



**BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF CALIFORNIA**

**FILED**

05/07/24

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R2310011

Order Instituting Rulemaking to Oversee the  
Resource Adequacy Program, Consider  
Program Reforms and Refinements, and  
Establish Forward Resource Adequacy  
Procurement Obligations.

R.23-10-011

**CALIFORNIA COMMUNITY CHOICE ASSOCIATION'S  
NOTICE OF EX PARTE COMMUNICATION**

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May 7, 2024

**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.

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**CALIFORNIA COMMUNITY CHOICE ASSOCIATION'S  
NOTICE OF EX PARTE COMMUNICATION**

Pursuant to Rule 8.4(a) of the California Public Utilities Commission Rules of Practice and Procedure, California Community Choice Association<sup>1</sup> (CalCCA) hereby gives notice of the ex parte communication in which the participants discussed Resource Adequacy (RA).

**DATE AND TIME:** Monday, May 6, 2024, 4:00 PM-4:30 PM

**LOCATION:** Webex

**WHO INITIATED THE COMMUNICATION:** Evelyn Kahl, CalCCA

**NAMES AND TITLES OF NON-CPUC PERSONS PRESENT:** Eric Little, CalCCA - Director of Regulatory Affairs; and Lauren Carr, CalCCA - Senior Market Policy Analyst.

**NAMES AND TITLES OF CPUC PERSONS PRESENT:** Nick Dahlberg, Energy Advisor to President Alice Reynolds, and Jake McDermott, Advisor to Commissioner John Reynolds.

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<sup>1</sup> California Community Choice Association represents the interests of 24 community choice electricity providers in California: Apple Valley Choice Energy, Ava Community Energy, Central Coast Community Energy, Clean Energy Alliance, Clean Power Alliance, CleanPowerSF, Desert Community Energy, Energy For Palmdale's Independent Choice, Lancaster 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.

**DESCRIPTION OF COMMUNICATION:** CalCCA provided a presentation on four of its RA Track 1 proposals, including its hourly load obligation trading, extended cure period, temporary system and flexible RA waiver, and modified RA import bid cap proposals. In addition to the attached presentation, CalCCA also supported the delay of slice-of-day until 2026 given current market conditions and difficulties expressed by load serving entities in using the tools necessary to perform RA filings.

**WRITTEN MATERIALS PROVIDED:** RA HOURLY TRANSACTABILITY, COMPLIANCE AND PENALTY STRUCTURE, AND IMPORT BIDDING PROPOSALS, Resource Adequacy Track 1 Proposal Ex Parte, May 6, 2024.

Respectfully submitted,



Evelyn Kahl,  
General Counsel and Director of Policy  
CALIFORNIA COMMUNITY CHOICE  
ASSOCIATION

