

**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
COMMENTS ON PHASE TWO RESOURCE ADEQUACY ISSUES**

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April 5, 2013

DISTRIBUTED ENERGY CONSUMER ADVOCATES COMMENTS ON PHASE TWO RESOURCE ADEQUACY ISSUES

Distributed Energy Consumer Advocates (“DECA”) hereby 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. DECA limits its comments to three areas in the interest of brevity and with the hope of reducing the amount of duplicative efforts by parties. DECA comments in particular on the questions raised by ALJ Gamson in his March 11, 2013 ruling, the revisions to the existing proposals put forth by various parties and the California Public Utilities Commission's Energy Division staff, and, separately, introduces in limited form the Full CREDIT for Flexible Capacity proposal as presented by DECA at the March 20, 2013 workshop (“the Full CREDIT Proposal”).

I. Introduction

Administrative Law Judge Gamson asked:

“First, does the Commission need to make a decision on the matters this year? We have a Commission decision in resource adequacy which will occur in June of this year, the last Commission meeting in June. Second, does the Commission need to make a decision on either the DG deliverability or flexible capacity procurement issues this year? Is there a need? If there is such a need to make a decision in those proceedings, in those matters, what decision should it be? Should it be a policy decision? Should it be an implementation decision? And, third, then the question will be if you believe that there is a detailed decision that needs to be made either on policy or implementation, what should that be? Regarding flexible capacity, should it be the ISO proposal? Should it be the Energy Division proposal? Should it be something in between? Should it be something completely different?”¹

DECA addresses ALJ Gamson's questions in these comments, but takes the liberty of restructuring them to emphasize a potentially different prioritization of underlying issues. Of primary importance, DECA strongly discourages the Commission from adopting any interim flexible capacity product or procurement target for the 2014 RA compliance year. Instead, and

¹ March 11, 2013 ADMINISTRATIVE LAW JUDGE’S RULING RESETTING SCHEDULE FOR COMMENTS ON PHASE 2 RESOURCE ADEQUACY ISSUES AND SCHEDULING A PREHEARING CONFERENCE, p. 2, and from the bench at the January 23, 2013 workshop.

for reasons delineated below, DECA supports the opening of the 2015 RA compliance year proceeding now, without waiting for a June, 2013 decision in this proceeding.

II. Comments on the questions posed by Administrative Law Judge Gamson

A. *Does the Commission need to make a decision on the matters in R.11-10-023 this year and if so, on what?*

This answer depends on how you are defining “this year”. As ALJ Gamson noted, we have a Commission decision in resource adequacy which will occur in June of this year, likely the last Commission meeting in June. Certainly some RA matters will need to be addressed by June 2013 for purposes of providing 2014 compliance year RA Requirements for Load Serving Entities to procure and time for procuring the resources necessary to meet those requirements.

Importantly, however, “this year” can mean more than the 2014 RA compliance year decision in June 2013. In the March 20, 2013 workshop PG&E's Paul Tougas emphasized that because of Demand Response (“DR”) program cycles, guidance from the RA program is necessary to ensure that multiple years of potentially flexibility providing DR is not lost to an ill timed change in the reorientation of the RA program toward flexible capacity (however defined). The guidance from this proceeding was, according to Mr. Tougas, necessary by September, 2013. DECA is sympathetic to these concerns.

While there are undoubtedly other issues raised in the phase two scoping memo that are small enough that they can be accomplished by June, 2013, smaller parties like DECA do not have the bandwidth to contribute much to that process.

Despite this inability to address a great many issues by June 2013, DECA shares the concerns of the very broad range of parties that suggested “sooner, rather than later” should be the *modus operandi* of a data heavy, detailed inquiry into flexible capacity and flexibility needs. This is especially the case in light of the implications for California's preferred resources, its expanding carbon market, and a great many of the programs of this Commission. Accordingly,

DECA proposes here that, rather than keeping this proceeding open to address flexibility in *phase two, part two*, the Commission open the 2015 compliance year RA proceeding now, before the June, 2013 RA decision.

The Commission should take the hearing request filed by TURN and the Sierra Club (and discussed at the March 20, 2013 PHC) and the September 2013 DR-specific decision concern raised at the March 20, 2013 workshop as a foundation for a schedule to be pre-scoped in the 2015 RA compliance year OIR. This schedule should be coupled with an up front adoption of the record in this proceeding so that the proceeding can hit the ground running, focusing on DR and hydro issues for a September, 2013 decision and addressing the role of distributed generation deliverability, curtailment, modification of existing RPS contracts, storage, and integration of RA changes with procurement practices for a June, 2014 Commission decision.

