

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

Order Instituting Rulemaking to Oversee the Resource Adequacy Program, Consider Program Refinements, and Establish Annual Local and Flexible Procurement Obligations for the 2019 and 2020 Compliance Years.

Rulemaking 17-09-020
(Filed September 28, 2017)

**COMMENTS OF THE
CALIFORNIA WIND ENERGY ASSOCIATION
ON TRACK 3 WORKSHOP AND PROPOSALS**

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***On behalf of the California Wind
Energy Association***

March 22, 2019

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I. INTRODUCTION & SUMMARY

In accordance with the January 29, 2019, Amended Scoping Memo and Ruling of Assigned Commissioner Randolph, the California Wind Energy Association (“CalWEA”) submits these comments on certain parties’ Track 3 proposals submitted on March 4, 2019, and the associated workshop on March 13, 2019, for resource adequacy (“RA”) program changes.

In these comments, CalWEA:

- Comments briefly on the staff proposal to allocate the excess effective load carrying capability (“ELCC”) of storage resources;
- Addresses comments that were raised in the past regarding CalWEA’s own proposal to allocate flexible RA requirements on a causation basis when the same proposal was made in earlier RA cycles;
- Supports the proposals of Southern California Edison (“SCE”) on how storage and generation resources should be counted for RA credit; and
- Supports the proposal of Pacific Gas & Electric Company (“PG&E”) to treat behind-the-meter (“BTM”) solar photovoltaic (“PV”) resources the same as in-front-of-the-meter PV resources when accounting for its RA capacity contribution.

II. COMMENTS

A. Allocation of the Excess ELCC Value of Storage to Solar Should Be Paired with Proper Allocation of Flexible RA Resources

CalWEA understands and conditionally supports Energy Division’s recommendation to allocate all of the excess ELCC diversity value of storage to solar resources, given its logical explanation that “solar is the chief driver of overgeneration that is used to charge storage” and thus creates value for the storage system.¹ That is, absent solar, storage would have significantly less value. The proposed excess ELCC allocation increases the RA capacity of solar resources for most months of the year and generally leaves the RA capacity of wind resources unchanged.

However, the ELCC benefit granted to solar should come with a cost – the cost associated with storage and other system-integration resources, which should be borne by load-serving entities (“LSEs”) in proportion to the need for such resources that is created by their resource portfolios. LSEs whose supply portfolios do not match their loads should be responsible for paying more for system integration resources, such as storage resources, than those whose portfolios better match their loads. That is CalWEA’s current proposal with regard flexible RA resource requirements, discussed next.

Therefore, CalWEA can support Energy Division’s proposal if the Commission also properly aligns flexible-RA requirements with the need for flexible resources as they are caused by LSEs.

B. Comments on CalWEA’s Own Proposal on Allocation of the Flexible RA Requirement

To recap, CalWEA’s Track 3 proposal was to revisit previous parties’ earlier proposals advocating that the Commission allocate its flexible RA capacity requirements to LSEs based on their individual contribution to monthly net load ramps -- the causation-based allocation methodology currently used by the California Independent System Operator (“CAISO”) to assign its flexible RA requirements among California Local Regulatory Authorities.² After CalWEA presented the proposal at the workshop, no questions were raised. However, questions

¹ “Energy Division Monthly ELCC Proposal for 2020 RA Proceeding” at slides 11 and 13 (Revised November 27, 2018).

² CalWEA’s Track 3 Proposal (March 4, 2019).

were raised and discussed by PG&E after its identical proposal was previously proposed and discussed in a 2016 RA workshop.³ CalWEA therefore comments on its own proposal by recounting and further addressing the issues previously raised.

1. How Would the Flexible Resource Adequacy Allocation Proposal Be Applied to New Load-Serving Entities?

Concerns were previously expressed about how new LSEs – those that come into existence after the CAISO sets its flexible RA requirements for the next RA compliance year and were not anticipated by the CAISO as the CAISO set and allocated its flexible RA requirements – would be allocated portions of the flexible RA requirements. Further, loads and supplies may shift even between existing LSEs.

