

**BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF CALIFORNIA**



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Order Instituting Rulemaking to Oversee the Resource Adequacy Program, Consider Program Refinements, and Establish Annual Local and Flexible Procurement Obligations for the 2019 and 2020 Compliance Years.

Rulemaking 17-09-020  
(Filed September 28, 2017)

**REPLY COMMENTS OF THE UTILITY REFORM NETWORK  
ON TRACK 3 ISSUES**



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Pursuant to the January 29, 2019 *Amended Scoping Memo and Ruling of Assigned Commissioner* (Amended Scoping Memo) and the February 13, 2019 *Administrative Law Judge's Ruling on Effective Load Carrying Capacity* (Ruling), The Utility Reform Network (TURN) submits these comments in reply to certain other parties' comments on Track 3 proposals.

TURN is herein addressing two specific sets of issues: the adoption of ELCC factors for wind and solar resources and the unbundling of the flexible capacity attribute from system Resource Adequacy (RA) resources.

**I. THE COMMISSION SHOULD RECONSIDER AND BETTER DOCUMENT ASPECTS OF ITS ELCC MOELING.**

TURN takes no position on Energy Division's (ED's) recommended ELCC factors for the 2020 RA compliance year. But TURN offers two key recommendations regarding the Commission's implementation of its ELCC methodology for future RA compliance years.

**A. The Modeling and Implications of ED's Assessment of the "ELCC" of Storage Assets Need Further Consideration.**

The Attachment to the Ruling noted that in ED's modeling, replacement of approximately 1,200 MW of storage in the months of February, March and December would require more than 1,200 MW of so-called "perfect capacity."<sup>1</sup> ED then proposed to allocate this "diversity" benefit so as to increase solar resources' ELCC factors.<sup>2</sup>

ED's suggestion that storage provided reliability benefits beyond its nameplate capacity yielded widely divergent reactions from parties. Several parties supported ED's proposal to allocate this apparent benefit to solar projects' ELCCs, at least for 2020.<sup>3</sup> Other parties took

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<sup>1</sup> Ruling, Attachment A, slide 12.

<sup>2</sup> *Id.*, slide 14.

<sup>3</sup> See, for example, comments of Large-Scale Solar Association, p. 1.

positions such as that such benefits: (a) should not be allocated to the ELCCs of any resource, (b) should be allocated entirely to storage resources, or (c) should be allocated to all resources.<sup>4</sup>

Before considering these alternative views on the added “diversity” benefits of storage, however, it is important to note that ED said such results were likely due to “imprecision” in its modeling and that these results are also “anomalous but small in impact.”<sup>5</sup> TURN finds ED’s de-emphasis of these modeling results plausible and appropriate. TURN postulates, for example, that the added value of storage in February, March and December may be due to the removal of approximately 1,200 MW of another storage asset – PG&E’s Helms Pumped Storage Plant (Helms) – from the modeling data in order to “surface” reliability events.<sup>6</sup> Given the likelihood that additional storage assets will provide “diminishing marginal returns,” it is likely that simulations that included Helms’ full capacity would have yielded lower ELCC values for storage.<sup>7</sup> TURN believes that ED’s modeling of storage needs review before concluding that storage assets provide such high reliability benefits.

**B. The Commission Should Provide Better Documentation of its ELCC Methodology and Findings in the Future.**

Some parties commented that the Commission should generally increase the transparency of ED’s ELCC modeling, including holding additional workshops on such issues.<sup>8</sup> In this regard, TURN is concerned about the level of detail provided regarding the ELCC factors the Ruling proposes to adopt. The Ruling provided a 17-page slide presentation summarizing ED’s

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<sup>4</sup> See, for example, the comments of the California Independent System Operator, pp. 1 and 3-4, LS Power, p. 4, and Calpine, pp. 1-2, respectively.

<sup>5</sup> Ruling, Attachment A, Slide 12.

<sup>6</sup> *Id.*, slides 5 (as to the “surfacing” of reliability events) and 11 (as to removal of Helms from the modeling data).

<sup>7</sup> See also the comments of the Pacific Gas and Electric Company (PG&E), p. 21, and the California Large Energy Consumers Association, pp. 17-18.

<sup>8</sup> See, for example, PG&E’s comments, pp. 21-23.

proposal and analysis. TURN has been active in following the Commission's development of ELCC factors and believes it was able to follow the latest presentation. However, a reader new to these issues might not find the presentation clear or complete. Such levels of documentation do not support the goal of providing the public transparency about the Commission's actions and might conceivably be misinterpreted by parties and the courts. TURN is concerned that documentation such as provided in Attachment A to the Ruling will be inadequate to establishing future grounds for Commission action.<sup>9</sup> The Commission should make an effort to provide more complete documentation of its ELCC computations and proposals in the future.

## **II. FLEXIBLE ATTRIBUTES SHOULD BE UNBUNDLED FROM LOCAL AND SYSTEM RA.**

Several parties recommended that the flexible RA attribute be "unbundled" from system and local RA resources so that the flexible attribute could be sold separately.<sup>10</sup> TURN has long supported Commission adoption of such a policy as a means of reducing customers' costs and reiterates this support herein.<sup>11</sup>

## **III. CONCLUSION.**

TURN appreciates the opportunity to file these comments.

Dated: March 29, 2019

Respectfully submitted,

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<sup>9</sup> TURN notes that past ED proposals regarding ELCC modeling were produced as written reports rather than just as slide decks. See <http://www.cpuc.ca.gov/General.aspx?id=6442451972> for past examples.

<sup>10</sup> See, for example, comments of the San Diego Gas & Electric Company, pp. 13-15.

<sup>11</sup> See page 4 of *Comments of The Utility Reform Network on Proposals Presented at February 9, 2015 Workshop*, February 27, 2015, R.14-10-010.