

**Vote Solar  
California Wind Energy Association**

July 6, 2020

CPUC Energy Division Tariff Unit  
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Re: Response of Vote Solar and the California Wind Energy Association (CalWEA) to Advice Letter 4229-E of Southern California Edison Company, Advice Letter 5853-E of Pacific Gas and Electric Company and Advice Letter 3555-E of San Diego Gas & Electric Company

Dear Sir or Madam:

Pursuant to the provisions of General Order 96-B, Vote Solar and CalWEA hereby submit this response to the above-referenced Advice Letters of SCE, PG&E and SDG&E. These advice letters pertain to New Standard Offer Contract for Qualifying Facilities 20 Megawatts or Less Pursuant to Decision 20-05-006. Capitalized terms used, but not defined, herein have the meaning given to them in the new proposed standard offer contract (SOC).

**INTRODUCTION & BACKGROUND**

On May 15, 2020, the Commission issued Decision 20-05-006, which ordered the investor-owned utilities (IOUs) to create a new SOC for qualifying facilities (QFs) of 20 megawatts (MW) or less to meet the requirements of the Public Utility Regulatory Policies Act (PURPA). In OP 1 and 2 of the Decision, the Commission established initial energy and capacity prices. In OP 12, the Commission stated that the “Standard Contract for QFs 20 megawatt or Less” set forth as Exhibit 6 to Attachment A of

Decision 10-12-035 will remain unchanged. In OP 18, the Commission directed the investor-owned utilities (IOUs) to submit for approval a pro forma PPA that will be made available to eligible QFs of 20 MWs or less seeking to sell electricity under PURPA.

## **DISCUSSION OF ISSUES**

Among the issues of concern in the new SOC submitted by the IOUs in their June 15 advice letters are: 1) Payments associated with capacity delivery and 2) economic curtailment provisions.

### **Capacity Payments**

Section 1.04 of the new SOC sets forth Capacity Performance Requirements. The capacity payments are to be based on Net Qualifying Capacity as issued by the CAISO. The details of the requirements are described in more detail in Exhibit D to the contract.

Exhibit D Section 3(a) states that the Seller is eligible for RA Capacity Payment **only** if Buyer is able to apply the **entire** NQC towards Buyer's RAR Showings. (emphasis added)

Vote Solar (and 1,2,3) request that the Commission modify Exhibit D to provide for a partial pro-rated RA Capacity Payment to the Seller in circumstances where the Buyer is able to apply less than the entire NQC towards Buyer's RAR Showings for that given month. Ordering Paragraph 2 of Decision 20-05-006 provides that a capacity price is based on the provision of Resource Adequacy. In a scenario where the Buyer is able to count a portion, but not the entirety, of the project's NQC towards the Buyer's RAR Showings, the Seller is still providing Resource Adequacy. Accordingly, the Seller should still receive a RA Capacity Payment. To reflect that there is less Resource Adequacy capacity being provided, the RA Capacity Payment should be pro-rated by multiplying it by the percentage of the entire NQC that Buyer is able to apply towards Buyer's RAR Showings for the applicable month.

## Curtailement

The new SOC introduces a new defined term “Deemed Delivered Energy”. It is defined as follows:

“Deemed Delivered Energy’ means the amount of energy that Seller could reasonably have delivered to Buyer, but was instructed not to deliver to Buyer by reason of Economic Dispatch Down. The quantity of Deemed Delivered Energy shall be equal to: (a) the result of (i) the lesser of (y) the Deemed Delivery Forecast in the applicable Economic Dispatch Down period and (z) the Project’s Maximum Potential Energy in the applicable Economic Dispatch Down period; less(ii) the greater of (y) the total Expected Energy in the applicable Economic Dispatch Down period and (z) the actual energy delivered during such period; and less (iii) any amount of energy that was not delivered due to any concurrent Planned Outage, Forced Outage, Force Majeure, Power Product Curtailement, **and/or CAISO action or inaction** (but only to the extent the Deemed Delivery Forecast does not already reflect any of the foregoing); provided that, if the applicable amount calculated pursuant to this clause (a) is negative, the Deemed Delivered Energy shall be zero (0); or (b) if there is no such Deemed Delivery Forecast available during the applicable Economic Dispatch Down period, the amount of energy that Seller could reasonably have delivered to Buyer, but was instructed not to deliver to Buyer as a result of Economic Dispatch Down, as determined by Buyer based on Seller’s Final Energy Forecast and the amount of energy delivered, which amount shall not include any amount of energy that was not delivered due to any concurrent Planned Outage, Forced Outage, Force Majeure, Power Product Curtailement, **and/or CAISO action or inaction.**” (Emphasis added.) In each case, the calculation of Deemed Delivered Energy shall be calculated according to the formula set forth in Exhibit U.

Vote Solar and CalWEA believe that the phrase “CAISO action or inaction” is imprecise and introduces uncertainty into the calculation of “Deemed Delivered Energy”. Any instruction from the CAISO, including an instruction to implement an economic

curtailment under the Economic Dispatch Down definition, is “CAISO action or inaction,” so inclusion of this text creates a potential conflict with the principle in Decision 20-05-006 that the Seller should be paid for economically curtailed energy. Vote Solar and CalWEA request that this section of the “Deemed Delivered Energy” definition be corrected by deleting the references to CAISO action or inaction.

The new SOC also introduces new defined terms “Power Product Curtailment” and “Economic Dispatch Down”. These terms define under what conditions the Seller will be compensated for “Deemed Delivered Energy”. The Seller will not be compensated when a Power Product Curtailment event occurs but will be compensated Economic Dispatch Down event occurs. Vote Solar and CalWEA believe that there is ambiguity in the two definitions that needs to be corrected to clarify that Seller will be compensated for economically curtailed energy as set forth in Decision 20-05-006.

