

**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 CALPINE CORPORATION
ON THE CAISO'S 2014 PRELIMINARY FLEXIBLE
CAPACITY REPORT AND THE ENERGY DIVISION'S
REVISED FLEXIBLE CAPACITY PROPOSALS**

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**REPLY COMMENTS OF CALPINE CORPORATION
ON THE CAISO 2014 PRELIMINARY 2014 FLEXIBLE
CAPACITY NEEDS ASSESSMENT AND THE ENERGY
DIVISION REVISED FLEXIBLE CAPACITY PROPOSALS**

Pursuant to the August 2, 2013 *Phase 3 Scoping Memo and Ruling of Assigned Commissioner and Administrative Law Judge*, Calpine Corporation (“Calpine”) submits the following reply to comments on the California Independent System Operator’s (“CAISO”) April 4, 2014 *Preliminary 2014 Flexible Capacity Needs Assessment* (“*CAISO Assessment*”) and the Energy Division Staff’s April 3, 2013 *Revised RA Implementation Staff Proposals* (“*Staff Proposals*”).

In opening comments numerous parties expressed concern that the effective load carrying capability (“ELCC”) methodology for calculating the qualifying capacity (“QC”) of wind and solar resources has not been sufficiently developed and won’t be ready for implementation in 2015 resource adequacy (“RA”) year.¹ Although Energy Division Staff has made significant progress in developing the stochastic models needed to conduct the ELCC study, at this point it appears unlikely that the Energy Division will be able to complete the modeling runs, allow for

¹ See e.g. *Comments of the Alliance for Retail Energy Markets on the Preliminary 2014 Flexible Capacity Needs Assessment Submitted by the California Independent System Operator Corporation and Revised Energy Division Proposals*, at 2-3; *Comments of the Office of Ratepayer Advocates on Resource Adequacy Workshop*, at 5; *Comments of Pacific Gas and Electric Company (U 39 E) on the April 9, 2014 Workshop on Resource Adequacy Issues and Revised Energy Division Resource Adequacy Proposals*, at 17; *Southern California Edison Company’s (U 338-E) Post-Workshop Comments*, at 4.

stakeholder input, and finalize the ELCC methodology in time for adoption in a June 2014 Commission decision, as would be necessary to allow sufficient time for procurement for 2015.

While Calpine does not oppose a one year delay in implementing the ELCC methodology to ensure the methodology is fully vetted, Calpine reiterates its opposition to any further delay. Specifically, Calpine reiterates its opposition to Pacific Gas and Electric Company's proposal for an eight year phase-in of the ELCC methodology.² As Calpine discussed in its previous comments, any further or unnecessary delay in implementing the ELCC methodology would simply perpetuate current flaws in RA counting rules that over-count the RA capacity value for wind and solar.³ The net result would undermine reliability and potentially require increased backstop procurement. In the event that backstop procurement is needed to compensate for over-counting wind or solar RA capacity, customers ultimately would bear the cost. Therefore, while a one year delay appears necessary at this point, the Commission should continue to prioritize the development and refinement of the ELCC methodology for implementation in 2016.

Dated: April 25, 2014

By: /s/

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² See *Reply Comments of Calpine Corporation on Energy Division Proposals Addressing Resource Adequacy Implementation*, at 1-2.

³ *Id.*