

**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)

**REPLY COMMENTS OF THE MARIN ENERGY AUTHORITY
ON MAY 28, 2013 PROPOSED DECISION OF ALJ GAMSON
ADOPTING LOCAL PROCUREMENT OBLIGATIONS FOR 2014,
A FLEXIBLE CAPACITY FRAMEWORK, AND FURTHER REFINING
THE RESOURCE ADEQUACY PROGRAM**

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I. Introduction

In accordance with Rule 14.3 (d) of the California Public Utilities Commission (“Commission”) Rules of Practice and Procedure, the Marin Energy Authority (“MEA”) respectfully submits reply comments on the proposed *Decision Adopting Local Procurement Obligations for 2014, A Flexible Capacity Framework, and Further Refining the Resource Adequacy Program (“PD”)* issued May 28, 2013 by Administrative Law Judge (“ALJ”) Gamson. MEA limits this reply to two topics raised in other party’s comments: (1) the need to address how Flexible Capacity (“FC”) will be handled in Cost Allocation Mechanism (“CAM”)-eligible contracts, and (2) the need to clarify whether or not the 2014 FC reporting requirements are intended to mirror System Resource Adequacy (“RA”) reporting requirements. MEA’s reply comments focus on issues raised by Southern California Edison (“SCE”), San Diego Gas and Electric (“SDG&E”), and Noble Americas Energy Solutions, LLC (“Noble”).

I. Background

MEA is the only operational Community Choice Aggregator (“CCA”) within California, and currently serves customers throughout Marin County and within the City of Richmond.

MEA is a not-for-profit, public agency founded to reduce greenhouse gas emissions by providing the local communities it serves with the choice to consume electricity with a higher renewable content than the default offering provided by Pacific Gas and Electric (“PG&E”), the incumbent Investor Owned Utility (“IOU”) for MEA’s service territory.

CCAs are solely responsible for all generation procurement activities on behalf of their customers, except where other generation procurement arrangements are expressly authorized by statute.¹ This responsibility includes the procurement of RA capacity resources on behalf of MEA customers. Thus, the manner in which the FC requirement is determined and implemented is of great concern to MEA, particularly in light of MEAs pending multi-year RA capacity solicitation.²

II. MEA Agrees with SCE that the Commission Needs to Determine FC Allocation Methodology for CAM Resources in 2014

SCE states in its comments on the PD, “SCE recommends that the Commission calculate and distribute [Effective Flexible Capacity] allocations for CAM resources to be utilized during the 2014 year-ahead system and month-ahead system showings.” (SCE at 7) SCE’s recommendation is very similar to MEA’s own, “the PD should explicitly clarify that where LSEs are allocated RA capacity under the [CAM], any CAM resources that qualify as flexible capacity resources should be equitably allocated to the LSEs.” (MEA at 4) The Commission should amend the PD to clearly state that the interplay between FC and CAM must be addressed expeditiously either in this proceeding or in Track 3 of the LTPP to be incorporated within the 2014 RA showings.

¹ California Public Utilities Code §366 (a)(5). All further section references herein are to the California Public Utilities Code unless stated otherwise.

² These concerns are also outlined in MEA’s April 5, 2013 Comments.

III. MEA Agrees with SDG&E and Noble that the PD Needs Additional Clarity Regarding Whether or not The Commission Intends for the FC Reporting Requirements to Mirror the System RA Reporting Requirements for 2014

SDG&E and Noble both raise questions regarding whether the 2014 FC showing is intended to mirror exactly the structure of System RA showings. SDG&E states:

While the PD requires that load serving entities make annual and monthly showings of flexible resources, it makes no mention of whether the showing is phased or shaped in manner consistent with current System Resource Adequacy showings. To afford load serving entities maximum latitude in assembling their flexible capacity portfolios, SDG&E recommends the Commission clarify that the flexible capacity framework adopted in this proceeding envisions the same 90/100 showing requirement currently in place for System Resource Adequacy compliance. (SDG&E at 3, Emphasis added.)

Similarly, Noble recommends:

Under current practice, LSEs make a year -ahead showing for System RA resources equal to 90% of forecasted load (plus reserves) for the summer months of May through September. Read literally, [Ordering Paragraph] 6 appears to require a 2014 year -ahead showing of flexible capacity for “each month” of the forecast year. Noble Solutions is unclear if this is what was intended. [...] Thus, the 2014 year -ahead showing for flexible capacity resources should follow the same requirements as for the 2013 year -ahead showing for local and system resources: a 12 -month showing of local capacity procurement, and a summer - months showing of system capacity procurement. (Noble at 2, Emphasis added.)

MEA agrees with both parties that the PD as currently written creates uncertainty as to whether or not the Commission intends for the FC reporting requirement to mirror the schedule and structure of the System RA reporting requirements for 2014. The Commission ought to revise the language in Ordering Paragraph 6 to clarify this matter.

IV. Conclusion

MEA thanks Assigned Commissioner Ferron and Assigned Administrative Law Judge Gamson for the opportunity to provide the above reply comments on the proposed *Decision Adopting Local Procurement Obligations for 2014, A Flexible Capacity Framework, and Further Refining the Resource Adequacy Program (“PD”)*. MEA agrees with SCE that the

Commission ought to address the how FC will impact CAM -eligible contracts for the 2014 RA cycle. MEA also supports SDG&E's and Noble's requests for clarity on whether or not the Commission intends for the FC reporting requirements to mirror the System RA reporting requirements in 2014.

Respectfully submitted,

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