sufficient resources shown by all LSEs to satisfy the total RA obligation (step 3) but individual LSE showings indicate open positions (step 2), then there is a need to consider hourly load obligation or resource trading.

[10] D.22-06-050 at 97 and 114.
[11] Workshop Report at 134-137.

2. If the Hourly Transactability Needs Assessment Indicates a Need, The Commission Must Immediately Commence a Process for Developing Hourly Transactability for the 2025 RA Year

The Workshop Report outlines the alternatives to hourly transactability, including swaps and reliance on energy storage to fill open positions, and their shortcomings.[12] These alternatives will likely not allow LSEs to transact in a manner that allows them to shape their procurement to their obligations and, in turn, minimize procurement costs ultimately borne by their customers. LSEs can currently swap bundled RA capacity to close long or short positions, but these transactions would affect all 24 slices of a single month. Swapping all 24 hours to close one open position within a month could create another open position in other hours. Additionally, while LSEs can use energy storage to right-size their portfolios to their individual RA obligations, there may not be sufficient available energy storage resources to meet LSE demand and may require procurement of other non-storage resources to fulfill the energy storage charging requirement. Either way, swaps and reliance on energy storage will not result in the efficiency benefits hourly trading provides and will not always be a feasible option for closing short positions. Therefore, if the hourly transactability needs assessment outlined in II.B.2. identifies that the ability to transact hourly would allow LSEs to fill open positions by transacting with other LSEs with excess, then the Commission should immediately commence a process within this proceeding to develop hourly load obligation and/or resource trading for the 2025 compliance year.

[12] Workshop Report at 137.

III. CAM RESOURCES SHOULD BE ALLOCATED ON A RESOURCE LEVEL RATHER THAN BY SLICE AND SHOULD REQUIRE EXCESS ENERGY TO CHARGE STORAGE ONLY IF CAM RESOURCE ALLOCATIONS CAN BE EASILY ESTIMATED OR KNOWN WELL IN ADVANCE

The Workshop Report contemplates how to allocate CAM resources to LSEs – either by slice or at a resource level.[13] Allocating CAM resources by slice would lock in CAM MW by hour, while allocating CAM resources at a resource level would allow LSEs the flexibility to choose which hours to show them. The Commission should allocate CAM resources at the resource level rather than by slice. This should be done such that LSEs have the flexibility to show their portion of CAM resources in any hour(s) so long as the showing does not violate the resources' capabilities per the master resource database. While more administratively complex to administer, the Commission can assure the aggregate of LSEs would never show more than the full capacity of the resource by continuing to allocate all LSEs their pro-rata shares of CAM resources. LSE showings can then be validated against the master resource database to ensure the LSE has shown the resource consistent with its capabilities. So long as LSEs show their portions of the CAM resource consistent with the resource's hours of availability and daily energy limits, the resource will be able to be dispatched by the CAISO market and operate consistent with the showings in aggregate.

The Commission must allocate CAM resources at the resource level rather than by slice under a framework where each LSE must meet hourly requirements based on its own load shapes. All LSEs have unique resource portfolios and load shapes, leaving them with different open positions that could be filled with CAM resources. The way the Commission chooses to allocate the slices of CAM resources for which they would be shown could unnecessarily advantage some LSEs while disadvantaging others depending on whether or not the way the

[13] Workshop Repot at 22.

Commission assigns the slice aligns with the LSEs open positions. Given there is no reliability or operational reason to fix the slices CAM resources are shown in, the Commission should allocate CAM resources to LSEs by their pro-rata shares of the resources in MW, rather than by slice.

The Workshop Report also indicates that Energy Division proposes to allocate energy storage charging sufficiency requirements to community choice aggregators (CCAs) and electric service providers (ESPs). CalCCA is not opposed to CCAs and ESPs showing excess generation to charge CAM storage, consistent with the requirements for non-CAM storage. However, this requirement must only apply if the Commission can ensure storage CAM amounts are known by LSEs well in advance of their RA showings. Traditional CAM can be estimated in advance by LSEs through the CPUC's annual CAM list which typically shows expected CAM resources for the coming three years.[14] The same cannot be said for CPE CAM. While the multi-year local structure should have afforded CPEs the ability to complete their procurement one year in advance of LSE system and flexible RA showings, for RA year 2023, CPE procurement was not complete until the end of August 2022. Should this timeline continue, it is not reasonable to assume LSEs have enough time procure excess capacity to charge storage resources allocated to them via CPE procurement. Therefore, the Commission must assure the CPE showing timeline will not repeat the same timeline for 2023, and instead provide one year following CPE procurement to conduct their own procurement, as originally intended, should the charging sufficiency requirements be placed on CCAs and ESPs for CAM allocated storage. If CPE procurement is not completed one year in advance, the Commission should waive the storage charging requirements associated with CPE CAM storage resources.

[14] The most recent example of this report is available at https://www.cpuc.ca.gov/-/media/cpuc-website/divisions/energy-division/documents/resource-adequacy-homepage/resource-adequacy-compliance-materials/2023-inital-ya-cam-list-public.xlsx.