The term “Power Product Curtailment” is defined as follows:

“Power Product Curtailment’ means curtailment of delivery of Product from the Project resulting from (a) curtailment instruction by the CAISO (whether directly or through the Scheduling Coordinator or the Transmission Provider), **for any reason**, including, but not limited to, an Exceptional Dispatch (as defined in the CAISO Tariff), any System Emergency, any warning of an anticipated System Emergency, or any warning of an imminent condition or situation which could jeopardize the CAISO’s or Transmission Provider’s electric system integrity or the integrity of other systems to which the CAISO or Transmission Provider is connected, any warning, forecast, **or anticipated overgeneration conditions, including a request from CAISO to manage over-generation conditions**; (b) curtailment ordered by the Transmission Provider for reasons including, but not limited to, (i) any situation that affects normal function of the electric system including, but not limited to, any abnormal condition that requires action to prevent circumstances such as equipment damage, loss of load, or abnormal voltage conditions, (ii) any warning, forecast or anticipation of conditions or situations that jeopardize the Transmission Provider’s electric system integrity or the integrity of other

systems to which the Transmission Provider is connected; (c) curtailment ordered by the Transmission Provider as a result of scheduled or unscheduled maintenance or construction on the Transmission Provider's transmission facilities that prevents the delivery or receipt of energy to or at the Delivery Point, (d) curtailment in accordance with Seller's obligations under its interconnection agreement with the Transmission Provider; or (e) curtailment ordered by any Transmission Provider; provided that Seller has contracted for firm transmission or equivalent arrangements with such Transmission Provider for the Product to be delivered to the Delivery Point and such curtailment is due to 'force majeure' or 'uncontrollable force' or a similar term as defined under the Transmission Provider's tariff; provided, however, that **Power Product Curtailment shall not include Economic Dispatch Down.**" (Emphasis added.)

The term "Economic Dispatch Down" is defined as follows:

"'Economic Dispatch Down' means curtailment of delivery of Product from the Project that is the result of economic curtailment where Buyer, as the Scheduling Coordinator, either (i) submits a Self-Schedule with a binding Product quantity (that is less than the Forecast) or an economic bid in the applicable CAISO market, or (ii) fails to submit any such schedule, in either case, that, when implemented by the CAISO, results in an otherwise available Product quantity not being scheduled or awarded in such CAISO market, and such curtailment is not concurrently the result of a Planned Outage, Forced Outage, Force Majeure, **Power Product Curtailment**, change in Available Capacity, **and/or CAISO action or inaction.**" (Emphasis added.)

Vote Solar and CalWEA are concerned that there is ambiguity in these two definitions that could create conditions where it is not clear whether curtailment will be compensated. First, the two definitions are circular. Power Product Curtailment provides that it does not include Economic Dispatch Down, but Economic Dispatch Down provides that it does not include Power Product Curtailment. Second, the definition of Power Product Curtailment is extremely broad. This definition provides that it includes curtailment by the CAISO "for any reason" and includes "anticipated

overgeneration” as an example of Power Product Curtailment, but CAISO instructions to reduce output in response to economic bids, which should clearly fall in the Economic Dispatch Down category, could arguably fall within this broad description. Third, the definition of Economic Dispatch Down excludes curtailment resulting from “CAISO action or inaction,” which, as described further above, creates a potential conflict with the principle in Decision 20-05-006 that the Seller should be paid for economically curtailed energy.

We request that the defined terms, “Power Product Curtailment” and “Economic Dispatch Down” be clarified to eliminate any ambiguity. To maintain consistency with the principle in Decision 20-05-006 that the Seller should be paid for economically curtailed energy, the reference to CAISO action or inaction in the definition of Economic Dispatch Down should be deleted. In addition, the definitions of both Power Product Curtailment and Economic Dispatch Down should be modified to specify that if a curtailment meets the conditions in both definitions, then it will be deemed an Economic Dispatch Down. This will ensure that economically curtailed energy will be compensated as contemplated in Decision 20-05-006.

Finally, Vote Solar and CalWEA are concerned that Exhibit U introduces an ambiguous and inappropriate limitation on the Buyer’s obligation to make payments for Deemed Delivered Energy.

Exhibit U states the following: “If a Generating Facility is subject to delivery curtailments under Economic Dispatch Down in any Settlement Interval, Seller **may** be eligible for Deemed Delivered Energy payments for the volume of energy not delivered subject to the Economic Dispatch Down.” (Emphasis added.) This phrasing suggests that there could be scenarios where Seller is not eligible for Deemed Delivered Energy payments, but there is no further description of such a scenario in Exhibit U. In addition, placing a limitation on Buyer’s obligation to pay for Deemed Delivered Energy would be inappropriate because it would be inconsistent with the principle in Decision 20-05-006 that the Seller should be paid for economically curtailed energy. As a result, Vote Solar

and CalWEA request that the word “may” in the section above be replaced with the word “shall”.

Revision of the conditions when capacity payments will be made and when Deemed Delivered Energy payments will be made are important so that QF project developers have greater certainty regarding expected revenues from the delivery of the capacity and energy products. Clarity in the defined terms is needed to facilitate cost-effective financing of potential projects.

### **Conclusion**

Vote Solar and CalWEA appreciate the opportunity to submit this response to the SCE, PG&E and SDG&E Advice Letters referenced above. We fully support the Commission’s timely implementation of the new Standard Offer Contract for qualifying facilities 20 megawatts or less pursuant to Decision 20-05-006.

Respectfully submitted,

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