

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

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

Rulemaking 21-10-002

**REPLY COMMENTS OF THE CALIFORNIA WIND ENERGY ASSOCIATION
ON IMPLEMENTATION TRACK PHASE 3 PROPOSALS**

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*On behalf of the California Wind
Energy Association*

March 3, 2023

**BEFORE THE PUBLIC UTILITIES COMMISSION
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Order Instituting Rulemaking to Oversee the Resource Adequacy Program, Consider Program Reforms and Refinements, and Establish Forward Resource Adequacy Procurement Obligations

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**COMMENTS OF THE CALIFORNIA WIND ENERGY ASSOCIATION
ON REFORM TRACK FRAMEWORK**

I. INTRODUCTION AND SUMMARY

Pursuant to the September 2, 2022 *Assigned Commissioner’s Amended Scoping Memo and Ruling* (“Ruling”), and the February 13, 2023 *E-mail Ruling Granting Western Power Trading Forum’s Request for Extension to File Comments on Phase 3 Proposals*, the California Wind Energy Association (“CalWEA”) submits these reply comments on Energy Division’s and other parties’ Implementation Track Phase 3 Proposals.¹

In summary, CalWEA recommends that:

- The Commission continue the “Effective PRM” through 2024, but reevaluate that approach for 2025, pending potential reforms of the CAISO’s uniquely conservative deliverability assessment methodology. These reforms could enable a substantial number of new projects to complete their development by 2025 and enable existing projects with Energy-Only status to immediately attain deliverability status. The Commission should make engagement in the CAISO’s process a high priority, so that it need not continue to

¹ We reply specifically to the February 24, 2023, Opening Comments of: the Alliance for Retail Energy Markets (“AReM”); the California Environmental Justice Alliance, the Union of Concerned Scientists, and the Natural Resources Defense Council, collectively the “Joint Parties”); the California Independent System Operator (“CAISO”); the Public Advocates Office at the California Public Utilities Commission (“Cal Advocates”); Middle River Power LLC (“MRP”); and Southern California Edison Company (“SCE”).

counting resources that have not obtained deliverability capacity allocations under a lower effective PRM.

- The PRM should be adjusted to ensure reliability in off-peak months for 2024 according to Energy Division’s SERVVM study.
- The Commission should pursue multi-year forward requirements but should not adopt the proposal to transform the RA program into one that includes procurement requirements for new resources. All resource procurement should be consolidated in the IRP program to ensure that other important policy goals are cost-effectively addressed.

II. COMMENTS

A. **An “Effective PRM” Should Be Continued through 2024 And Be Reevaluated for 2025 Pending Reform of the CAISO’s Deliverability Assessment Methodology**

CalWEA agrees with some parties² that it is unfortunate that the Commission may establish a PRM that does not achieve a 0.1 LOLE standard due to concerns that there may be insufficient capacity available to meet that standard, instead extending a lower “Effective PRM” through 2025 with effective-PRM procurement requirements spread among the three IOUs. CalWEA does, however, share Energy Division’s concern that sufficient RA resources may very well be unavailable to meet the reliability standard in 2024, and therefore supports the establishment of a 17% PRM, but with Effective PRM extended only through 2024. CAISO has initiated a stakeholder process to consider reforms to its deliverability assessment methodology, scheduled to begin later this month,³ that may well lead to reforms that could increase the supply of RA resources by 2025. Therefore, the CPUC should reevaluate the need for an effective PRM standard in 2025 next year.

Chief among the reasons explaining the current shortage of RA resources, in CalWEA’s view, is the CAISO’s deliverability assessment methodology, which needlessly restricts the amount of Transmission Planning Deliverability (“TPD”) capacity that the CAISO can allocate among projects in its interconnection queue. Without a TPD allocation, projects cannot qualify

² See, e.g., CAISO at p. 3 and MRP at pp. 2 and 9.

³ See CAISO’s Generation deliverability methodology review, available at: <https://stakeholdercenter.caiso.com/Comments/AllComments/4c7edbc6-5c17-4c7d-8e9a-fe31a4a557ad#org-1c4586fc-f6fa-435b-ae66-4b153ed24b35>.

to provide RA capacity. Many projects (some with PPAs) that could be online in the 2024-25 timeframe are presently stranded because TPD capacity will not become available until more transmission is planned and built, or until the deliverability methodology is reformed. Therefore, the Commission should make engagement in the CAISO's process a high priority.

MRP cautions that “relaxing” deliverability restrictions “runs completely counter to the purpose of the RA program.”⁴ Relaxation, however, is not the purpose of reform. Reform is needed to address unreasonable and uniquely conservative assumptions in the CAISO's deliverability assessment methodology that are preventing resources from interconnecting to the CAISO system that could otherwise provide RA capacity during hours of significant reliability concern. As CalWEA documented in its recent comments responding to the CAISO's new initiative, four aspects of the CAISO's assumptions in the methodology are far more conservative than those used by other major RTOs (PJM and MISO).⁵ CalWEA believes that reforming these criteria would enable a substantial number of projects – especially those that are in more advanced stages in their other aspects of development – to get contracted and complete their development by 2025. Adopting these reforms would allow many projects to achieve interim deliverability status while awaiting completion of their Local Deliverability Network Upgrades. Finally, existing projects with Energy Only status could attain deliverability status.