IV. ENERGY ONLY RESOURCES SHOULD COUNT TOWARDS THE CHARGING SUFFICIENCY REQUIREMENT FOR ONSITE STORAGE

The Workshop Report indicates that parties did not come to consensus on whether the Commission should require full capacity deliverability status (FCDS) on the generating component of a co-located resource in order to count its capacity for the storage charging requirement associated with the storage component of the resource.[15] CalCCA supports allowing resources that are not fully deliverable to count for the storage charging requirement only if it is being used to charge storage that is onsite (and, therefore, does not need to use the transmission system in order to charge the storage). This should apply for co-located resources both with and without grid charging restrictions, as either way, the resource can be charged by the onsite generating component without use of the transmission system. The CAISO assigns deliverability status to resources to indicate that under peak load conditions, the resource can deliver to the aggregate of load using the CAISO transmission system. Because onsite generation will not rely on the CAISO transmission system to charge the storage component, FCDS is not required to allow the onsite generation to count towards an LSEs storage charging requirement associated with the onsite storage.

1. While CESA's Charging Sufficiency Proposal Should Not Be Adopted as It Relies on Energy Only Resources to Charge Storage That is Not Onsite, It Highlights the Potential Need for Hourly Transactability

CESA proposed to minimize the likelihood of LSEs failing their storage charging sufficiency requirements due to a lack of hourly transactability even though the system might be sufficient on a collective basis.[16] CESA's concern is valid: without hourly transactability LSEs may be limited in their ability to meet the requirement to have excess capacity in their RA

[15] Workshop Report at 78.
[16] *Id.* at 87.

portfolios to charge shown storage. However, CESA's proposed solution attempts to circumvent the core issue, a lack of hourly transactability, with a flawed proposal.

CESA's proposal would estimate the energy output of all standalone energy-only (EO) variable energy resources (VERs) using the same exceedance methodology applicable to RA-eligible VERs with FCDS. If the total energy output from all standalone EO VERs is expected to cover the charging needs of all standalone storage shown for RA, then there would be no individual LSE storage charging sufficiency test. If not, the Commission would test LSEs individually to see if they have enough excess deliverable resources to charge their shown storage.

This proposal introduces a leaning concern, as without a check at the individual LSE level, LSEs could lean on the system for their portion of excess generation needed to charge their storage. Additionally, this proposal relies on energy-only resources to charge resources that are not onsite. Charging storage with generation not onsite requires use of the transmission system, and therefore assurance that the generation can be delivered to the storage facility is necessary. The Commission should only assume EO generation can charge storage if it is onsite. The Commission should address the root of the problem by allowing hourly transactability, rather than adopting a flawed proposal that attempts to circumvent the transactability limitations of the 24-hour slice framework as defined in D.22-06-050.

V. THE COMMISSION SHOULD CONSIDER THE IMPACTS OF THE IRA WHEN CONSIDERING THE NEED FOR DIFFERENT HYBRID RESOURCE COUNTING METHODOLOGIES

PG&E proposes to largely maintain the existing hybrid resource counting methodology with slight changes to align with the slice-of-day framework.[17] For resources with grid charging

[17] *Id.* at 80.

restrictions, the Commission would use the renewable component's exceedance profile to determine the resource's charging capacity. Any excess renewables after charging the battery component would also use the new counting rules (i.e., exceedance). For resources without grid charging restrictions, the counting methodology for the standalone technology would apply to each component.

Separate methodologies for resources with and without grid charging restrictions is reasonable when a significant amount of each exists in the market. The passage of the IRA could significantly reduce the amount of new co-located resources with restrictions on grid charging, however. If it turns out that only a small subset of co-located resources has grid charging restrictions, the Commission should consolidate counting methodologies to improve simplicity of the contracting and showing of co-located resources and allow paired resources to count using their standalone counting rules rather than having separate rules for resources with and without charging restrictions.

VI. THE COMMISSION SHOULD PURSUE A FULL UCAP RATHER THAN UCAP-LIGHT

In the first phase of RA reform workshops, the CAISO proposed a UCAP resource counting methodology for thermal resources, in which resources' capacity values would be derated by their forced outage rate. A UCAP counting methodology would result in removing the forced outage component of the PRM because forced outages would already be accounted for in resources' individual capacity values. D.22-06-050 declined to adopt a full UCAP methodology given "the breadth of outstanding issues to develop prior to initial implementation of the 24-hour framework…."[18] Instead, the Decision directed workshop participants to consider a "UCAP-light" which would account for only ambient derates in thermal resources' capacity values, rather

[18] D.22-06-050 at 99.

than all types of forced outages. The Workshop Report asks parties if it is worth continuing to pursue UCAP-light or if parties should instead focus their efforts on a more comprehensive UCAP methodology. CalCCA supports the latter.

The Commission should direct parties to develop a UCAP methodology that considers all forced outage types, not just ambient derates. UCAP-light will not realize the benefits a full UCAP methodology provides. First, under a full UCAP methodology, the CAISO could eliminate its ineffective and complicated Resource Adequacy Availability Incentive Mechanism (RAAIM). The CAISO has demonstrated that RAAIM does not result in sufficient substitution to cover resource unavailability.[19] RAAIM also creates a large incentive to hold back RA capacity from RA showings, resulting in resources under contract but without a must-offer obligation and exacerbating RA market scarcity. Further, UCAP-light does not provide incentives for generators to maintain resources because most forced outage impacts would still need to remain within the PRM, and thus socialized to LSEs. Under a full UCAP, resources would be incentivized to maintain their plants such that they are available when needed in order to maintain a high capacity value. LSEs would be incentivized to contract with the most reliable resources. The Commission should not adopt UCAP-light and instead commit to developing a full UCAP later in the proceeding.

VII. CONCLUSION

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

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[19] *California ISO Resource Adequacy Enhancements Fifth Revised Straw Proposal* at 98-100: http://www.caiso.com/InitiativeDocuments/FifthRevisedStrawProposal-ResourceAdequacyEnhancements.pdf.

Respectfully submitted,

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