

**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 2016 and
2017 Compliance Years.

Rulemaking 14-10-010
(Filed October 16, 2014)

**REPLY COMMENTS OF THE
CALIFORNIA WIND ENERGY ASSOCIATION
ON THE PROPOSED DECISION**

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

June 14, 2016

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Pursuant to Rule 14.3 of the Commission’s Rules of Practice and Procedure, the California Wind Energy Association (“CalWEA”) respectfully submits these reply comments on the *Proposed Track 1 Decision Adopting Local and Flexible Capacity Obligations for 2017, and Further Refining the Resource Adequacy Program* (“Proposed Decision” or “PD”).

I. INTRODUCTION AND SUMMARY

Through its statutorily directed implementation of Integrated Resource Planning, the Commission seeks “comprehensive resource optimization.”¹ Such optimization will require improved valuation techniques and updated values to be applied on a consistent basis across all proceedings.² Otherwise, any “optimization” will be illusory. The decision in this case offers the Commission an important opportunity to make significant progress on these valuation techniques, which will strongly influence procurement decisions that will continue to be made, as the IRP procurement framework is put into place, within the present Resource Adequacy (“RA”) process as well as in the Renewables Portfolio Standard and other proceedings.

CalWEA therefore strongly agrees with other parties who argued in their opening comments that the Proposed Decision requires two essential modifications: the Commission must signal a commitment to develop accurate capacity values over the coming year using the

¹ R.16-02-007, Order Instituting Rulemaking on Integrated Resource Planning Framework (February 19, 2016) at p.13.

² Until this harmonization across proceedings occurs, it will not be possible to merge any or all of these proceedings into a single “all source” planning and/or procurement effort.

effective load carrying capability (“ELCC”) methodology, and must direct flexible resource costs to be allocated based on cost-causation so that the utilities have an incentive to procure based on total resource costs.

II. DISCUSSION

A. The Commission Should Signal a Commitment to Develop ELCC Values for the 2018 Compliance Year

The California Large Energy Consumers Association (“CLECA”) objects to the Proposed Decision’s statement that it anticipates that the challenges related to developing ELCC values “will be resolved in the coming year, and we will be able to adopt ELCC for 2018.” CLECA argues that the statement is “premature and inconsistent with the PD’s earlier summary that expresses a hope to have a final methodology for 2018,” citing “numerous concerns raised about the results of the [Energy Division] analysis in comparison to the current exceedance methodology, along with the details of the modeling effort.”³

By contrast, Calpine Corporation (“Calpine”) accurately and specifically described the challenges as having far more to do with Energy Division’s ineffective job in carrying out the task of implementing the ELCC methodology than with any insurmountable problems.⁴ For example, while the ELCC method must be adapted to conform to California’s monthly Resource Adequacy (“RA”) feature, Calpine points out that Energy Division never even carried out its own proposed methodology for doing so.⁵

CalWEA urges the Commission to accept all of Calpine’s suggested revisions to the PD to correct the record regarding the (inconclusive) process of developing ELCC values.⁶ We underscore especially the need to correct the suggestion that the Commission has any discretion with respect to implementing ELCC values. As Calpine notes, the Commission has been required by statute *for over five years* to do so.⁷

³ CLECA Opening Comments at p.2.

⁴ Calpine Opening Comments at p.2-3 and elsewhere.

⁵ Calpine at p.4-5.

⁶ Calpine at Section III.

⁷ Calpine at footnote 1 (Public Utilities Code § 399.26(d)).

As Pacific Gas & Electric (“PG&E”) points out, adopting ELCC values for the 2018 compliance year will require collaborative efforts to begin in the coming months.⁸ CalWEA also agrees with PG&E, as we have stated in workshops, that a high priority be placed on incorporating into the model behind-the-meter distributed generation,⁹ which we expect to have a substantial impact on ELCC values.

B. The Commission Should Adopt PG&E’s Proposed Modifications Regarding the Allocation of Flexible RA Obligations

CalWEA joins PG&E, CLECA and the Office of Ratepayer Advocates (“ORA”) in calling for the PD to be revised to require allocation of flexible RA obligations to Commission-jurisdictional load-serving entities based on their individual contribution to net load ramp.¹⁰ While refinements may be needed, that need should not prevent the Commission from adopting a protocol that the PD agrees would better align costs with cost causation than the current allocation methodology. There is no reason to delay the good while awaiting the perfect. The Commission should therefore adopt all of PG&E’s proposed modifications to the PD.¹¹

III. CONCLUSION

CalWEA appreciates the opportunity to submit these reply comments, and urges the Commission to take the actions above in order to make progress towards resource optimization.

Respectfully submitted,

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⁸ PG&E at p.5.

⁹ *Ibid.*

¹⁰ CLECA at Section V; ORA at Section II.B; PG&E at Section I.

¹¹ PG&E Opening Comments, Attachment A.

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 “Reply Comments of the California Wind Energy Association on the Proposed Decision” 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 June 14, 2016, at Berkeley, California.

/s/ Nancy Rader

Nancy Rader
Executive Director
California Wind Energy Association