Such a proceeding would benefit from slightly improved coordination with the Long Term Procurement Planning (“LTPP”) proceeding. The production modeling via the multi-year vetted Plexos software platform and new introduction of stochastic need assessments of the LTPP proceeding would serve to inform the Commission of the true cost of its flexible RA decision both in light of projected wholesale energy and ancillary services prices, carbon, and the quantification of avoided capacity costs as they apply to flexibility needs as a driver for Commission programs and procurement authorization.

A failure to properly quantify these issues in the RA proceeding, even in an interim decision runs the risk of undermining a great many of the state's goals.² Conversely, an RA program change that seeks to formally integrate input from the Rule 21 DG interconnection proceeding and the maturing LTPP proceeding, can help frame the scope of issues that should be addressed as the rest of the nation follows California into higher and higher penetrations of renewable energy sources.

² The issue of the implications of interim flexible RA programs on the development of emerging technologies that are among the state's preferred resources as well as the effects on the Commission own programs are addressed below.

B. Does the Commission need to make a decision on either the DG deliverability or flexible capacity procurement issues this year and, if so, what should it or they look like?

Yes, but not by June of 2013, and the decision probably cannot be completely addressed by September of 2014. DECA believes the subject of DG deliverability and flexible capacity are separate issues that should be, but do not have to be, dealt with simultaneously. Because many of the inputs necessary to determine the impacts of a Commission decision on flexible capacity are also necessary inputs for evaluating a comprehensive DG deliverability policy, DECA believes the two issues can be addressed simultaneously, although some DG deliverability issues may need to be addressed later than a June 2014 RA decision time frame would permit.

i. DG deliverability

DG deliverability has been an issue that has complicated the RPS procurement process for a number of years. It has been managed, poorly, in the implementation of the RPS proceeding through the Renewable Auction Mechanism and various advice letters, through the Rule 21 interconnection process, through the CAISO's interconnection queue, and through the IOU's procurement evaluation processes, as well as in the LTPP proceeding. The RA proceeding is in fact where it should be addressed first and with significant input from the CAISO and other stakeholders. Most importantly, it must be done with recognition of the fact that "peak deliverability" is perhaps no longer as important as a more broadly envisioned ramp mitigation/Effective Load Carrying Capacity deliverability assessment.

While the Commission can address deliverability via a simple policy rule, California's best interests would be better served by a thorough investigation of the probable value of how much of what in particular is needed and how the various markets are likely to clear in light of such definitions and targets. This calculus is necessary to ensure that a flexibility need is well defined and that it can be met the maximum amount of resources as is reasonable. Such a process is much more desirable than making a simple rule about deliverability for procurement

purposes or migrating an existing one designed for another purpose to a need that is very likely to shift over time.

ii. *Flexible capacity procurement*

DECA has already addressed its concern regarding the meaning of “this year” in section II.A, above, but provides separate consideration of a need assessment in this section. DECA strongly disagrees with the parties who are advocating for implementation of an interim program based on a flexible capacity “need” for the purposes of “practice”. Put simply, the stakes are too high and the implications not sufficiently vetted in this proceeding for the Commission to value the benefits of “practice” against the costs of implementing a poorly considered “interim” plan.

a. *The Commission does not have sufficient record to determine what the flexible capacity need is to target a program even on an interim basis, and what little record there is suggests no need.*

DECA acknowledges the electrical grid is changing. The change has been most pronounced on the generation side in particular. But characterizations of the change as being driven by a subset of resources reflects an institutional bias that the Commission must critically analyze before basing any policies upon it. The record in this proceeding thus far has relied unduly on the assumption that certain resources “cause” a need for flexibility and that certain other resources “relieve” that need. The majority of the time spent on the CAISO's presentation of the flexibility need at the March 20, 2013 workshop was focused on how the flexible capacity of California's least preferred resources was de-rated to demonstrate that there may not be enough of it to meet flexibility needs in the very near future. Many parties challenged these assumptions, but almost no time was spent on the question of why, if these resources may be inadequate at some point in the near future, are we not focusing on extracting flexibility from other resources – especially those more valued by the preferred loading order.

