

**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 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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SUMMARY OF RECOMMENDATIONS

- The California Public Utilities Commission (Commission) must develop a process to evaluate the need for hourly transactability during the test year;
 - The Commission should make Cost Allocation Mechanism (CAM) allocations at a resource level, rather than a slice level;
 - Load-serving entities (LSEs) should be able to show battery storage for multiple cycles per day provided they also show sufficient excess capacity to charge in between cycles;
 - Energy-only resources should count towards energy storage charging sufficiency requirements for on-site storage; and
 - The Commission and the California Independent System Operator Corporation (CAISO) compliance processes should be developed in a manner that minimizes the need for LSEs to meet two different compliance frameworks.
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I. INTRODUCTION

The California Community Choice Association¹ (CalCCA) submits these Reply Comments pursuant to the *Assigned Commissioner’s Amended Scoping Memo and Ruling*, filed on September 2, 2022. In these Reply Comments, CalCCA responds to parties’ December 1, 2022 Opening Comments on the Final Workshop Report on the Resource Adequacy (RA) Reform Track (the “Workshop Report”).²

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.

² All references herein to party Opening Comments are to the December 1, 2022 Comments filed in this Rulemaking (R.) 21-10-002.

II. THE CALIFORNIA PUBLIC UTILITIES COMMISSION (COMMISSION) MUST DEVELOP A PROCESS TO EVALUATE THE NEED FOR HOURLY TRANSACTABILITY DURING THE TEST YEAR

Decision (D.) 22-06-050 declined to consider hourly resource or load obligation trading but indicated that, "...if transactability and inefficiency concerns arise once the new 24-hour framework is implemented, the Commission may consider proposals to include hourly obligation trading."³ The Workshop Report includes proposals that would assess whether the transactability and inefficiency concerns cited in the decision remain so that if they do, the Commission can initiate a process to develop hourly transactability as soon as possible.

Alliance for Retail Energy Markets (AReM) suggests the Commission "disregard" these proposals given they were "previously considered and rejected by the Commission."⁴ AReM's comments fundamentally misrepresent the Commission's direction related to hourly transactability in D.20-06-050. The Commission did not outright reject the ability to transact hourly. Instead, it declined to adopt hourly transactability at the time of the decision because a need had not yet been demonstrated. The proposals in the Workshop Report do not suggest the Commission adopt hourly transactability at this juncture. Instead, the proposals establish a process for demonstrating the need for hourly transactability. Only after a need is demonstrated, would the Commission need to adopt hourly transactability as a feature of the 24-hour slice framework. The Commission should reject AReM's comments on transactability as they misrepresent Commission direction and workshop proposals.

Western Power Trading Forum (WPTF) recognizes the merit of assessing whether hourly transactability is a necessary feature of the 24-hour slice framework but opposes the Commission

³ D.22-06-050, *Decision Adopting Local Capacity Obligations for 2023-2025, Flexible Capacity Obligations for 2023 and Reform Track Framework*, R.21-10-002 (June 23, 2022), at 97: <https://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M488/K540/488540633.PDF>.

⁴ AReM Opening Comments at 7.

performing this assessment during the test year.⁵ The Commission should conduct this assessment during the test year so that the Commission can identify whether hourly transactability is necessary *before* load-serving entities (LSEs) have to submit their first binding compliance filings and face penalties if those filings are insufficient. Particularly if the cause of the insufficiency is the inability to transact on a time horizon consistent with the defined need (*i.e.*, hourly). While WPTF suggests that the Commission could take into account transactability issues before assessing penalties, there is currently no waiver process in place for system or flexible RA. If the Commission fails to test the need for hourly transactability or if the Commission identifies a need for hourly transactability but does not implement it in time for the first compliance year, the Commission must adopt a system and flexible RA waiver process as CalCCA outlined in its Opening Comments.⁶

III. THE COMMISSION SHOULD MAKE CAM ALLOCATIONS AT A RESOURCE LEVEL, RATHER THAN A SLICE LEVEL

The Workshop Report asks parties to comment on whether Cost Allocation Mechanism (CAM) resources should be allocated by resource or by slice.⁷ CalCCA, AReM, and Pacific Gas and Electric Company (PG&E) support allocating CAM resources by resource rather than by slice so that LSEs have the flexibility to decide in which slices they show use-limited CAM resources that can be shown in only a subset of hours.⁸ The Public Advocates Office at the California Public Utilities Commission (Cal Advocates), on the other hand, recommend that the Commission allocate by slice rather than by resource at least on an interim basis given that the

⁵ WPTF Opening Comments at 7.

⁶ CalCCA Opening Comments at 7-8.

⁷ Workshop Report at 22.

⁸ CalCCA Opening Comments at 11-12, AReM Opening Comments at 3, and PG&E Opening Comments at 2.

majority of CAM resources are thermal generation that will have the same capacity value in each slice of the day.⁹

The Commission should not allocate CAM capacity by slice, even on an interim basis. While Cal Advocates suggest that the slice-specific allocation methodology is more straightforward, it is only marginally more straightforward at best. This is because after the Commission allocates out each LSE's share of the CAM capacity under the resource-specific allocation methodology, LSEs would show their portion of CAM storage and the Commission would validate CAM storage in the same way they would for non-CAM storage (*i.e.*, it is the responsibility of the LSE to demonstrate their portion of the CAM is shown consistent with its capabilities in the master resource database and it is the responsibility of the Commission to validate that the LSE has done so). Additionally, the CAM list may evolve quickly to have a larger amount of use-limited resources as a result of central procurement entity (CPE) local RA procurement and the development of new storage resources in local areas to resolve local area constraints.¹⁰

Additionally, CalCCA has long flagged the concern that the inability to trade resources or obligations by slice could result in LSEs being unable to shape their portfolios in a way that meets their obligations and avoids significant over-procurement.¹¹ Parties have responded to those concerns by saying storage resources can be used to shape portfolios to match

⁹ Cal Advocates Opening Comments at 3-4.

