

**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)

**COMMENTS OF THE UTILITY REFORM NETWORK  
ON THE PROPOSED DECISION ADOPTING LOCAL PROCUREMENT AND  
FLEXIBLE CAPACITY OBLIGATIONS FOR 2015,  
AND FURTHER REFINING THE RESOURCE ADEQUACY PROGRAM**



Thomas J. Long, Legal Director  
THE UTILITY REFORM NETWORK  
785 Market Street, Suite 1400  
San Francisco, CA 94103  
(415) 929-8876 x303 (office)  
(415) 929-1132 (fax)  
[TLong@turn.org](mailto:TLong@turn.org)

Kevin Woodruff  
Woodruff Expert Services  
1100 K Street, Suite 204  
Sacramento, CA 95814  
Phone: (916) 442-4877

Consultant to TURN

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## I. INTRODUCTION

Pursuant to Rule 14.3 of the Commission's Rules of Practice and Procedures, The Utility Reform Network (TURN) submits these comments regarding the Proposed Decision (PD) titled *Decision Adopting Local Procurement and Flexible Capacity Obligations for 2015, and Further Refining the Resource Adequacy Program*, which was issued May 27, 2014. TURN generally supports the PD, but recommends a revision to the text regarding the CAISO's flexible capacity needs calculation for 2016, as described in Section V below.

## II. THE PD IS CORRECT TO DEFER THE IMPLEMENTATION OF THE COMPUTATION OF QUALIFYING CAPACITIES FOR WIND AND SOLAR RESOURCES USING THE EFFECTIVE LOAD CARRYING CAPABILITY METHODOLOGY

The PD is correct to defer the implementation of the computation of wind and solar Qualifying Capacity (QC) values using the Effective Load Carrying Capability (ELCC) methodology beyond the 2015 Resource Adequacy (RA) compliance year,<sup>1</sup> as TURN and other parties have previously recommended.<sup>2</sup> TURN also endorses the PD's direction that Energy Division (ED) "further develop its ELCC proposal...such that an ELCC-based QC methodology can be considered by the end of 2014" so that parties will have time to review the proposed data and methodology in detail and allow the implementation of ELCC QCs for wind and solar resources in the 2016 RA compliance year.<sup>3</sup>

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<sup>1</sup> PD, pp. 58-60.

<sup>2</sup> See, most recently, TURN's April 25, 2014 Reply Comments, p. 1.

<sup>3</sup> PD, p. 60.

**III. THE PD IS CORRECT TO ADOPT THE ENERGY DIVISION’S REVISED PROPOSAL FOR MANAGING THE RA ATTRIBUTES OF COMBINED HEAT AND POWER FACILITIES OUTSIDE A UTILITY’S SERVICE TERRITORY**

The PD is also correct to adopt ED’s *revised* proposal for managing the RA attributes of Combined Heat and Power (CHP) facilities a utility procures outside its service territory,<sup>4</sup> as TURN and buyers and sellers of CHP all advised.<sup>5</sup> ED’s revised proposal addresses potential reliability concerns raised by utility procurement of CHP outside their service territories in a direct and (likely) less costly manner than ED’s original proposal.

**IV. THE PD IS CORRECT TO ATTEMPT TO RESOLVE DIFFERENCES BETWEEN ENERGY DIVISION AND CAISO PROPOSALS REGARDING FLEXIBLE CAPACITY AND QUALIFYING CAPACITY, THOUGH THE REMAINING DIFFERENCES ARE STILL A CAUSE FOR CONCERN**

The PD is also correct to express concern about – and to attempt to resolve – the differences between ED and CAISO proposals regarding flexible capacity in general and the qualifying capacity for storage and Demand Response (DR) resources.<sup>6</sup> However, as the PD notes, some differences are “unavoidable.”<sup>7</sup> TURN remains concerned that such differences will require Load-Serving Entities to contract for additional, unneeded capacity.<sup>8</sup> Both the Commission and CAISO must attempt to resolve these differences in Commission proceedings and CAISO stakeholder processes.

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<sup>4</sup> PD, p. 41 and Ordering Paragraph 8.

<sup>5</sup> See, most recently, TURN’s April 25, 2014 Reply Comments, pp. 1-2.

<sup>6</sup> See PD, p. 16, and Finding of Fact 6 as to the PD’s efforts to narrow differences in flexible capacity proposals in general and p. 31 as to the benefits of consistency in defining QC and Effective Flexible Capacity for storage and DR resources.

<sup>7</sup> *Id.*, p. 31.

<sup>8</sup> See TURN’s April 18 Comments, pp. 4-5.

**V. THE PD’S PROPOSED COMPUTATION OF FLEXIBLE CAPACITY “CATEGORIES” BY SEASON ARGUES FOR COMPUTATION OF *TOTAL* FLEXIBLE CAPACITY NEEDS BY SEASON AS WELL**

The PD makes a reasonable finding that the computation of the three “categories” that limit the procurement of flexible capacity be made on a seasonal basis, in which monthly limits are averaged and enforced over two multi-month seasons, stating that “the use of seasonal categories strikes a balance between reliability, administrative ease, and accurate levels of procurement”.<sup>9</sup> However, the PD would still impose flexible capacity requirements on a monthly basis.<sup>10</sup> TURN has noted before that these monthly needs can vary erratically between months based on the idiosyncrasies of past monthly loads.<sup>11</sup> TURN continues to believe the Commission should consider computing and imposing flexible capacity requirements on a seasonal basis as well.<sup>12</sup> To that end, rather than just encouraging CAISO to “consider” this recommendation for 2016 flexible needs,<sup>13</sup> the Commission should modify the text on page 13 to make clear that it wishes to see flexible needs for 2016 calculated on a seasonal basis as well as a monthly basis.

**VI. CONCLUSION**

TURN appreciates the opportunity to comment on the PD and requests the Commission make the change described in Section V above.

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<sup>9</sup> PD, p. 21.

<sup>10</sup> *Id.*, p. 19 and Ordering Paragraph 4.

<sup>11</sup> See TURN’s May 8 Comments, pp. 2-3.

<sup>12</sup> Smoother seasonal flexible requirements could also facilitate the extension of flexible procurement requirements into future years, as is being contemplated in Rulemaking 14-02-001.

<sup>13</sup> PD, p. 13.

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Respectfully submitted,

By: \_\_\_\_\_/s/\_\_\_\_\_  
Thomas J. Long

Thomas J. Long, Legal Director  
**THE UTILITY REFORM NETWORK**  
785 Market Street, Suite 1400  
San Francisco, CA 94103  
Phone: (415) 929-8876 x303  
Fax: (415) 929-1132  
Email: [TLong@turn.org](mailto:TLong@turn.org)