

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

Order Instituting Rulemaking to Oversee)	
the Resource Adequacy Program, Consider)	
Program Refinements, and Establish)	Rulemaking 11-10-023
Annual Local Procurement Obligations.)	

**COMMENTS OF THE
COGENERATION ASSOCIATION OF CALIFORNIA
ON THE PROPOSED DECISION**

Pursuant to Rule of Procedure 14.3, the Cogeneration Association of California (CAC)¹ hereby comments on the Proposed Decision distributed in this proceeding on May 22, 2012 (PD). Specifically, CAC provides comment on the proposed denial of the CAC Petition for Modification of Decision 10-06-036, filed in R.09-10-032. The Petition for Modification sought to clarify the definition of system peak demand to exclude weekends and holidays from the hours used to calculate the qualifying capacity of combined heat and power (CHP) resources. The PD proposes to deny the Petition because it would add administrative complexity and it would provide no benefit to the Resource Adequacy (RA) program.

The Petition should be granted, first, to provide needed clarification. It is unclear from D.10-06-036 exactly which hours of which days are used to determine the Net Qualifying Capacity (NQC) of non-dispatchable resources.

¹ CAC represents the combined heat and power and cogeneration operation interests of the following entities: Coalinga Cogeneration Company, Mid-Set Cogeneration Company, Kern River Cogeneration Company, Sycamore Cogeneration Company, Sargent Canyon Cogeneration Company, Salinas River Cogeneration Company, Midway Sunset Cogeneration Company and Watson Cogeneration Company.

The Petition should be approved, secondly, because it does not add administrative complexity, and it benefits the RA program in properly matching NQC with the peak periods when resource adequacy must be assured.

Using only weekday hours to calculate NQC does not add any administrative complexity to the determination of NQC. It simply limits the dataset the California Independent System Operator (CAISO) reviews. The Scheduling Coordinator (SC) submits the template to the CAISO with the necessary data to establish the NQC.² The SC identifies the relevant hours of data in submitting the appropriate dataset to the CAISO. Any additional labor to segregate data of weekdays from weekends would be performed by the generator and its SC. No additional complexity is imposed on the CAISO or the CPUC. CAC notes that in the next section of the PD, PG&E would be allowed to customize the hours of data used to determine NQC of dynamic rates Demand Response (DR) programs, creating an exception to the data used for all other DR programs. This surely adds as much complexity in the calculation process as CAC's requested clarification.

The clarification will also benefit the RA program in ensuring the optimal fit between the NQC determinations and the peak hours when resource adequacy will be required.

It provides the best fit because the adequacy of each Load Serving Entity's (LSE) resource adequacy showing is based on its coincident peak demand. See, CAISO Tariff, §40.2, and CAISO Business Practice Manual (BPM) on Reliability Requirements, §§3.2.1 – 3.2.3, and §4.1.1. The capability of a resource to contribute to that RA requirement should also be measured by its availability at the system peak. All of the

² *Reliability BPM*, §5.1.1.

investor-owned utilities (IOUs) define their system peak hours for rate purposes as occurring during weekday hours.³

In the *Workshop Report on Resource Adequacy Issues*, filed by the ALJ workshop moderator in a prior proceeding,⁴ the report states that workshop participants agreed that the NQC for existing Qualifying Facilities (QFs) would be based on historical performance during peak hours, and then stated in a footnote:

The peak period for which historical QF performance would be measured was not defined or discussed at the workshop. QF Standard Offer 1 contracts define the on-peak period as “noon to 6:00 p.m. summer weekdays except holidays.”⁵

The CAISO determines availability for resource adequacy purposes based only on deliveries during weekdays – it excludes weekends and holidays. In §40.9.3 of the CAISO Tariff, Availability Assessment Hours used to determine availability will be: “*The Availability Assessment Hours shall be comprised of five consecutive hours of each non-weekend, non-federal holiday day.*” In the CAISO’s BPM for Reliability Operations at §8.3, the CAISO specifies the data to be used in determining availability for resource adequacy.⁶

8.3 Availability Assessment Hours

CAISO Tariff Section 40.9.3

The five Availability Assessment Hours starting in Resource Adequacy Compliance Year 2010 are listed below.

Availability Assessment Hours starting in Compliance Year 2010

<i>Month</i>	<i>Hour Ending</i>	<i>Exclusions</i>
<i>January – March</i>	<i>HE 17 - 21</i>	<i>Saturday, Sunday</i>

³ See, e.g., SCE Schedule TOU-D-1, <http://www.sce.com/NR/sc3/tm2/pdf/ce84-12.pdf>, and PG&E E-20 schedule, <http://www.pge.com/notes/rates/tariffs/electric.shtml#INDUSTRIAL>.

⁴ R.01-10-024, June 15, 2004.

⁵ *Id.*, fn 21.

⁶ <https://bpm.caiso.com/bpm/bpm/version/000000000000155>.

November – December *and federal holidays*
April – October *HE 14 - 18*
The CAISO will monitor to determine if the peak load for each month falls within the five-hour range for subsequent Resource Adequacy Compliance Years.

In both cases, the CAISO determines availability based on peak hours during weekdays, excluding any weekend hours. The determination of NQC for CHP should be clarified to use the same hours.

Although the CAISO stated during one of the workshops that a system peak can occur during a weekend, the CAISO apparently regards that as a very remote contingency. This is not CAC's assessment, as suggested in the PD; rather, the CAISO must think it a remote possibility because it has not changed its availability determinations, as described above.

The purpose for the resource adequacy program is to ensure that LSEs will procure sufficient resources to meet their peak demand. The ability of a resource to contribute to meeting that demand should be measured in the same way, based on its availability at the system peak. The decision in R.09-10-032 should be clarified to specify that the Net Qualifying Capacity of a CHP resource will be determined by its

deliveries during system peak hours limited to weekdays and excluding weekends and holidays.

Respectfully submitted,

A handwritten signature in black ink that reads "Donald Brookhyser". The signature is written in a cursive style and is positioned above the typed contact information.

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June 11, 2012

Attachment 1

Changes to Findings of Fact and Conclusions of Law

Findings of Fact

12. The June 21, 2011 CAC Petition seeks a modification to the system peak demand definition to exclude weekends and holidays from the hours used to calculate the qualifying capacity of combined heat and power resources. This proposal is not administratively burdensome and ~~there is no significant benefit to the RA program in modifying the system peak demand resources-~~ the NQC of non-dispatchable resources should be determined in a manner consistent with peak hour availability, which is limited to weekdays.

Conclusions of Law

11. ~~It is not reasonable to grant~~The June 21, 2011 Cogeneration Association of California Petition for Modification of D.10-06-036 should be granted.