PG&E previously pointed out that, under the statutes authorizing community choice aggregators (CCAs), a city or county wishing to start a CCA program must set an ordinance and develop implementation plans, among other requirements. The Commission is responsible to certify the filing of the CCA’s implementation plans and set a start date for the transfer of customers from the utility to the CCA.⁴

Therefore, as PG&E further pointed out, a new LSE, such as a CCA, should be required to submit a timely response to the CAISO’s flexible capacity needs assessment data request, the responses to which the CAISO uses to develop its flexible RA requirements for the upcoming compliance year. It would be highly unlikely that a new LSE would not be able to provide data on its contracted or owned variable energy resources in a timely manner in advance of the compliance year.

CalWEA further notes that CAISO will need at least one year of load shape for the impacted LSEs to be able to calculate its associated flexible capacity allocations. Most CCAs and ESPs have been in operation for at least one year.⁵ However, where load shape is not available, CalWEA proposes that, until the load shape becomes available, the flexible RA

³ See R.14-10-010, “Updated Proposals of Pacific Gas & Electric Company” (March 25, 2016). All further references to PG&E’s comments in this section II.B are to this document.

⁴ Public Utilities Code Sections 366.2(c)(5) – (8).

⁵ Of the 19 currently operating CCAs, nine became operational prior to 2018 and so will have a full year of load-shape data to inform the 2020 RA year. Another seven became operational in 2018 and, depending on the month of initial operation, may have a year’s data available to inform the 2020 RA year. See *California Energy Markets* No. 1527 (Feb. 22, 2019) at p. 12.

requirement originally calculated by the CAISO be reallocated between the affected LSEs by apportioning the existing LSE's flex RA requirement between it and the new LSE using a simple load-share calculation. While perhaps not reflecting each LSE's load shape perfectly, the allocations will be far more accurate than the current allocation, which is based purely on load share. At a minimum, the Commission should adopt the causation-based allocation methodology now for the 2021 RA-year, when most CCAs will have a full year of load-shape data available for the CAISO to use for its Flex RA capacity allocation.

2. How Would Flexible Resource Adequacy Allocation Be Applied to Load Serving Entities that Do Not Provide the CAISO with the Necessary Data to Determine their Allocations?

Another question previously raised was how the Commission would allocate flexible RA requirements if an LSE does not provide the necessary information to the CAISO to enable the CAISO to take into account that LSE's contribution to the overall flexible RA requirements. PG&E appropriately recommended that the Commission include, as a requirement of the Commission's RA program, that the LSE provide to the Commission the LSE's response to the CAISO's annual flexible capacity needs assessment data request. The Commission's authority to obtain this information as a part of its RA program would insure that LSEs would provide this information. The Commission has appropriate authority to enforce this RA program requirement. PG&E also noted that this requirement would provide the additional benefit of allowing the Commission greater visibility and insight into each LSE's contributions to the system's net load ramp.

3. How Are Intermittent Resources that Can Be Curtailed on an Economic Basis Treated for Flexible Resource Adequacy Allocation Purposes?

The question of whether economically curtailed energy would count towards an LSE's flexible-RA allocation also arose previously. A few years ago, PG&E identified this as a gap in the CAISO's allocation methodology that could be addressed in the future. It is CalWEA's understanding that the CAISO can account for the potential controllability of variable energy resources (including their controlled curtailment) in the production simulation studies that it runs to determine need for flexible capacity and to allocate that capacity among LSEs.

4. How Are “Energy Only” and REC Resources Treated for Flexible Resource Adequacy Allocation Purposes?

As PG&E previously indicated, energy-only resources are submitted into the CAISO’s flexible capacity needs assessment data request, and accounted for by the CAISO in its flexible-RA allocation calculations. Consequently, energy-only resources’ contributions to the net load ramps should already be reflected in the CAISO’s flexible RA allocation. RECs should not be accounted for in the CAISO’s data request or calculations because the associated source of energy is not trackable.

