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 R-11-10-023

COMMENTS OF THE GREEN POWER INSTITUTE ON THE PROPOSED DECISION OF ALJ GAMSON

June 16, 2014

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Pursuant to Rules 14.3 and 14.6 of the Commission's Rules of Practice and Procedure, in Proceeding R-11-10-023, the **Order Instituting Rulemaking to Oversee the Resource Adequacy Program, Consider Program Refinements, and Establish Annual Local Procurement Obligations**, the Green Power Institute, the renewable energy program of the Pacific Institute for Studies in Development, Environment, and Security (GPI), provides these *Comments of the Green Power Institute on the Proposed Decision of ALJ Gamson*.

The GPI's primary interest in the RA proceeding is in extending the framework for both conventional and flexible-capacity resources to include baseload renewables. The February 10, *Staff Proposal on the Implementation of the Flexible Capacity Procurement Framework* (Staff Proposal), invites parties to propose counting conventions for resources that are not yet covered in the Proposal. In our February 24, 2014, *Comments on the Staff Proposal*, the GPI proposed a set of counting conventions for baseload renewables. Appendix A to the PD, *Adopted Flexible Capacity Procurement Framework*, does not address our proposal, instead limiting its consideration to conventional generators using fossil fuels or hydro. We do note that the counting protocols for CHP provide a model for protocols that could be applied to baseload renewables.

The GPI recognizes that the RA requirements are set just one year ahead, and that most of the facilities that would be covered by a baseload renewables counting convention currently are operating under PPAs that do not provide for operations in flexible mode. In that sense there is little likelihood that baseload renewables would participate in the RA markets in 2015, even if a counting protocol were in place. On the other hand many of the existing baseload renewables will see their PPAs terminate over the next several years, after which, at least in principle, these generators could be in a position to provide

RA services, including supplying ramping services during crucial hours on a use-limited basis, if appropriate PPAs can be developed.

As the PD points out, Public Utility Code § 380 (as amended) establishes a number of objectives for the Commission to achieve with the RA program, including the retention of existing generating capacity. While this objective is often interpreted to applying to existing fossil-fuel generating capacity, we believe that it applies equally to exiting renewable generating capacity that is capable of providing RA services.

The PD defines flexible capacity as follows: "Resources will be considered as 'flexible capacity' if they can sustain or increase output, or reduce ramping needs, during the hours of the ramping period of 'flexible need (PD, pg. 2).'" As the GPI's Feb. 24 *Comments* in this proceeding demonstrate, baseload renewables are capable of providing conventional RA capacity on a regular basis, and ramping services on a use-limited, as-needed basis. They can sustain their output for more than the three-hour minimum, and they can increase output during the ramping period if they are backed-off from full output earlier in the day. This flexible mode of operation, which can be scheduled on a day-ahead, use-limited basis, can be viewed as either increasing output during the ramping period, or as reducing the ramping needs. Either way, it is clear that baseload renewables can indeed meet the definition of flexible capacity in the PD.

We recognize that the record on accounting conventions for baseload renewables is not developed sufficiently for inclusion in the current PD. We also recognize that baseload renewables will never be operated in flexible mode unless there is a framework within which such operations are valued. The Feb. 10 Staff Proposal invited proposals for resources that are not yet covered by the protocols. We urge the Commission to include an equivalent invitation in this Decision, providing for future consideration in the next round of the RA proceeding. Specifically, we urge the Commission to insert the following paragraph into the PD on page 25, as the second paragraph on the page (just before § 4.3 Implementation):

Effective Flexible Capacity of Baseload Renewable Resources: The next phase of the RA proceeding will develop counting conventions for baseload renewable resources.

We note that the allotment for category 3 flexible capacity, which is the category that baseload renewables are most likely to contribute to, is slightly in excess of 500 MW during the critical winter months. Category 3 capacity is among the most expensive on the system, and baseload renewables are capable of supplying a significant portion of the total need, at significantly reduced impact and cost.

The final section of Appendix A to the PD, Section XI. Next steps for 2016 RA year, presents four issues for consideration in the next phase of the proceeding. The issue that we have introduced into this proceeding of extending the flexible-capacity framework to use-limited, preferred resources (baseload renewables) fits easily into the effort described in issue no. 3 of this section. Issue no. 4 explores separating ramping capacity requirements from conventional RA capacity, in consideration of the fact that the timing of the need for the two services is not coincident in time. We agree. For example, a 50 MW baseload renewable generator operating in flexible mode might be capable of providing 15 MW of ramping capacity during the ramp-up hours of the afternoon, and 50 MW of capacity during the subsequent peak-demand period. Each of these services is valuable in its own right.

Dated June 16, 2014, at Berkeley, California.
Respectfully Submitted,

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