

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)

**COMMENTS OF THE CALIFORNIA LARGE ENERGY CONSUMERS ASSOCIATION
ON THE PROPOSED DECISION OF ADMINISTRATIVE LAW JUDGE DEBBIE CHIV
ADOPTING LOCAL AND FLEXIBLE CAPACITY OBLIGATIONS FOR 2020-2022 AND
REFINING THE RESOURCE ADEQUACY PROGRAM**

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- Clarify that the adoption of the revised Effective Load Carrying Capability is an interim measure and the methodology will continue to be refined.
- Correct the discussion of the impact of solar resources on the peak.
- Acknowledge existing Commission rules and decisions protecting customer confidential data in the discussion of data transfers.
- Recognize that Southern California Edison Company's proposal for determining qualifying capacity for certain demand response resources is not ready for adoption, and that the resource adequacy treatment of demand response auction mechanism resources should be addressed in this docket soon.

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The California Large Energy Consumers Association (CLECA)¹ submits these comments pursuant to Section 14.3 of the Rules of Practice and Procedure of the California Public Utilities Commission (Commission) on the May 24, 2019 Proposed Decision (PD) of Administrative Law Judge (ALJ) Debbie Chiv Adopting Local and Flexible Capacity Obligations for 2020-2022 and Refining the Resource Adequacy (RA) program. CLECA supports adoption of the PD with the clarifications and corrections recommended herein.

¹ CLECA is an organization of large, high load factor industrial customers of Southern California Edison Company (SCE) and Pacific Gas and Electric Company (PG&E); the members are in the cement, steel, industrial gas, pipeline, beverage, cold storage, and mining industries and share the fact that electricity costs comprise a significant portion of their costs of production. Some members are bundled customers, others are Direct Access (DA) customers, and some are served by Community Choice Aggregators (CCAs); a few members have onsite renewable generation. CLECA has been an active participant in Commission regulatory proceedings since 1987, and all CLECA members engage in Demand Response (DR) programs to both promote grid reliability and help mitigate the impact of the high cost of electricity in California on the competitiveness of manufacturing. CLECA members have participated in the Base Interruptible Program (BIP) and its predecessor interruptible and non-firm programs since the early 1980s.

I. INTRODUCTION

CLECA engages in the Resource Adequacy (RA) proceeding to advocate for an appropriate balancing of cost and reliability (and fair treatment of demand response resources). The level of electricity rates is extremely important to the viability of industrial businesses in California, as many industrial customers have limited ability to pass on cost increases to their customers. Electric rates are important to the State's climate goals, because keeping the production of energy-intensive products in California enables their manufacture where the energy is cleaner and avoids additional emissions associated with transportation from out-of-state facilities. Given California's concern over greenhouse gas leakage in the electric energy sector in meeting its climate change policy, we cannot follow a "reliability at any cost" strategy.

CLECA recommends several technical modifications to the PD, as detailed below.

II. SUMMARY OF RECOMMENDATIONS

- The Commission needs to further refine the effective load carrying capacity (ELCC) methodology
- The PD's statement referring to the ALJ ruling regarding ED's ELCC proposal should be corrected to reflect that it was distributed for comment and not adopted
- The PD mischaracterizes the effect of solar resources on the system peak
- For data transfer for load forecasting, the Commission should explicitly acknowledge confidentiality rules already in place
- SCE's proposal for combined demand response resources is not ready for implementation, but treatment of demand response auction mechanism resources should be addressed soon in coordination with the pending demand response proposed decision.

III. COMMENTS

A. THE COMMISSION NEEDS TO FURTHER REFINE THE EFFECTIVE LOAD CARRYING CAPACITY (ELCC) METHODOLOGY

The PD adopts Energy Division's (ED's) revised proposal dated February 13, 2019 for calculating ELCCs of wind, solar, and storage. We believe that ED has made a good start with the simulation of storage resources but more work needs to be done. The adoption of its revised ELCC proposal should be on an interim basis.

In its comments in this proceeding, CLECA voiced its concerns regarding ED's ELCC analysis.² One of the issues of concern was realistic modeling of storage resources. Since the results of modeling of only one spring day were provided by ED, it was difficult to understand the diversity benefits of storage. If ED had provided results of simulating a peak day in August, for example, it would have been possible to understand if excess capacity was available during summer peak periods for charging storage.

In its comments, CLECA also suggested using the Expected Unserved Energy (EUE) metric for understanding not only the diversity benefits of storage, but also for assessing its flexibility benefits.

Most importantly, CLECA, along with PG&E, outlined problems with the "calibration" methodology used by ED. We noted that as a first step in its modeling, ED removed aging resources from the system in order to artificially "surface" non-zero values for Loss of Load Expectation (LOLE) in all the months of the year. ED did this because, in reality, LOLEs

² Comments of CLECA on Resource Adequacy Track 3 Proposals, March 22, 2019, at 11.

attributable to system peaks generally occur only during the summer peak months, because there is excess capacity on the system during non-summer months. What is even more troubling is that ED removed the Helms pumped storage unit in its “calibration” because of the unit’s age.

The PD notes these issues without resolving them. However, we are encouraged by the fact that the PD orders ED to convene a workshop on ELCC issues. CLECA urges the ED to begin facilitating a series of workshops early in the schedule for the 2020 RA proceeding so that issues such as the artificial “surfacing” of LOLEs can be dealt with in more depth.