DECA cautions that while the handling of hydro resources' contributions to meeting flexibility needs was very worrisome in particular, any attempt to append the much better PG&E hydro counting proposal to the Joint Parties' proposal must also examine what that hydro does to the assumed need and the ability of the existing fleet to meet that need.³

Parties were within their rights to question if that characterization of future need was itself accurate, an issue addressed immediately below, but there is a more fundamental question regarding whether the characterization of the need itself should not be addressed before the ability of any resource to meet that need is considered.

DECA is greatly concerned that the development of the CAISO's flexible ramping products and the design and operation of the CAISO's markets themselves are creating a "need" that may not otherwise be there and simultaneously pre-determining the kinds of resources that can meet that need. This concern served as the foundation for DECA's Full CREDIT proposal, discussed below. That proposal, at its most fundamental level, asks the Commission to value resources' abilities to meet flexibility needs even if the CAISO does not have a market mechanism for recognizing those abilities.

Perhaps the single most important problem with the demonstration of flexibility need is the commingling of any resource's ability to meet the flexibility need with a separate obligation to provide energy beyond the resources ramp mitigation capabilities. That a resource must offer energy beyond the ramp it mitigates in order to qualify as "flexible" is fundamentally flawed. In particular this assumption ignores the value of most preferred resources as well as those of interstate resources and California's interties. Unfortunately the idea that imports and exports do not "count" underlies both the Energy Division staff proposal and the Joint Parties' proposal. DECA strongly supports a more detailed assessment of the value of interties in addressing ramp

³ It remains unclear how changes in the assumptions of hydro dispatch based on the PG&E hydro counting proposal would affect the calculation of flexible capacity need should the PG&E proposal be adopted, but there remains a more fundamental question about the reasonableness of the assumptions about how hydro use drives flexibility need regardless of the adoption of the PG&E proposal.

needs and supports having an explicit conversation about the differences between meeting a ramp need and meeting a generic flexibility need that is based on that ramp factors external to it.

Like the staff and Joint Parties' proposals the CAISO's "duck chart" which has been only tangentially mentioned in this proceeding but is shaping, and unfortunately misleading, much of the conversation about flexibility need outside of this proceeding, assumes that there is no value to import or exports. In some cases imports and exports are actually penalized for providing contribution to ramp need because they are not "adequately flexible" even though they can provide a nameplate flexibility value of 28,000MW based on their ability to import and export. Thinking more inclusively but still limiting the interties to approximately 1/3 of their nameplate value reduces the apparent largest three hour ramp conveyed in the duck chart to less than 5,000 MW.⁴

DECA does not believe sufficient need has been demonstrated to support making a decision adopting an interim flexible RA program, but DECA also remains concerned that advocates of an interim program may have overestimated the ability of some resources to meet that need. As DECA has stated in other comments in this proceeding, the assumptions about the

⁴ DECA does not, at this time, support the three hour ramp as an appropriate metric for determining flexibility need, but uses it here for ease of comparison.

performance of combined cycles appear to bias results in favor of those resource, over-counting their contribution to meeting a flexibility need by ignoring the forbidden zones inherent in their designs. Both of these issues speak to a need to examine the issue before creating an insufficiently supported interim proposal.

There is however, a more fundamental flaw in the calculus of the CAISO and the other joint parties that speaks to a problem with need as it is defined. Ramp mitigation ability seems to be presupposed to only mean “can be dispatched on a sub-five minute basis into the CAISO's energy market”. This assumption is prima facie wrong and the Commission must not base the future of its RA program on it. The ability of a resource to contribute to meeting a known and highly predictable diurnal ramp need cannot be equated solely with a particular dispatch characteristic. Doing so fundamentally biases the RA program so that only particular resources can participate.

An analogy is perhaps helpful. Every day a child must get from her home to her school across town. The school bus she has taken for the past 65 years has been reliably dispatched along a route to get from the home to the school. The bus is old, but reliable. It's not very quick off the line, but it gets the job done even if it's a bit smokey. The city planners have recently installed bike lanes along the route to encourage cycling. Those bike lanes have reduced the number of lanes of car and bus traffic and set up timed stoplights timed for bicycle traffic. Bikers love it. Cars and buses, not so much. There is traffic congestion along the route, and the bus route takes longer than it used to. The old bus is burning more fuel, idling much of the time and blowing exhaust into the bike lane. No one is happy. The ridership is down on the school bus – some people are biking, but others are driving a different route just to save time. The school district knows it needs a bus, but the ridership very low. The school district sees the writing on the wall – the bus can't make it more than a few years without help. The school district is preparing a increase in lunch fees to cover the increased fuel cost soon, but what is to be done until then?