Until CAISO's methodology is reformed, CalWEA believes that it is reasonable for the Commission to continue counting resources that have not obtained TPD capacity allocations under a lower “effective PRM.” Supply-side resources that do not have deliverability status but are located in areas of the grid that are strong would likely be able to obtain TPD capacity under a reformed methodology and immediately count towards RA capacity requirements. Therefore, while it is suboptimal to effectively count resources towards the PRM that are not subject to the CAISO's deliverability rules, such as must-offer obligations, this is a reasonable interim solution until reforms to the CAISO's deliverability methodology have been adopted and implemented. As SCE notes, retaining the effective PRM program, which has less stringent resource counting

⁴ MRP at p. 13.

⁵ See CalWEA's January 5, 2023, comments on CAISO's Generator Deliverability Methodology Review Update Paper, at Table, p. 3. Available at <https://stakeholdercenter.caiso.com/Comments/AllComments/4c7edbc6-5c17-4c7d-8e9a-fe31a4a557ad#org-1c4586fc-f6fa-435b-ae66-4b153ed24b35>. CalWEA also advocates that resources be offered local and/or systemwide deliverability status by the CAISO.

requirements, should help keep costs down while providing added reliability benefits to the system.⁶

B. The PRM Should Be Adjusted to Ensure Reliability in Off-Peak Months in 2024 and Under the New RA Framework

CalWEA joins the CAISO, Joint Parties, MRP and SCE in recommending that the Commission adjust the PRM to address reliability risks in non-summer months under the new 24-hour slice-of-day RA framework.⁷ However, the Commission should also establish non-summer PRMs for the 2024 year using the monthly values from Energy Division’s SERVM analysis⁸ (recognizing that RA requirements in terms of amount of capacity and costs are significantly lower in these non-summer months).

Cal Advocates explained why the current use of a single annual PRM potentially obscures a higher loss-of-load risk during non-summer months.⁹ Figure 1 in Cal Advocates’ comments shows the large amount of uncontracted RA capacity that the Staff LOLE Study assumes will be available to serve California’s native load. Non-summer PRM requirements are necessary to ensure that these resources are secured.

The Joint Parties noted that the parties developed multiple methods to derive monthly PRM values.¹⁰ SCE advocates that such methods be deliberated later, arguing that Energy Division’s monthly values are “meaningless” and asserting that ED admits as much.¹¹ We do not agree on either point.¹² While we agree that there are different possible methods for spreading the 1-in-10 reliability standard among the various months, we believe that ED’s approach was a logical one (aiming at significantly reducing the amount of capacity that needs to be purchased overall), and is certainly better than spreading LOLE equally among all months and ignoring risk in non-summer months. Therefore, the PRM should be set at higher levels in non-

⁶ SCE at pp. 2-3.

⁷ CAISO at p. 5; Joint Parties at pp. 7-8; MRP at p. 9.

⁸ See Energy Division slide deck, “R.21-10-002 Workshop on Proposals for Implementation Track Phase 3, Wednesday, February 8, 2023,” at Slide 35.

⁹ Cal Advocates at pp. 4-5.

¹⁰ Joint Parties at p. 8.

¹¹ SCE at p. 4. SCE cites p. 8 of Energy Division’s LOLE study.

¹² CalWEA finds no such admission by ED that its monthly values are meaningless.

summer months according to ED’s SERVVM study. Alternatively for the sake of simplicity, a seasonal PRM, rather than monthly PRMs, could be used in the annual RA program.

C. The Commission Should Pursue Multi-Year Forward Requirements, But Reject AReM’s Proposal to Promote New Resources in the RA Program

CalWEA supports AReM’s proposal that the Commission consider expansion of the RA program to include multi-year forward requirements. However, CalWEA concurs with the Joint Parties and SCE that the Commission should reject AReM’s proposal to transform the RA program into one that includes procurement requirements for new resources.¹³ Separating procurement between the RA and IRP proceedings would be contrary to the fundamental goals of the IRP program, which is to integrate all procurement needs and provide predictable procurement goals that reflect a variety of policy goals. Procuring for reliability only is a recipe for neglecting other important policy goals, such as promoting resource diversity and lowering overall costs. As CAISO stated, “the Commission must address the gap between IRP and resource adequacy programs, and ideally, consolidate existing and incremental procurement under the IRP proceeding, which already develops a procurement plan to meet 1 in 10 reliability and GHG targets.”¹⁴

Respectfully submitted,

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On behalf of the California Wind Energy Association

March 3, 2023

¹³ Joint Parties at p. 4; SCE at p. 22.

¹⁴ CAISO at p. 5.

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 Implementation Track Phase 3 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 3, 2023, at Berkeley, California.

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