¹⁰ The 2023 Final Year Ahead CPE CAM List shows PG&E CPE procurement at an aggregate level so it is unclear what portion of its procurement is use-limited: <https://www.cpuc.ca.gov/-/media/cpuc-website/divisions/energy-division/documents/resource-adequacy-homepage/resource-adequacy-compliance-materials/cpe-procurement/2023-ya-final-cpe-cam-list-public-september-2022.xlsx>.

¹¹ *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>.

obligations.¹² While relying solely on storage to replace hourly load or resource trading is insufficient, it is true to an extent that one benefit of the flexibility of storage is that it can be used to fill marginal open positions. Limiting the flexibility LSEs have to show use-limited CAM resources in slices of their choosing will only further exacerbate CalCCA's concerns about the transactability of the 24-hour slice framework as currently contemplated. For these reasons, the Commission should adopt CAM allocations by resource rather than by slice.

IV. LSES SHOULD BE ABLE TO SHOW BATTERY STORAGE FOR MULTIPLE CYCLES PER DAY PROVIDED THEY ALSO SHOW SUFFICIENT EXCESS CAPACITY TO CHARGE IN BETWEEN CYCLES

The Workshop Report asks whether storage resource counting should assume storage assets can perform multiple cycles per day given the CAISO market can already dispatch storage for multiple cycles.¹³ Cal Advocates and PG&E both support the ability for LSEs to show storage for multiple cycles so long as the LSE also shows sufficient excess energy and time between discharge cycles to charge the battery.¹⁴ CalCCA supports Cal Advocates' and PG&E's positions, as reflecting multiple cycles and the need to charge between cycles in the RA showings mirrors the operational capability of the resources in the CAISO market. As PG&E notes, storage resources continue to have must-offer obligations into the CAISO market after a single cycle, which allows the CAISO market to discharge storage resources again following a full cycle. For these reasons, LSEs should be able to show storage assets for multiple cycles as long as they show sufficient charging energy and time in between discharge cycles to charge.

¹² PG&E Opening Comments at 10.

¹³ Workshop Report at 88.

¹⁴ Cal Advocates Opening Comments at 13, and PG&E Opening Comments at 6.

V. ENERGY ONLY RESOURCES SHOULD COUNT TOWARDS ENERGY STORAGE CHARGING SUFFICIENCY REQUIREMENTS FOR ON-SITE STORAGE

The Workshop Report asks if full deliverability status should be required for co-located resources to count towards the requirement that LSEs show enough excess capacity to charge shown battery storage.¹⁵ Most parties that commented on the energy storage charging sufficiency requirement, including CalCCA, support allowing energy-only (EO) resources to count towards this requirement if the EO resource is being used to charge *onsite* storage.¹⁶ The CAISO and Middle River Power LLC (MRP) highlight, however, that these EO resources would not be subject to the CAISO's RA rules, including the must-offer obligation and substitution rules.¹⁷ While it is true that EO resources are not subject to a must-offer obligation, on-site renewables have every incentive to produce as capable and charge the onsite storage. If the renewable component is on an outage and therefore unavailable to charge the storage component, the applicable substitution rules should apply to the storage component, which would be designated as RA capacity, such that substitute capacity is available to cover the renewable component on outage that is being used to meet the energy storage charging sufficiency requirement.

VI. THE COMMISSION AND CAISO COMPLIANCE PROCESSES SHOULD BE DEVELOPED IN A MANNER THAT MINIMIZES THE NEED FOR LSES TO MEET TWO DIFFERENT COMPLIANCE FRAMEWORKS

The Workshop Report notes questions raised by parties regarding CAISO compliance under slice-of-day and its potential impacts on downstream processes such as maximum import capability (MIC).¹⁸ In its Opening Comments, the CAISO notes that it will work with parties on

¹⁵ Workshop Report at 84.

¹⁶ CalCCA Opening Comments at 13, PG&E Opening Comments at 5, Solar Energy Industries Association Opening Comments at 7-8, California Energy Storage Alliance Opening Comments at 7-8.

¹⁷ CAISO Opening Comments at 8-9, and MRP Opening Comments at 4.

¹⁸ Workshop Report at 145-146.

CAISO compliance issues related to slice-of-day implementation in a subsequent stakeholder initiative.¹⁹ It also highlights that the CAISO using different counting methodologies than the Commission, such as ELCC for wind and solar, may “result in discrepancies between CAISO and Commission compliance, where an LSE could pass CAISO compliance and not Commission compliance or vice versa.”²⁰ The CAISO and the Commission should aim to minimize this result. LSEs should not be required to procure to meet two different compliance frameworks. Doing so could result in excess procurement that unnecessarily increases customer costs. To the extent possible, the CAISO compliance framework under slice-of-day should be developed such that if an LSE passes compliance under the Commission framework, they also pass compliance under the CAISO framework and vice versa.

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.

Respectfully submitted,



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¹⁹ CAISO Opening Comments at 11.

²⁰ *Id.*