Right now the Commission is being asked by the school district to pay to keep the old school bus on the route because it is still used and it's fuel costs have gone up. But actually what is needed is getting the kids to school, and sticking to the old route isn't the only option to do that. The Commission could buy a new, smaller or more efficient bus, pay a little extra to change where the exhaust exits the old bus, buy everyone bike, give the money it would spend on the bus as vouchers to everyone, or suggest that the route be changed. Even though some children on the route may have to walk a bit further to the new bus stop, some will be walking a bit less, too. Any of these are options. The lunch fees are, too. Unfortunately this proceeding is being asked only to keep the bus on the old route and to pay for the increased fuel cost because it is "needed". Is it any wonder the local bike shops are suggesting the Commission consider other options as soon as possible?

Almost certainly some combination of options will be more efficient. The Commission should take the time to look at all of them thoroughly rather than pick a non-ideal one now simply because that way a decision can be made as soon as possible.

b. California's preferred resources are explicitly penalized by the current proposals and would be harmed by any interim implementation of these proposals.

DECA strongly discourages the Commission from bifurcating the determination of different resources' abilities to meet flexibility needs over multiple proceedings. We do not know what the value of flexible capacity will be compared to peak capacity if an interim proposal is adopted because there is no record on that subject, but the Commission would be wise to consider the consequences if that value were to be large. Excluding preferred resources from being able to qualify for higher capacity payments because it is expedient to do so is bad policy, if not in contravention of the preferred loading order itself.

Additionally, as mentioned in its presentation at the March 20, 2013 workshop, DECA is

very concerned that the Commission may, by postponing a decision assigning value to flexible capacity from preferred resources will creates market uncertainty for those resources. In particular DECA is concerned that such uncertainty will harm the development of the markets that support those preferred resources, especially access to credit facilities. There are a great many pressures on preferred resources right now, including limits on NEM and the end of the CSI program, multi-year delays in interconnection studies, uncertainty regarding the continuation of federal tax incentives, and the slowness of the recovery from the global credit crisis and its effect on the global economy. Sending up a giant flag saying “we will decide at some later point if there is any value to these resources other than their green attributes, if they have any” runs the risk of letting these resources die as a failed experiment.

c. The Commission would bias a subsequent and more deliberative flexible capacity program toward the insufficiently vetted interim proposal by given them first mover status.

DECA is concerned that an isolated assessment of a particular class of resources' ability to meet a flexibility need will bias the program on a forward going basis toward that class of resources. This is a common and well documented phenomenon whereby first mover status and the process of regulatory capture combine to create a permanent market imbalance and a non-optimal outcome.

III. Comments on the Revisions to the Various Resource Adequacy Proposals

The Commission should not adopt the Joint Parties' October 29, 2012 proposal or the Energy Division staff proposal in its original or revised form.

DECA limits its comments here based on the availability of its previously filed comments on the proposals. While DECA expressed concerns to Energy Division staff in comments on the original proposal, DECA more strongly opposes the proposal as revised. DECA believes that the

one area where the Energy Division proposal has been improved, the counting of hydro resources, is still not adequately developed to base a Commission decision upon at this time.

DECA strongly cautions against the adoption of the Joint Parties Proposal including if that proposal were modified by the incorporation of the Energy Division staff proposal or the PG&E hydro proposal. As many of the underlying criticisms have been included in conversations elsewhere in these comments they are not stated separately here.

As stated above, DECA does support addressing hydro counting in a more deliberative process on a similar time frame as proposed for DR and believes the PG&E hydro proposal as adopted by the Energy Division staff in their proposal represents a very good starting place for an expedited discussion of hydro's contribution to meeting ramp needs. This strategy would provide a jump start on addressing certain “easier” issues in a subsequent phase of this or a new proceeding, while providing a template or at least working experience with the issues addressed by more challenging resources such as curtailment and storage.

