

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

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

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Rulemaking 19-11-009  
(Filed November 7, 2019)

**TRACK 3B.1 PROPOSAL OF THE  
CALIFORNIA WIND ENERGY ASSOCIATION**

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

January 28, 2021

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**I. INTRODUCTION AND BACKGROUND**

Pursuant to the *Assigned Commissioner’s Amended Track 3B and Track 4 Scoping Memo and Ruling* (“Ruling”) issued on December 11, 2020, the California Wind Energy Association (“CalWEA”) respectfully submits this Track 3B.1 Proposal.

The Ruling states that the scope of Track 3B.1 includes two specified issues and “[o]ther time-sensitive issues identified by Energy Division or by parties, which may include, but are not limited to, the August 7, 2020 proposals submitted into the proceeding.”<sup>1</sup> On that basis, CalWEA submits this proposal on marginal Effective Load Carrying Capability (“ELCC”) values.

A workshop on Track 2 proposals, including proposals by the ELCC Working Group, was held on March 5, 2020. A Working Group Report was filed on March 11, 2020 by the ELCC Working Group. Comments on the workshop, working group reports, and proposals were filed on March 23, 2020.<sup>2</sup>

As stated in the Decision on these workshop proposals, Southern California Edison Company (“SCE”) “proposed a marginal approach involving recalculation of ELCC every six months for the first two years, with resources receiving the prevailing ELCC value as of their COD and retaining that value through their lifetime (unless the resource fleet’s aggregate ELCC greatly overstates [Resource Adequacy (“RA”)] value). Resources operational as of January 1,

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<sup>1</sup> Ruling at p. 4.

<sup>2</sup> Decision (“D.”) 20-06-031 at p. 4 (June 25, 2020).

2020 would retain their existing RA value, unless those values are significantly higher than marginal ELCC.”<sup>3</sup>

The Commission declined to adopt SCE’s marginal ELCC proposal on the basis that “there is insufficient consensus among parties to expand or revise the ELCC methodology at this time. We acknowledge the rationale behind support for marginal ELCC values, although it is largely inconsistent with past practice regarding RA qualifying capacity values and requires further development. We authorize Energy Division to further explore a marginal ELCC approach for consideration in this proceeding.”<sup>4</sup>

## II. PROPOSAL

CalWEA proposes that the Commission adopt SCE’s marginal ELCC proposal, updating the proposed timeline such that resources operational as of January 1, 2021 (rather than 2020) would retain their existing RA value, and reflecting the results of any further exploration that has been completed by Energy Division. As indicated above, the Commission authorized Energy Division to further explore a marginal ELCC approach for consideration in this proceeding, as well as exploration of locational and technological ELCC valuation. As this issue has been very well vetted among the parties, the Commission should expeditiously adopt the marginal ELCC proposal unless Energy Division has identified significant new issues.

As CalWEA explained at length in response to parties’ objections to adopting marginal ELCC values, those objections raise relatively minor (or irrelevant) arguments that do not outweigh the value of adopting, and implementing in the near-term, marginal ELCC values.<sup>5</sup> Adopting marginal ELCC values is vitally needed to send a signal to load-serving entities (“LSEs”) regarding the value of resources with generation profiles that are complementary to solar. Awarding marginal ELCC values to new solar projects will cause LSEs to consider the diminishing value to the system of adding more solar resources to the grid; failing to send this value signal will cause LSEs collectively to exceed the solar targets in Integrated Resource Plan. As the Commission has not, to date at least, imposed any resource-diversity requirements on LSEs that would ensure achievement of the already-limited amount of wind energy resources

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<sup>3</sup> *Id.* at p. 34.

<sup>4</sup> *Id.* at p. 36.

<sup>5</sup> CalWEA Reply Comments on Track 2 Proposals and Working Group Reports (April 2, 2020).

included in the Commission’s IRP portfolio (namely, 3,267 MW of wind energy resources directly interconnected to the CAISO grid, compared with over 12,000 MW of solar),<sup>6</sup> it is essential that LSEs receive the same cost signals that are taken into account in the IRP methodology but which are not reflected in the bid prices of the various resources submitted to LSEs.

Further, it is important that marginal ELCC values for wind and solar resources apply in the interim period before a structural reform proposal is adopted and implemented. While a final decision adopting a structural proposal is planned for June of this year, the proposals are complex (and likely there will not be a consensus among the parties, as there was not for the marginal-ELCC proposal). While lack of consensus should not deter the Commission from adopting a proposal that it judges to be appropriate, it is nevertheless quite possible that a decision regarding which proposal to adopt will be delayed beyond June and, in any case, several years could be required to implement the selected proposal. All three of the structural-reform proposals -- the major purpose of which is to foster a better match of use-limited supply resources to load -- will to some extent (depending on the details) naturally devalue new solar resources’ capacity value as the penetration of solar on the system increases. Therefore, adopting a marginal ELCC approach now will serve as a bridge of sorts to the structurally reformed future. It is critical that, during this interim period, LSEs receive accurate signals regarding the value of adding wind and solar projects to the system.

### **III. CONCLUSION**

CalWEA appreciates the opportunity to submit this Track 3B.1 proposal and urges the Commission to adopt it.

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<sup>6</sup> R.20-05-003 Administrative Law Judge’s Ruling Seeking Comments On Portfolios To Be Used In The 2021-22 Transmission Planning Process, Attachment B, Figure 2, “Capacity Additions in 2031 (46 MMT with 2019 IEPR Portfolio)” (October 20, 2020).

Respectfully submitted,

/s/ Nancy Rader

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***On behalf of the California Wind Energy  
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January 28, 2021

## 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 “Track 3B.1 Proposal of the California Wind Energy Association” 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 January 28, 2021, at Berkeley, California.

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