C. Comments on SCE’s Proposals on Combined Supply Resources

1. Battery paired with a dispatchable generating resource

SCE clearly explains why the Net Qualifying Capacity (“NQC”) and Effective Flexible Capacity (“EFC”) values for a fully dispatchable resource that is paired with a dispatchable battery resource should be the sum of the two parts as long as each component can meet the need and the interconnection is sized to allow for deliverability. As noted by SCE, this treatment is logical, and CalWEA supports it.

2. Battery paired with a non-dispatchable renewable resource

CalWEA agrees with SCE that a distinction should be made between co-located storage that is fully dispatchable by the system operator, thus maximizing benefits to the grid, and storage that is planned to operate for the purpose of maximizing the paired project’s contract revenues. Moreover, we note that paired storage facilities that benefit from federal tax credits must charge the storage facility from the co-located renewable energy project, rather than from the grid, which severely limits the operation of the storage and the potential benefits it may provide.

Where the battery is fully dispatchable, CalWEA agrees that the proper NQC is the sum of the ELCC for the renewable resource and the Pmax of the battery under a four-hour discharge, provided that the interconnection is sized to ensure full deliverability of the battery and the renewable resource at Pmax.

Where the battery is not dispatchable by the CAISO, CalWEA agrees that a new methodology should be developed to assess the paired facility’s NQC value, but should not be eligible for an EFC value because it cannot be dispatched by the CAISO to meet ramping needs.

D. Comments on PG&E Proposal on RA Counting of BTM Solar Resources

CalWEA supports PG&E's proposal to treat BTM solar PV resources the same as in-front-of-the-meter PV resources for the purpose of its RA capacity contribution. Further, CalWEA proposes that each LSE be assigned RA credit for resources of this type on their system and be assigned the associated flex-RA responsibility. Treating BTM solar the same as a supply resource is appropriate because of the significant cumulative capacity of BTM solar resources and the fact that these resources have the same impact on system reliability as supply-side solar resources, notwithstanding their location on the customer side of the meter. Using metered load is inconsistent with the planning standard underlying the RA program, which is based on end-use consumption. BTM resources have distinctly different characteristics than end-use consumption, including sudden drops and surges in output, which need to be accounted for in order to assure system reliability.

CalWEA agrees with the steps that PG&E proposes the Commission use to account for BTM PV resources as it establishes its RA requirements.⁶ In addition, the last step should be: "In allocating system RA requirements to LSEs, base LSE responsibility on an LSE's share of end-use consumption, less the QC for LSE BTM PV resources."

⁶ PG&E Proposal at p. 3.

III. CONCLUSION

For the above reasons, the Commission should adopt, in Track 3 of this proceeding, changes to its current allocation methodology so that flexible ramping requirements are passed through to LSEs on a causation basis for the 2020 RA-year and, if that is done, should adopt Energy Division's recommendation to allocate all of the excess ELCC diversity value of storage to solar resources. In addition, the Commission should adopt SCE's proposals on paired supply resources and PG&E's proposal regarding RA counting for BTM solar resources.

Respectfully submitted,

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On behalf of the California Wind Energy Association

March 22, 2019

VERIFICATION

I, Nancy Rader, am the Executive Director of the California Wind Energy Association. I am authorized to make this Verification on its behalf. I declare under penalty of perjury that the statements in the foregoing copy of “Comments of the California Wind Energy Association on Track 3 Workshop and Proposals” are true of my own knowledge, except as to the matters which are therein stated on information and belief, and as to those matters I believe them to be true.

I declare under penalty of perjury that the foregoing is true and correct.

Executed on March 22, 2019, at Berkeley, California.

/s/ Nancy Rader
Nancy Rader
Executive Director
California Wind Energy Association