

**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  
(October 20, 2011)

**COMMENTS OF MONTAUK ENERGY ON JANUARY 23,  
2013 RESOURCE ADEQUACY WORKSHOP IN  
ACCORDANCE WITH PHASE 2 SCOPING MEMO**

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SCOPING MEMO**

Pursuant to the procedural schedule set forth in the Phase 2 Scoping Memo and Ruling of the Assigned Commissioner and Administrative Law Judge issued by the Commission on December 6, 2012, (“Scoping Memo”), as modified by the Administrative Law Judge’s Ruling Resetting Schedule for Comments on Phase 2 Resource Adequacy Issues on March 11, 2013, (“ALJ Ruling”), Montauk Energy Holdings, LLC (“Montauk”) respectfully submits its comments related to the workshops held on January 23, 2013 and on March 20, 2013. Montauk’s comments are limited to the issue of determining Resource Adequacy rules for generation interconnected at the distribution level. Montauk has no comments on the Flexible Capacity issue at this time, but reserves the right to provide reply comments.

**I. Opening remarks**

As an owner, operator and developer of landfill methane to renewable energy projects for over 20 years, Montauk is developing a 20 MW landfill gas generation project at the Frank R. Bowerman Landfill in Irvine, California, that will be connected to the Southern

California Edison (“SCE”) distribution system. Montauk has been encouraged by the initiative of California Independent System Operator (“CAISO”) to develop a streamlined method for generation resources interconnected at the distribution level to be designated a deliverable to be able to provide resource adequacy capacity. As was pointed out in the Scoping Memo<sup>1</sup>, the Federal Energy Regulatory Commission (“FERC”) issued an order<sup>2</sup> on the proposed tariff language. The order approved the CAISO’s proposed mechanism for establishing potential deliverability, but ordered the CAISO to allocate the resulting deliverability to Load Serving Entities (“LSEs”) rather than to local regulatory authorities as proposed by the CAISO. As a result, the CAISO must re-define its allocation methodology to comport with the FERC order. CAISO, originally planned to submit a compliance filing on February 14, but has requested and received an extension and will submit the compliance filing on April 15. Based on stakeholder comments received on the Issue Paper<sup>3</sup> issued on January 11, 2013, the CAISO has revised the alternatives identified in the Issue Paper and issued a revised Compliance Proposal<sup>4</sup> on March 25, 2013, and then held a stakeholder all on April 3 to review the Compliance Proposal. Draft tariff language was posted on April 2, and comments on the proposal and draft tariff language are requested by April 10. The CAISO also posted the results of its 2013 Deliverability for Distributed Generation Study on March 22, 2013. This study identifies a total of 1,196.59 MW of potential deliverability for distributed generation (“DG”) in PG&E’s and SCE’s service areas, and none in SDG&E’s. Once the CAISO’s proposal is

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<sup>1</sup> R.11-10-023, Phase 2 Scoping Memo and Ruling, page 3.

<sup>2</sup> 141 FERC ¶ 61,132

<sup>3</sup> <http://www.caiso.com/Documents/ResourceAdequacyDeliverability-DistributedGenerationIssuePaper.pdf>

<sup>4</sup> <http://www.caiso.com/Documents/ComplianceProposal-Deliverability-DistributedGeneration.pdf>

implemented, LSEs with DG under contract will be able to reduce the amount or resource adequacy capacity they must acquire from non-DG sources by the amount of DG capacity under contract that is allocated deliverability under this process.

The CAISO's compliance proposal is a straightforward and clear approach that applies existing resource adequacy structures to the assignment of deliverability to DG without requiring any additional steps or mechanisms that would treat DG differently from other generating resources. It would also allow timely implementation for the 2014 Resource Adequacy cycle and not require any action on the part of this Commission to implement. The CAISO got it right and has proposed an elegant solution. It would allow existing energy only DG resources and DG resources in the interconnection queues to request deliverability, automatically assign available deliverability to DG resources that have already requested it, maintain the existing first-come first-served approach acceptable to FERC, and include an on-line date test as a tie-breaker and to keep moribund projects from hoarding deliverability. The proposal also includes an equitable mechanism for allocating potential deliverability to municipal utilities within the CAISO footprint. As is the case with all other resources within the CAISO footprint, DG resources assigned deliverability that do come on-line would retain it as long as they remain in operation. The CAISO has also concluded that the proposal falls within the requirements for a Compliance Filing and would not require a §205 filing with FERC which would make it difficult to implement and make the capacity available for 2014.

All in all, the CAISO's revised proposal does everything the DG deliverability mechanism was intended to do without imposing any new qualifications or complications that would likely be more work than they are worth. As a result, Montauk strongly

supports the proposal.

## **II. Response to ALJ Questions**

At the January 23 workshop, ALJ Gamson requested that parties respond to several questions in these comments. He also provided direction at the March 20 PHC regarding Flexible Capacity issues and proposals. Because Montauk's responses are limited to the DGD issue which was not discussed at the PHC, we will only reply to the January 23 questions.

### **1. Does Commission need to make decision this year on either of these issues?**

As discussed above, it appears that the CAISO's revised approach to allocation of DGD could be implemented without requiring any specific activity on the part of the Commission.

### **2. If so, should it be a policy decision or an implementation decision?**

Under the current RA program any LSE could obtain RA capacity from any deliverable resource, the only limitation being a requirement to obtain some level of resources in specified local areas. The CAISO proposal does not make any changes in that process that would require a Commission decision of any kind.

### **3. If a decision is needed, what should it be?**

Based on the CAISO's current proposal, no decision should be needed.

## **III. Conclusion**

Montauk appreciates the opportunity to submit these comments, and looks forward to working with the Commission and other stakeholders in this proceeding going forward.

Respectfully submitted,

**MONTAUK ENERGYHOLDINGS, LLC**

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