

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 Procurement Obligations.

Rulemaking 11-10-023
(Filed October 20, 2011)

**REPLY COMMENTS
OF THE DIVISION OF RATEPAYER ADVOCATES
ON ORDER INSTITUTING RULEMAKING**

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November 21, 2011

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As provided for in the Commission’s Order Instituting Rulemaking (“OIR”), the Division of Ratepayer Advocates (“DRA”) submits these reply comments on Resource Adequacy (“RA”) issues addressed by the various parties in their initial comments filed on November 7, 2011.

- ***The Effective Load Carrying Capability (“ELCC”) Method Should be Included in the Scope***

The Center for Energy Efficiency and Renewable Technologies (“CEERT”) appropriately calls for the addition of the ELCC method into scope of this proceeding.¹ DRA endorses the addition of the ELCC method into the scope of R.11-10-023. The ELCC method was included in the scope of the last two Resource Adequacy (“RA”) proceedings: R.08-01-025 and R.09-10-032. In D.09-06-028, the Commission declined to adopt the ELCC methodology, and instead adopted the Exceedence method for calculation of the qualifying capacity of intermittent renewable resources for RA purposes.

As DRA has pointed out in prior comments, the North American Electric Reliability Corporation (“NERC”) endorsed the ELCC method as the industry standard.

¹ Initial Comments of the Center for Energy Efficiency and Renewable Technologies on Rulemaking 11-10-023, pp. 4-8.

In recognition that the intermittency of renewable resources created a challenge for integration into grid systems, the ELCC was created specifically to address appropriate and reliable calculations of the capacity provided by renewable resources. The ELCC is a probabilistic approach which takes into account peak hours by applying a reasonable ranking methodology for quantifying grid input. It is appropriate and reliable for RA counting purposes. In contrast, the currently used Exceedence approach is a simple approach which places an over-emphasis on reliability during peak hours. As a result, the Exceedence approach undervalues the total contribution of renewable resources, which increases RA requirements and costs.

While the Exceedence approach may involve a more simple calculation, it has not been demonstrated that the value of this simplicity outweighs the potential ratepayer savings from the use of the ELCC approach. The continued use of the Exceedence rule is not an accurate method for properly accounting for the value of renewable resources. The true value of renewable resources is predicted to be higher using the appropriate ELCC approach. This would lead to reduced RA procurement and reduced ratepayer costs. As the amount of renewable electricity in the state's electricity resource mix increases, it is even more important that we employ the best method for measurement of the output of renewable capacity. For these reasons, DRA endorses CEERT's proposal to include the ELCC method in the scope of this proceeding.

Respectfully submitted,

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