Finally, in this section DECA restates concerns raised in its March 20, 2013 workshop presentation as part of these comments. DECA cautions that the adoption of the Joint Parties' proposal, the Energy Division staff proposal as originally presented or as revised or any combination thereof will have very wide reaching and serious effects on a number of the Commission's programs including DR, EE, RPS, CHP, SGIP, as well as its rate structures. This bad outcome will be caused by economic forces resulting from the collapse in value of traditional “peak oriented” capacity in favor of “flexible capacity” for which a great many programs and non-combustion-based technologies will be explicitly prevented from qualifying for. This will potentially freeze investment in non-fossil generation for years as the Commission sorts out how to remedy the situation and massively disrupt the utility RFO process.

DECA also highlights that the record is inadequately developed around the CAISO's developing Flexible Ramping Products and how access to revenue from those resources may affect the ability of resources to compete in utility RFOs.

IV. The Full CREDIT proposal

At the March 20, 2013 workshop DECA made an introductory presentation of its Full CREDIT proposal. The Full CREDIT proposal is based loosely on the Credit for Responsive Energy Distribution, Integration, and Timing (“CREDIT”) concept that envisions a more balanced look at the role of emerging and traditional resource on the electrical grid. Within the CREDIT construct, integrated demand-side management, central station and distributed generation, the smart grid, and the markets that bind them are treated as equals as part of an integrated solution to efficient electricity production and consumption on an optimized network.

This section attempts to provide additional information about the Full CREDIT proposal, but recognizes that there is not adequate time to address any of the proposals before a June, 2013 RA decision and therefore lays out a combination of the tenets of the proposal and the architecture of its key processes. DECA continues to work on the development of the Full CREDIT proposal and seeks ongoing input from parties to help address additional issues associated with the proposal's implementation.

Importantly, DECA apologizes for not having a full proposal available at this time. As a small organization involved in many CPUC proceedings DECA has been reluctant to invest the large number of hours necessary to draft a full and comprehensive proposal without knowing if the Commission would decide or the ALJ or assigned Commissioner would rule in a way that would allow a record to be developed around such a full proposal. Similarly, as an intervenor, the prospect of the increased uncertainty over the recovery of related expenses on one hand, and desire to avoid wasted expense to the Commission's ratepayers on the other, affected the decision

to present less than a full proposal at this time.

A. Tenets of the Full CREDIT proposal

The Full CREDIT proposal directly challenges the unacknowledged assumptions of the flexible RA capacity proposals as asks if we are using the right tools the right way, but also if we are trying to solve the right problem. At its most fundamental level, the Full CREDIT proposal answers this simply: the construct of flexibility that serves as the underpinning for the previous proposals is fundamentally flawed. Instead the Full CREDIT proposal accepts that a certain amount of load (most of it, in fact) will occur during the day, some load is willing to change and capable of doing so (including in ways that emulate generation), all generation has, inherent in its design and the market forces that created it, limitations, and all markets are imperfect. This creates problems and, of course, opportunities. By operating with intentional and explicit awareness of the existing wholesale and retail markets for energy, ancillary services, and capacity, the Full CREDIT proposal balances the efficacy of rate-based programs such as rate design, demand response, and Net Energy Metering with operational concerns at the grid operation level that may themselves fall outside of the existing wholesale markets.

As a result of that perspective the Full CREDIT proposal recognizes that “flexibility” as proposed by the Joint Parties⁵ is seeking to solve a need that is bigger than wholesale markets with the tools of the wholesale market. Accordingly the Full CREDIT proposal seeks not to provide “flexibility” based on particular dispatchability characteristics, but rather seeks to ensure that generation resources are there to meet the portion of load that cannot or will not move in response to price signals from the wholesale markets that are indicative of difficulties in meeting load and any given moment.

The wholesale markets do not need to see, a year or more in advance, the ability of load

⁵ And others whose work relies on the assumptions that form the basis of the Joint Parties' October 29, 2012 proposal.

to be available years in advance for limited use during a few select hours. Grid operators do however need to know that they needn't make out of market purchases of particular kinds of capacity or create new wholesale products to anticipate a particular kind of need. Absent that knowledge they will make decisions harmful to programs and technologies they do not value because they can't, much as they have done in the Joint Parties' proposal. So then, the Full CREDIT proposal exists to allow the Commission to signal to the grid operators that it will ensure that contractual and physical procurement mechanisms that may not appear to fit perfectly into the CAISO's preferred "no self-scheduling" ideal market will still be quantified and obligated to show up when needed. Part and parcel to that are compliance fines consistent with the design and intent of the Commission's current RA program.