May 7, 2024

**ATTACHMENT  
TO  
CALIFORNIA COMMUNITY CHOICE ASSOCIATION'S  
NOTICE OF EX PARTE COMMUNICATION**

**RA HOURLY TRANSACTABILITY, COMPLIANCE AND PENALTY STRUCTURE,  
AND IMPORT BIDDING PROPOSALS**

**Resource Adequacy Track 1 Proposal Ex Parte  
May 6, 2024**

# **RA Hourly Transactability, Compliance and Penalty Structure, and Import Bidding Proposals**

Resource Adequacy Track 1 Proposal Ex Parte

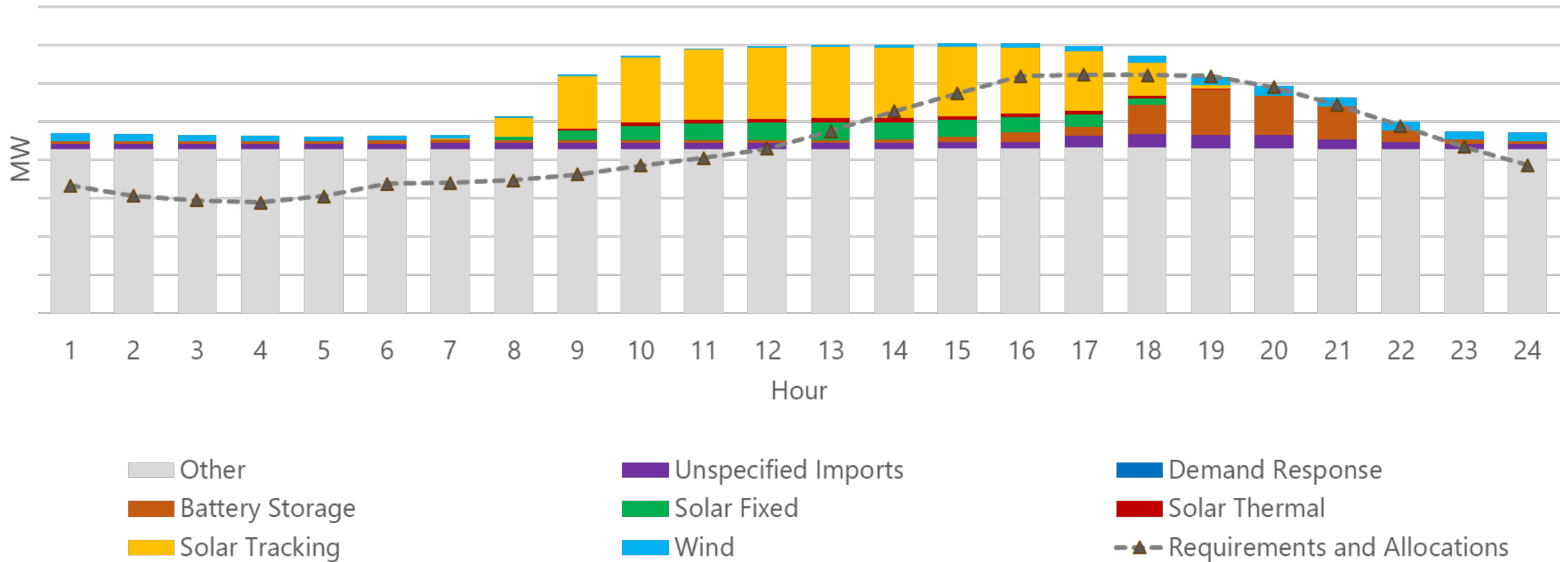
May 6, 2024

# Slice-of-Day Transactability Background

- Despite setting 24 requirements and 24 NQC values, D.22-06-050 requires LSEs to continue to transact resources monthly
  - × Creates artificial RA market scarcity in an already tight RA market
  - × Further impedes compliance and cost-effective procurement
- D.22-06-050 found that if “transactability and inefficiency” issues arise due to the inability to transact hourly, then the Commission may consider hourly load obligation trading

# CCA SOD Aggregate Year-Ahead Showing, As Filed, for September

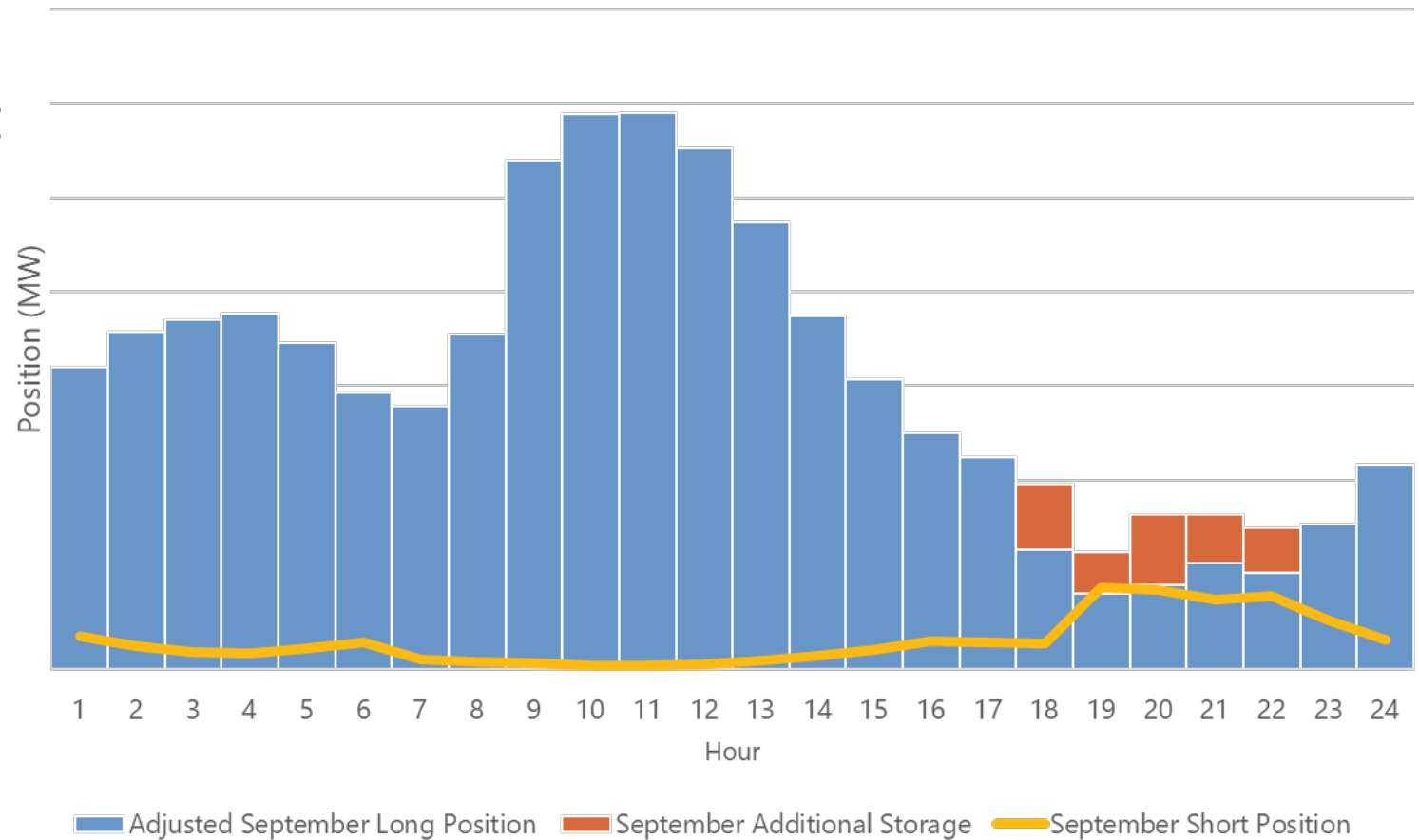
Slice of Day RA Showing: Aggregate Hourly Availability for 9-2024



