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 RESOURCE ADEQUACY PROPOSALS AND WORKSHOP

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On behalf of the California Wind Energy Association

March 7, 2018

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I. INTRODUCTION AND SUMMARY

In accordance with the January 18, 2018, Scoping Memo and Ruling of Assigned Commissioner Randolph and Administrative Law Judge Allen, the California Wind Energy Association ("CalWEA") submits these comments on the February 16, 2018, Resource Adequacy ("RA") Program Track 1 proposals filed by the parties, as discussed at the February 22-23, 2018 workshop.

In summary, CalWEA comments favorably on:

- certain proposals of Pacific Gas & Electric Co. ("PG&E"), Southern California Edison Company ("SCE"), Energy Division and Calpine Corporation ("Calpine") regarding Effective Load Carrying Capacity ("ELCC") issues,
- the proposal of the California Independent System Operator ("CAISO") to align the Commission's and the CAISO's summer assessment hours, and
- CalWEA's own proposal regarding allocation of flexible RA requirements.

II. COMMENTS

A. Causation-Based Allocation Methodology for Flexible RA Requirements

CalWEA obviously supports its own straightforward proposal that the Commission extend the causation-based allocation methodology that it already uses for allocating system and local RA Capacity requirements to flexible RA Capacity requirements as well. The California Independent System Operator ("CAISO") already calculates causation-based allocation factors for flexible RA Capacity requirements (including month-ahead, year-ahead and, soon, multi-year requirements) to all load-serving entities ("LSEs") within its footprint. However, the Commission re-allocates these causation-based requirements to its jurisdictional LSEs on a load-share basis – even though the need for flexible RA capacity has very little correlation to peak annual load. This RA program modification, discussed in CalWEA's February 16, 2018, proposal and presented at the workshop, is necessary to provide accurate signals to encourage LSEs to minimize the indirect system costs associated with their resource portfolios and operating practices.

No objections to this proposal were raised at the workshop.

B. ELCC Issues

With one exception, CalWEA agrees with PG&E's proposal (at p. 8-9) to use the proposed methodology for ELCC contained in the Joint investor-owned utilities ("IOU") proposal that was made in the RPS proceeding (R.15-02-020). Specifically, we agree with the Joint IOUs' proposal to treat behind the meter ("BTM") resources as a supply resource and to use a marginal ELCC methodology for determining Net Qualifying Capacity ("NQC") values, and with the Joint IOUs' treatment of wind and solar location and technology differences. However, we agree with the proposal made previously by Energy Division,[1] and more recently in Calpine's proposal (p. 1-5), that ELCC should be calculated on a monthly basis, rather than the annual basis in the Joint IOU proposal.

Regarding BTM resources, the Joint IOU proposal not only accounts for BTM resources as supply resources, but also accounts for the locality of BTM-PV and all other RPS resources for calculating ELCC values (RA capacity contributions).

Regarding the Joint IOUs' proposed marginal ELCC methodology, Calpine/E3 and CalWEA have made similar proposals for several years.[2] SCE clearly explained (at p. 6-8) why

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[1] *See* R.14-10-010, Energy Division, Track III Monthly LOLE and ELCC Modeling (November 8, 2016).

[2] See, e.g., R.15-02-020, CalWEA's October 23, 2015, comments in the RPS proceeding at p.6, and the ELCC proposal submitted on December 16, 2016, by Calpine, a joint product of Calpine and Energy +Environmental Economics ("E3") (the "Calpine/E3 Proposal").

a marginal approach is necessary in order to align NQC values with the RA values used in planning and procurement, since a marginal approach is used in IRP and RPS proceedings. Marginal ELCC valuation (or "vintaging") is important to ensure reliability, since constantly changing values could lead to an unmanageable process that would make it difficult, if not impossible, to properly account for the impact of a proposed resource on system reliability as well as the determination of a resource's transmission deliverability level.

Regarding the treatment of wind and solar location and technology differences, CalWEA believes that the Joint IOU proposal to calculate ELCC for four technologies and four locations is appropriate. The IOUs showed large differences in ELCC values among those categories.

However, we disagree with one aspect of the Joint IOUs' proposed methodology -- that ELCC should be calculated on an annual basis. Instead, we agree with Energy Division's and Calpine's proposed handling of ELCC on a monthly basis, which is consistent in principle with the proposal made previously by Energy Division in R.14-10-010.[3] The Joint IOUs' annual approach would calculate the annual ELCC value and then arbitrarily divide that annual ELCC number among 12 months based on value of the RA capacity to the system for that month. Based on this arbitrary approach, all wind and solar resources would have a zero ELCC (zero RA capacity) value for seven out of 12 months in the year as shown in Table 4 of the IOUs' Joint Proposal.[4] We know this is an incorrect result particularly in the context of California's monthly RA capacity framework.

Finally, we agree with Calpine (p. 1) that "to ensure that RA procurement is sufficient to achieve explicit reliability targets in each month, Calpine proposes that the PRMs used to derive monthly system RA requirements vary on a monthly basis." This point was also demonstrated Energy Division.

C. Summer Availability Assessment Hours

CalWEA agrees with CAISO (at p. 4) that the Commission should adjust its resource adequacy assessment hours to be consistent with the CAISO's, since the Federal Energy Regulatory Commission ("FERC") has required CAISO to implement 4:00 p.m. to 9:00 p.m. as

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[3] *Ibid.*
[4] *See* Joint IOU ELCC Methodology Proposal, presented at the January 18, 2018 RPS Workshop on ELCC, Table 4.

its summer Availability Assessment Hours, based on actual system operations and reliability needs. As CAISO explained, it is undesirable for the Commission and CAISO to use different sets of hours because it "causes uncertainty and confusion for resource owners-operators, and it potentially reduces the availability of resources during times of high demand conditions when they are most critically needed to maintain system reliability." Therefore, the Commission should adopt the CAISO's Availability Assessment Hours by reference, so that harmony between the two occurs automatically in the future.

Respectfully submitted,

/s/ Nancy Rader

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On behalf of the California Wind Energy Association

March 7, 2018

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 Resource Adequacy Proposals and Workshop" 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 7, 2018, at Berkeley, California.

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