B. The architecture of the Full CREDIT proposal

The Full CREDIT proposal uses as its structural foundation the current, peak-oriented RA program. In the current RA program load is forecast by the CEC informed by a collaborative process, operating and planning reserve margins are added to that forecast load as a result of a publicly approved process, and operational constraints and exceptional programs are considered by the CAISO in collaboration with the CEC and the CPUC, all of which result in a Resource Adequacy Requirement that varies by month and is assigned to all Load Serving Entities ("LSEs") based on an agreed upon methodology. In a separate process resources generation resources are determined to have a potential Qualifying Capacity value and that value is Netted based on deliverability studies oriented toward the systems peak load. The performance of individual resources over time provide a feedback mechanism to ensure that the Qualifying Capacity is based on actual performance. LSEs are obligated to show, in their RA filings, contracts with resources for their RA capacity up to Resource Adequacy Requirement. The CAISO then determines if there is a net short as a result of any number of factors and that

amount is procured by LSEs. If an inadequate amount of resources are shown the CAISO has backstop procurement mechanism to ensure resource adequacy.

The Full CREDIT proposal varies very little from this. In the Full CREDIT proposal the need is established via a regulatory process with ongoing the input from the public that informs the CEC, the CAISO, and the CPUC's ultimate decisions, resource commitment varies by month and is still measured via a showing to the CPUC by LSE of bilateral contracts or direct resource ownership, and multiple backstopping mechanisms exist to ensure resource adequacy is ensured at the lowest cost with the least amount of market distortion from backstopping.

There are however, also differences. Rather than relying on an assumption that imports will exist “on peak” at a certain level as the current RA program does, the Full CREDIT proposal requires resources that utilize scheduled energy across interties to show those schedules in advance or have a Commission approved procurement plan for ensuring the interties are utilized in a way that reduces the need for in state resource to provide the ramp mitigation services. Additionally, Net Qualifying Capacity for ramp mitigation is not based on an on-peak deliverability assessment because it needn't be delivered on-peak. A separate deliverability assessment and netting thereof must be made as part of the Full CREDIT or any other ramp mitigation or flexible capacity requirement program.⁶

The Full CREDIT proposal is based on the existing RA program in another key regard. It utilizes Maximum Cumulative Capacity (“MCC”) buckets, similar to those in the current RA program. While not perfectly aligned with the decreasingly utilized MCC buckets, the Full CREDIT proposal relies on a Flexibility Demand Curve (“FDC”) and the recognition of the diversity of the existing fleet under contract as well as the state's preferred resources bidding procurement RFOs or coming out of Commission programs in order to determine the MCC buckets. As stated in the March 20, 2013 workshop the purpose of the FDC based MCC buckets

⁶ Elsewhere in these comments DECA proposes that the deliverability of DG be addressed in this or successor proceedings. That DG deliverability issue can and should be considered simultaneously with this ramp mitigation deliverability assessment.

is to ensure that a vehicle exists to value all resources' abilities to meet flexibility or ramp mitigation needs.

DECA recognizes that the Full CREDIT proposal does not explicitly address here the qualifying or contributing factors that would apply to particular technologies or resource classes. Doing so in the context of comments and replies is an inadequate mechanism for record development of such a complicated and contentious issue. Instead DECA emphasizes particular principles that it expects would be fleshed out via traditional record development processes in a separate phase of or successor to this proceeding.

DECA believes that storage and committed scheduling across the interties should be treated similarly, with charge/export and discharge/imports potentially representing an additive value to the nameplate capacity of the resource. DECA proposes as a strawman that such resource would be viewed as additive if they switched state during the period of ramp need. DECA believes more comprehensive conversations need to occur to determine the value of curtailment of resources, including how scheduled curtailment of variable resources may have increased value associated with their curtailment by removing or reducing their variability from the CAISO's markets and how such resources might bid into RFOs as modifications to their existing contracts. DECA strongly believes that aggregation of resources that do not directly participate in the CAISO's markets may be possible in the Full CREDIT structure and provide capacity payments to resources such as residential solar as part of a curtailment-based ramp mitigation strategy.

DECA continues to explore these issues and hopes to have the opportunity to present a more comprehensive Full CREDIT proposal consistent with the timeline laid out above.

V. Conclusion

For the above reasons DECA strongly discourages the Commission from adopting any flexible capacity requirement for 2014. DECA encourages the consideration of all of the