# CCAs Could Meet Requirements in Aggregate, Even If Individual CCAs Were Short in Some Hours

SOD Aggregate Short Positions vs Long Positions for CCAs in September

- Short Position shows individual CCAs did not meet requirements in many hours
- Long Position shows other CCAs were long in all hours (blue) and could have shown more storage (red)
- Aggregate of CCA portfolios could meet requirements, implying that trading between CCAs would eliminate shortages





# Adopt Hourly Load Obligation Trading

## Administratively simple

- LSE paying another to take on its obligation would represent the trade as a MW increase to its RA resource portfolio
- The LSE receiving payment to take on the obligation would represent the trade as a MW decrease in its RA resource portfolio

## NOT Unbundling

- Leaves the obligations and requirements of generators unaffected
- Eliminates need to modify CAISO processes like substitution, or must-offer obligations

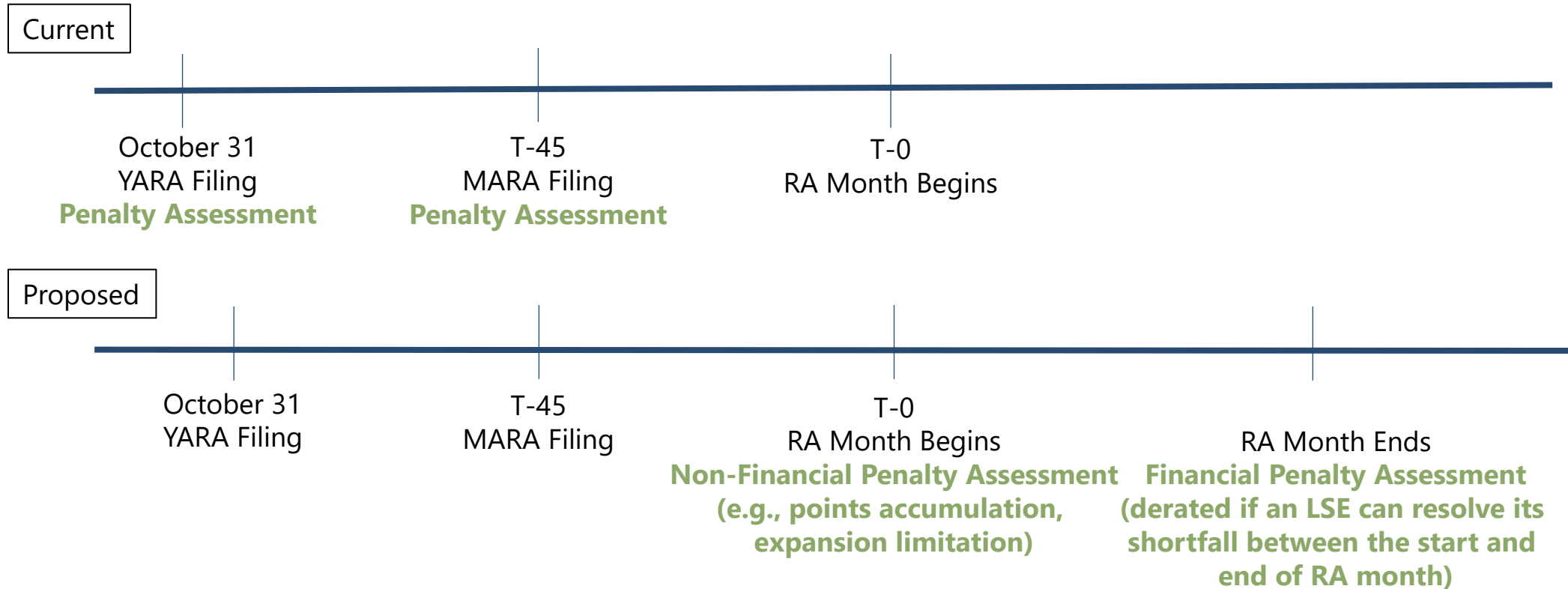
## More effective

- Swaps have too much market friction involved for them to provide significant benefits under SOD
- Swaps may require multiple layers of swaps for each LSE to reach compliance.