B. THE PD’S STATEMENT REFERRING TO THE ALJ RULING REGARDING ED’S ELCC PROPOSAL SHOULD BE CORRECTED TO REFLECT THAT IT WAS DISTRIBUTED FOR COMMENT AND NOT ADOPTED

The PD states, “Energy Division submitted a revised ELCC proposal, served and adopted by the ALJ’s ruling on February 13, 2019 (Revised ELCC Proposal).”³ This statement errs and should be corrected. CLECA notes that ED’s ELCC proposal was not adopted by the ALJ’s February 13, 2019 Ruling, but was simply attached to it for comments, a fact that the PD correctly notes in several other places.⁴ We believe the language on page 45 should be corrected as shown below, deleting the phrase “and adopted” to set the record straight, and to prevent the statement from being quoted out of context.

Energy Division submitted a revised ELCC proposal, served ~~and adopted~~ by the ALJ’s ruling on February 13, 2019 (Revised ELCC Proposal).

³ Proposed Decision of ALJ Chiv Adopting Local Capacity Obligations for 2020-2022, Adopting Flexible Capacity Obligations for 2020, and Refining the Resource Adequacy Program, May 24, 2019, at 45.

⁴ See for example, *Ibid*, at 6.

C. THE PD MISCHARACTERIZES THE EFFECT OF SOLAR RESOURCES ON THE SYSTEM PEAK

The PD states:⁵

However, we do agree that BTM PV has a pronounced effect on the ELCC of wind and solar resources, as LOLE risk is substantially alleviated by the increased BTM PV resources (nearly 10,000 MW installed by 2020).¹⁰⁶ LOLE risk that usually occurs at times of peak electric demand when electric capacity is operating at full is now satisfied by solar generation, both in front of and behind the meter. LOLE risk is thus more prevalent in later times of the day, when in-front-of-the-meter wind and solar resources cease to generate as the sun sets. The proposed ELCC values now implicitly incorporate (not explicitly through RA credit for BTM PV) the effect of BTM PV, which is why the overall solar ELCC values have declined since the 2017 results adopted in D. 17-06-027.

This discussion errs in fact; the above language is erroneous and misleading. The LOLE risk is not alleviated by the increase in BTM PV resources on the grid, but is merely shifted to a later part of the day. This fact is attested to by the ED proposal which the PD adopts.⁶ Therein, ED demonstrates that removing solar resources shifts the peak hours to the earlier part of the day, and *vice versa*.

We recommend altering the paragraph above as follows:

However, we do agree that BTM PV has a pronounced effect on the ELCC of wind and solar resources, ~~as LOLE risk is substantially alleviated by the increased BTM PV resources (nearly 10,000 MW installed by 2020).~~ LOLE risk that usually occurs at times of peak electric demand when electric capacity is operating at full is now satisfied by solar generation, both in front of and behind the meter. LOLE risk is thus more prevalent in later times of the day, when in-front-of-the-meter wind and solar resources cease to generate as the sun sets. The proposed ELCC values now implicitly incorporate (not explicitly through RA credit for BTM PV) the effect of BTM PV, which is why the overall solar ELCC values have declined since the 2017 results adopted in D. 17-06-027.

⁵ *Ibid*, at 49.

⁶ Energy Division Monthly ELCC Proposal for 2020 Proceeding, Attachment to Administrative Law Judge's Ruling on Effective Load Carrying Capacity, at 8.

D. FOR DATA TRANSFER FOR LOAD FORECASTING, THE COMMISSION SHOULD EXPLICITLY ACKNOWLEDGE CONFIDENTIALITY RULES ALREADY IN PLACE

In order to facilitate adjustments to load forecasting caused by the migration of customers to Community Choice Aggregators (CCAs) or other load-serving entities (LSEs), the PD adopts ED's proposal for customer data transfer. CLECA recommends that the PD explicitly note that all data transfer is subject to the existing confidentiality rules of the CPUC. The PD should acknowledge that the Commission has established protocols identifying confidential customer usage information and how to protect such information, per D. 11-07-056 and D. 12-08-045. The importance of maintaining customer data confidentiality should be reinforced.

E. SCE'S PROPOSAL FOR COMBINED DEMAND RESPONSE RESOURCES IS NOT READY FOR IMPLEMENTATION, BUT TREATMENT OF DEMAND RESPONSE AUCTION MECHANISM RESOURCES SHOULD BE ADDRESSED SOON IN COORDINATION WITH THE PENDING DEMAND RESPONSE PROPOSED DECISION.

CLECA believes that SCE's proposal for determining the Qualifying Capacity (QC) of Demand Response Auction Mechanism (DRAM) pilots needs to be addressed in a timely manner. The current methodology of using the contract quantity⁷ has been proven unreliable, and there is a pending decision in A. 17-01-012 *et al.*, a demand response proceeding, that proposes changes to it.⁸ However, since the determination of QC is ultimately a resource adequacy issue, the Commission should address the matter in an upcoming track of this proceeding. We propose a workshop as soon as feasible, since the demand response PD cited above proposes to extend the DRAM pilots for four more years. The PD did not deal with weather-sensitive DR, even

⁷ D. 16-06-045 at 41.

⁸ Proposed Decision of Administrative Law Judge Kelly Hymes dated May 31, 2019 in A. 17-01-012 *et al.* at 48-51, and proposed Ordering Paragraphs 7 and 8.

though the CAISO wanted to address the issue. This matter should also be addressed in an upcoming workshop in this proceeding.

IV. CONCLUSION

We appreciate the opportunity to provide these comments.

Respectfully submitted,

Buchalter, A Professional Corporation

By:



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June 13, 2019



Appendix with Proposed Changes to Findings of Fact

(new text in italics and underlined)

Findings of Fact (FOF)

New FOF: *The data sharing process between the IOUs and non-IOU LSEs should comply with existing Commission decisions, D. 11-07-056 and D. 12-08-045, protecting customer confidential data.*

New FOF: *It is appropriate to address the resource adequacy treatment of demand response auction mechanism resources in this proceeding in coordination with demand response proceedings.*