

**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)

**DISTRIBUTED ENERGY CONSUMER ADVOCATES
REPLY COMMENTS ON PHASE TWO RESOURCE ADEQUACY ISSUES**

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**DISTRIBUTED ENERGY CONSUMER ADVOCATES
REPLY COMMENTS ON PHASE TWO RESOURCE ADEQUACY ISSUES**

Distributed Energy Consumer Advocates (“DECA”) hereby provides reply comments on the phase two Resource Adequacy issues consistent with the December 6, 2012 scoping ruling and Administrative Law Judge Gamson's March 11, 2013 ruling adjusting the deadline for comments and replies. DECA limits its reply comments to a subset of the comments filed on April 5, 2013.

I. Reply comments on certain issues

DECA replies to a limited set of issues below, including the Must Offer Obligation (“MOO”), jurisdictional deference, the adequacy of the record thus far, and other issues.

A. Imposing a Must-Offer-Obligation-like bidding requirement is not the purview of the only CAISO

In its April 5, 2013 comments Southern California Edison (“SCE”) indicates that “Imposing a bidding requirement is the purview of the CAISO, and if the CAISO does not see the need for a revised MOO for 2014, then there is no reason for the Energy Division to impose one either. Further, it will be very difficult to modify and/or police the current contractual arrangements in order to ensure enforcement of this brand new requirement.”¹ While DECA agrees there is likely no need for a revised MOO in 2014, DECA disagrees with SCE's characterization of a MOO-like bidding requirement as being the purview of only the CAISO.

The history of the Resource Adequacy program has involved bilaterally contracted RA capacity that includes a contractually mandated offer obligation. Limitations around enforcement of this issue caused the program to be migrated toward a purpose specific MOO created by the CAISO. Those considerations do not apply to the broader issue of non-CAISO-

¹ Southern California Edison *Post Workshop Comments*, April 5, 2013, p.7

market-clearing ramp mitigation resources as the Commission should be considering them. Additionally, the currently considered MOO for 2015 as proposed by the CAISO and supported by others is not appropriate for California's current needs. In particular DECA cautions that the creation of energy-based MOO is a serious limitation to most of the state's preferred resources from offering their flexibility or ramp mitigation. Accordingly, the Commission should not, in considering the 2014 application of a MOO, assume that one is necessary in 2015 or that it should be as proposed by the CAISO.

B. The Commission does not need to wait for a FERC decision on distributed generation deliverability for ramp mitigation or flexible capacity.

In its April 5, 2013 comments SCE stated that the Commission should not act on distributed generation deliverability issues at this time. In particular SCE suggested the Commission should wait for a FERC order on DG deliverability before acting.² DECA does not believe this issue is correctly framed by raising the FERC decision. As stated by DECA in its April 5, 2013 comments and presented at the March 20, 2013 workshop, peak-oriented capacity is not the appropriate metric for measuring a resource's capacity with regard to flexibility or ramp mitigation. The value for generic capacity is likely to be of marginal value on a forward going basis as a result of the various “netting” scenarios that might be implemented. Instead, the Commission should examine deliverability of DG resources from the perspective of both peak and ramp mitigation. Because peak-oriented capacity will be only one element of a resource's capacity, there is no reason for the Commission to wait for guidance on the issue from other jurisdictions, instead the Commission should quantify a probable spectrum of peak-oriented capacity for DG based on a range of deliverability scenarios and add that to the value of effective load carrying capacity and ramp mitigation capacity metrics.

² Southern California Edison *Post Workshop Comments*, April 5, 2013, p.12.

C. The Commission cannot rely on the information submitted by the CAISO on March 22, 2013 in making a determination of need for 2014 without providing parties the opportunity to examine those data.

In its April 5, 2013 comments Pacific Gas and Electric (“PG&E”) asserts that the record is adequately developed for the Commission to make a need determination for flexibility products based on the CAISO's March 22, 2013 provision to the service list of additional data not included in the March 20, 2013 workshops.³ That data has not been sufficiently examined in this record, nor has there been time in which parties could be reasonably expected to do so. PG&E did not and cannot suggest that the record based on the March 20, 2013 workshop support such a determination because the record in fact does not support it. DECA appreciates that these issues are developing as the proceeding progresses, but no party should assert that insufficiently vetted material be relied on by the Commission simply because it is “new”. The schedule for this proceeding was laid out and planned for well in advance of March 22, 2013. If data were known to be in process before that time all parties and the record itself would have benefited from an adjustment to the schedule to allow for planned incorporation of them. Furthermore, the schedule proposed by DECA in its April 5, 2013 comments is very well suited to addressing those data while respecting the obligation to the record in this and successor proceedings.

D. There are material issues of disputed fact that must be addressed before any finding regarding flexible capacity need being addressed within the RA program.

PG&E errs in its assertion that, while there may be disputed issues of fact, there are no *material* issues of fact in dispute.⁴ In its comments at the March 20, 2013 PHC, DECA stated it was not entirely sure if the issues raised by Sierra Club and TURN required hearings. That is no longer the case. The workshop later that day clearly demonstrated the need for hearings regarding the assumptions made by the CAISO and other regarding both flexibility need and the ability of individual resources to provide that flexibility or other ramp mitigation abilities. The

³ Pacific Gas & Electric *Comments on Workshops and Proposals*, April 5, 2013 pp.13-14.

⁴ *Ibid*, pp.15-16.

fact that roughly half of one hour was spent trying to understand the assumptions driving a single slide from the CAISO's presentation supports the fact that parties were not sufficiently informed to even establish the spectrum of contested issues at that time and, as referenced above, new material has been introduced since then. That slide, in particular contained information based on the CAISO's master file that CAISO staff at that time could not answer questions from Energy Division staff or parties in the proceeding regarding the number of non-hydro resources or how the Pmax of those resources would increase as represented in data on the slide.

E. Pacific Gas & Electric has correctly scoped some of the issues that need to be addressed regarding an implementation of a ramp mitigation RA program, but the list contains errors and is otherwise inadequate and should not be used for the 2014 Resource Adequacy compliance year.

In its April 5, 2013 comments PG&E raised a series of 8 components for a flexible RA program.⁵ DECA cautions that as provided they are inadequate for implementation. DECA suggests a non-exhaustive list of shortcomings here. The Commission would err by basing a resource's ramp mitigation on a decremented Effective Flexible Capacity as proposed by the Joint Parties and others.⁶ In particular the utilization of a three hour ramp need, the calculus of resources ramp rates, and scheduling requirements are ill conceived and contrary to the best interests of the state and limitations on imports and use-limited resources are insufficiently addressed for real world application at this time. Certainly there are many issues that need to be further addressed, but in the interest of time and because of the severity of the shortcomings listed above, the full scope of issues is not listed here.

For these reasons DECA supports a new proceeding be opened immediately for the 2015 compliance year. DECA believes that the PG&E components are a reasonable starting place for such an effort, with the caveat that a "ramp mitigation" focus may need to be more broadly

⁵ *Ibid*, pp.17-28

⁶ *Ibid*, pp. 21-23

scoped in order to fully capture its complexities and the diversity of resources that are capable of providing it.

III. Conclusion

For the above reasons DECA continues to strongly discourage the Commission from adopting any flexible capacity requirement for 2014. DECA continues to encourage the consideration of all of the proposals in this proceeding, including the Full CREDIT proposal in a 2015 compliance year RA proceeding, to be opened immediately.

Respectfully submitted this 15th day of April, 2013.

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