

**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)

**VOTE SOLAR INITIATIVE'S COMMENTS
ON THE PROPOSED DECISION OF ALJ GAMSON**

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June 17, 2013

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I. The Proposed Decision should be adopted with minor revisions to ensure the development of an open and resource-inclusive flexible capacity program

The Vote Solar Initiative (Vote Solar) appreciates the thoroughness of ALJ Gamson's Proposed Decision (PD) and supports the finding that there is no need to adopt a flexible capacity requirement for the 2014 Resource Adequacy (RA) year. Vote Solar agrees with the PD's determination that workshops should be held prior to the 2015 RA year to investigate the need for and rules to govern resources that can provide flexible capacity to meet future potential ramping requirements.

Vote Solar is concerned, however, that the PD has prejudged the focus of that investigation by adopting a "flexible capacity framework based on the Joint Parties' Proposal,"¹ that presupposes "the essential eligibility standard that the resource must be capable of continuous ramping and sustaining energy output for a minimum of three consecutive hours during an operating day."² As Vote Solar has explained, this eligibility standard clearly favors fossil-fueled resources and fails to properly consider loading order requirements, GHG impacts, and other ways to minimize and/or provide ramping needs, such as resources likely to be available through the CAISO's developing regional Energy Imbalance Market (EIM),³ which may significantly expand in the near future with the recent sale of Nevada Energy to Mid-

¹ PD at 44

² PD at 51

³ PD at 40

American Energy Holdings, the owner of PacifiCorp, with whom CAISO has signed an implementation agreement for the development of the proposed EIM. This is because the focus of the Joint Parties' Proposal is on the lack of generating resources with specific ramping capabilities rather than on developing a ramping standard that can be addressed in various ways using a variety of resources. For example, the Joint Parties' Proposal seems to preclude resources that can reduce ramping needs or a combination of resources that could satisfy ramping needs (such as wind, demand response and storage), as well as resources that could be procured via a regional EIM.

While the PD recognizes that preferred resources should be allowed to participate in the flexible capacity framework to be adopted for 2015,⁴ the fact that the PD adopts the Joint Parties' eligibility "starting point" places a difficult burden on preferred resource advocates (1) to get the Joint Parties to agree to modify, as necessary, the eligibility requirements to eliminate the current built-in bias for fossil-fueled resources; and (2) to ensure that fossil-fueled resources are not locked-in for the long term, regardless of the "interim" nature of the PD's approval of the Joint Parties' Proposal.⁵ Therefore, it is imperative that the PD be revised to indicate that the "starting point" for the workshops will be not figuring out how to shoe-horn a limited, if any, number of preferred resources into the Joint Parties' flexible capacity eligibility requirements, but to first determine a reasonable and flexible ramping standard with the most inclusive and flexible eligibility requirements.

II. Conclusion

Since even a designated "interim" flexible capacity program will have long-term implications, both for the presumption of how a long-term program will operate and because flexible capacity contracts signed during the interim period may remain in effect for a long time, the Commission must not limit, by predetermining certain elements, the design of a reasonable, cost-effective, and resource inclusive flexible capacity program. Therefore, Vote Solar respectfully recommends the adoption of the PD with the changes to Findings of Fact and

⁴ PD at 51

⁵ PD at 44

Conclusions of Law described in the Appendix to these comments and corresponding revisions to the text of the PD.

Dated: June 17, 2013

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Ronald Liebert', with a horizontal line extending to the right from the end of the signature.

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APPENDIX

Vote Solar recommended revisions to Findings of Fact and Conclusions of Law

(additions in italics, deletions in strikethrough)

Recommended revisions to Findings of Fact:

4. There is a need for refinements to the RA program to further define elements of flexibility, as grid operations and reliability may suffer without sufficient ~~generation~~ *resources* capable of *reducing ramping needs or* being flexibly dispatched.

16. Flexible capacity needs increase year over year in non-peak months, with this increase *caused, according to the CAISO, almost exclusively reflected by 3-hour ramp caused by* ~~intermittent~~ *variable* generation, not increase in peak load or changing patterns of customer load.

17. The Joint Parties' Proposal provides ~~a one possible fully detailed~~ *flexible capacity* framework.

19. The use limitations of different resources, *as well as the need to satisfy loading order requirements, avoid GHG impacts and the potential availability of new resources (i.e., via the CAISO's developing Energy Imbalance Market) all must be considered in deciding* ~~may affect~~ how or whether *the potential new and existing* ~~such~~ resources can qualify as flexible capacity.

Recommended revisions to Conclusions of Law:

10. The Joint Parties' Proposal should be *considered as one possible starting point for the determination of an* ~~adopted as the~~ interim flexible capacity framework, with certain necessary modifications, *including PG&E's proposal for counting of hydro resources and along with alternative proposals including use of preferred resources and market-based mechanisms and* ~~with~~ further refinements to be determined by June 2014.

11. Flexible capacity should be defined, on an interim basis, as the quantity of flexible capacity identified needed by the ISO to meet ramping and contingency reserves. *Although we anticipate other methods may be proposed for calculating flexible capacity needs and determining resource eligibility to provide such needs, the formula suggested by the Joint Parties provides an example of a way to calculate flexible capacity needs for a given month:* ~~The flexible capacity need for a given month should be calculated by the following formula:~~

$$\text{NeedMTHy} = \text{Max} [(3\text{RRHRx})\text{MTHy}] + \text{Max}(\text{MSSC}, 3.5\% * \text{E}(\text{PLMTHy})) + \epsilon$$

In this formula:

Max[(3RRHRx)MTHy] = Largest three hour continuous ramp starting in hour x for month y

E(PLMTHy) = Expected peak load in month y

MSSC = Most Severe Single Contingency

$\text{Max}(\text{MSSC}, 3.5\% * \text{E}(\text{PLMTHy}))$ is the Maximum of MSSC or $3.5\% * \text{E}(\text{PLMTHy})$
 ϵ = Annually adjustable error term to account for uncertainties such as load following

~~13. The Joint Parties' Proposal should be used as a starting point, along with PG&E's proposal for counting of hydro resources, for a flexible capacity framework.~~

14. The use limitations of different resources, *as well as the need to satisfy loading order requirements, avoid GHG impacts and the potential availability of new resources (i.e., via the CAISO's developing Energy Imbalance Market) all must be considered in deciding* ~~may affect~~ how or whether *the potential new and existing* ~~such~~ resources can qualify as flexible capacity