

**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)

**REPLY COMMENTS OF THE
CALIFORNIA WIND ENERGY ASSOCIATION
ON COMMENTS ON ORDER INSTITUTING RULEMAKING**

Nancy Rader
Executive Director
California Wind Energy Association
1700 Shattuck Ave., #17
Berkeley, CA 94709
Telephone: 510-845-5077 x1
E-mail: nrader@calwea.org

Dariush Shirmohammadi
Technical Director
California Wind Energy Association
1700 Shattuck Ave., #17
Berkeley, CA 94709
Telephone: (310) 858-1174
E-mail: dariush@gridbright.com

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

November 9, 2017

**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)

**REPLY COMMENTS OF THE
CALIFORNIA WIND ENERGY ASSOCIATION
ON COMMENTS ON ORDER INSTITUTING RULEMAKING**

In accordance with the Rules of Practice and Procedure of the California Public Utilities Commission (“Commission”) and the Order Instituting Rulemaking (“Order”) issued in the above-captioned proceeding on October 4, 2017, the California Wind Energy Association (“CalWEA”) submits these reply comments regarding the Order’s preliminary determinations as to the issues to be considered in the proceeding and the procedural schedule.

I. A Separate Track on RA Program Structure Should Include Re-Evaluation of the Planning Reserve Margin on a Monthly Basis

CalWEA joins the California Independent System Operator (“CAISO”), the investor-owned utilities (“IOUs”),¹ Calpine Corp., Western Power Trading Forum (“WPTF”) and other parties in supporting the Order’s suggestion that the basic structure and processes of the Commission’s resource adequacy (“RA”) program be re-examined, and support the CAISO and IOUs’ proposal that this re-examination occur in a separate track within this proceeding dedicated solely to addressing the fundamental structure of the resource adequacy program “in light of a grid that is rapidly transforming.” (CAISO at p. 2.)

CalWEA also agrees with the CAISO (at p. 4) that the Commission should address load forecasting assumptions in this track, particularly for system RA requirements. CAISO notes that these requirements are currently set using a monthly 1-in-2 load forecast plus a 15% reserve

¹ *Comments of Southern California Edison Company, Pacific Gas and Electric Company and San Diego Gas & Electric Company on the Order Instituting Rulemaking to Oversee the Resource Adequacy Program.*

margin, and that recent experience shows that using this load forecast can result in RA requirements that are significantly less than observed peak loads in some months. We note that, in the previous RA cycle, Energy Division discovered in its examination of the effective load carrying capacity (“ELCC”) methodology that the monthly Planning Reserve Margin (“PRM”) requirement to maintain an acceptable annual LOLE level (the sole reason for having an RA program) changes significantly from month to month. Expressed as a percentage of monthly peak demand, the PRM was found to be lowest during summer peak months at around 15% and highest during off-peak months at around 40% to 75%, depending on the approach used to determine acceptable monthly LOLE values. An alternative to completely revamping the determination of RA requirements would be to establish the PRM on a monthly basis.

Finally, PG&E proposes (at p. 5) that “the Commission modify its RA program so that the Commission’s RA measurement hours for non-dispatchable and demand response resources are set by reference to the CAISO’s availability assessment hours.” CalWEA supports this common-sense proposal, which recognizes that the increasing penetration of solar PV resources has significantly shifted California’s load profile and hence the timing of its RA capacity needs.

II. The Commission Should Address the Proper Allocation of RA Needs

PG&E requests (at p. 2) that the Commission develop a method for accurately allocating annual RA responsibility among all of the Commission-jurisdictional LSEs to ensure that bundled customers remain indifferent to departing load. CalWEA agrees; careful allocation of RA responsibility is important in order to send accurate cost signals to those whose procurement decisions will affect the need for RA.

Likewise, it is important that flexible RA needs (and costs) are allocated to each LSE based on its individual contribution to net load ramp and other Flexible Capacity Requirements, so that flexible capacity costs will be aligned with cost causation. The Commission has so far neglected to accomplish cost-causation-based allocation,² despite the fact that cost-causation data is available from the CAISO. This misalignment should be remedied in this RA cycle.

² See Decision 16-06-045 in R.14-10-010 (June 23, 2016).

III. ELCC Issues Should Be Prioritized

A number of issues were left unresolved in the implementation of an ELCC methodology in last year's RA decision. We agree with Calpine Corp. (at p. 10) and WPTF (at p. 3-4) that the most important of these is the treatment of behind-the-meter photovoltaic ("BTM PV") resources in RA counting and compliance. The impact of BTM solar on ELCC values was ignored largely due to the desire to reduce the impact of the new ELCC methodology on LSEs' RA requirements. However, the purpose of RA capacity is to ensure system reliability and thus the issue should be addressed as soon as possible, given the large and rapidly growing amount of BTM PV capacity. In addition to its importance to system reliability, providing RA credit for BTM PV will provide appropriate credit to LSEs with differing levels of BTM PV.

The BTM PV issue is likely to have a much larger impact on ELCC values than other outstanding issues, including resource location, sub-resource-class technologies, resource vintaging, and the comparison of wind and solar to "perfect capacity." However, these issues are still important and so, to the extent that the Commission has the resources to address them during this cycle, it should. In particular, some simple next steps could be taken on locational issues, such as differentiating between coastal and desert solar resources.

Respectfully submitted,

/s/ Nancy Rader

Nancy Rader
Executive Director
California Wind Energy Association
1700 Shattuck Ave., #17
Berkeley CA 94709
Telephone: (510) 845-5077 x1
Email: nrader@calwea.org

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

November 9, 2017

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 Order Instituting Rulemaking” 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 November 9, 2017, at Berkeley, California.

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