## Maintains LSE Responsibility

- All LSEs remain responsible for serving their load and providing RA for their customers
- LSEs would compensate those LSEs that take on portions of their load. Both LSEs involved in an hourly load obligation trade would need to submit RA plans documenting the trade

# Modify the Timing of Penalty Assessments by Extending the YARA and MARA Cure Periods



# Adopt a Temporary Waiver Process for System and Flexible RA

- System and Flexible RA waiver from **2025 through 2027\***
- LSEs would be required to demonstrate procurement efforts taken to justify the Commission granting a waiver
- Depending on the justification, LSEs would be eligible for a **full or partial waiver**
  - Full waiver = waiver of financial penalties and non-financial penalties (e.g., points accumulation and expansion limitation)
  - Partial waiver = waiver of non-financial penalties only

\* CalCCA does not object to implementing the waiver in 2024 consistent with SCE's proposal

# Import Bid Background

- D.23-06-029 rejected CalCCA's proposal, stating:  
*"[T]here is insufficient information to determine whether CalCCA's proposal would necessarily increase the volume of imports, rather than merely reducing the [RA] price of imports"*  
and  
*"Should information arise as to why the current RA import bidding requirements warrant modification, Energy Division Staff should present that information to the Commission and stakeholders for consideration"*
- New information regarding the availability of RA imports warrants reconsideration of CalCCA's proposal to ensure out-of-state resources have the right incentives to provide RA capacity to California

# CAISO RA showings data shows a declining trend of RA imports

Since the Commission adopted the existing RA import bidding rules in 2020, imports have declined significantly

Year-Ahead (September)						
Year	Non-Resource Specific Imports	Resource Specific Imports	Total RA Shown	MWs of Non-Resource Specific Imports	MWs of Resource Specific Imports	Total RA Imports
2019	9.20%	3.63%	43,996	4,046	1,599	5,645
2020	9.97%	3.65%	42,313	4,218	1,545	5,763
2021	5.18%	5.00%	41,997	2,177	2,101	4,278
2022	3.01%	5.06%	43,041	1,294	2,179	3,473
2023	3.27%	5.33%	45,802	1,499	2,442	3,941

Month-Ahead September						
Year	Non-Resource Specific Imports	Resource Specific Imports	Total RA Shown	MWs of Non-Resource Specific Imports	MWs of Resource Specific Imports	Total RA Imports
2019	13.91%	3.23%	50,111	6,970	1,617	8,587
2020	13.17%	4.19%	48,973	6,450	2,050	8,500
2021	8.75%	4.62%	47,936	4,196	2,213	6,409
2022	7.99%	4.68%	49,201	3,932	2,304	6,236
2023	7.22%	4.77%	53,087	3,833	2,530	6,363

# Suppliers indicate inability/unwillingness to sell import RA under current rules

- **BPA Proposal:** *“The ability to economically bid would incentivize Bonneville to potentially commit more of its surplus generation to participate in the California RA market, increasing the RA supply, and ultimately putting downward pressure on the RA prices and the cost to California consumers”*
- **SJCE Declaration:** *“Sellers of import RA have shared their unwillingness to flow power from north to south into California because of the price differential between locations; it is not economically feasible to sell the supply as import RA under the current rules.”*

# Updated analysis shows anticipated energy market losses have increased since 2022

Percent of AAH Where CAISO MCE is Less Than the Estimated Cost @ 12 MMBTU/MWh									
	2022					2023			
	June	July	August	September		June	July	August	September
Low Gas Price	47%	48%	5%	29%		96%	38%	40%	89%
High Gas Price	91%	91%	56%	65%		100%	65%	72%	99%

Loss Where Example Peaker Generation Cost is Greater Than CAISO MCE (\$/MWh)									
	2022					2023			
	June	July	August	September		June	July	August	September
Low Gas Price	\$ 2.31	\$ 2.16	\$ 0.07	\$ 0.89		\$ 5.81	\$ 1.70	\$ 0.94	\$ 4.19
High Gas Price	\$ 8.40	\$ 8.55	\$ 2.79	\$ 4.70		\$ 12.48	\$ 4.77	\$ 4.27	\$ 9.25