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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 and Flexible Procurement Obligations for the 2019 and 2020 Compliance Years.	Rulemaking 17-09-020 (Filed September 28, 2017)

NRG ENERGY, INC. COMMENTS ON PROPOSED DECISION

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In accordance with Rule 14.3 of the Rules of Practice and Procedure of the California Public Utilities Commission ("CPUC"), NRG Energy, Inc.[1] ("NRG") hereby submits these comments on the May 24, 2019 Proposed *Decision Adopting Local Capacity Obligations for 2022-2022, Adopting Flexible Capacity Obligations for 2020, and Refining the Resource Adequacy Program* of Administrative Law Judge Debbie Chiv ("Proposed Decision" or "PD").

I. INTRODUCTION AND BACKGROUND

In these comments, NRG:

- Strongly supports the PD's direction to (1) implement Energy Division's updated Effective Load Carrying Capability ("ELCC")-based wind and solar capacity values

[1] NRG Energy, Inc. is the parent of NRG Power Marketing LLC, Sunrise Power Company, LLC, Long Beach Generation LLC, and NRG Curtailment Solutions, each of which owns and operates or markets generating or demand response resources in California. Because the focus of this proceeding is on California market issues, NRG Energy, Inc. appears on behalf of these entities.

for the 2020 compliance year and (2) convene a workshop to further consider ELCC issues;

- Strongly supports the PD's actions with regards to the waiver process and local waiver trigger price; and
- Expresses concern about the PD's discussion of a proposal to set the Qualifying Capacity ("QC") value of combined generation and storage resources as the sum of the standalone QC values.

II. COMMENTS

NRG will not comment on all the issues in the PD. NRG reserves the right to comment on issues on which it does not provide opening comments in reply comments.

A. ELCC-Based RA Capacity Values for Wind and Solar Resources

As noted in earlier comments, NRG remains skeptical about one aspect of Energy Division's methodology for establishing RA capacity values through ELCC analysis, namely, the validity and efficacy of allocating diversity benefit to a single generating technology (in this case, to solar). Nevertheless, NRG strongly supports the PD's direction to implement Energy Division's proposed ELCC-based QC values for wind and solar resources for the 2020 RA compliance year.[2] Simply put, the need to expeditiously move away from the currently inflated wind and solar capacity values overshadows NRG's concerns about Energy Division's allocation of the diversity benefit. NRG also strongly supports and appreciates the PD's direction to convene a workshop on ELCC methodologies. NRG looks forward to participating in the workshop, which should both re-examine the current state of ELCC implementation and take on yet-unresolved issues.

[2] PD at 51.

B. Waiver Provisions

The PD increases the local waiver trigger price from $40/kW-year to $51/kW-year, the first change in the local waiver trigger price since that price was implemented in 2006.[3] The PD also increases the local RA penalty price from $3.33/kW-month to $4.25/kW-month to match the increase in the local waiver trigger price.[4] The PD declined to adopt a proposal by the San Diego Gas & Electric Company ("SDG&E") to implement a mechanism that projects an equivalent annual price from monthly prices.[5] Finally, the Commission declined to extend the local waiver process to system and flexible capacity deficiencies.[6]

NRG supports all these actions. While NRG's preference was to increase the local waiver trigger price to the California Independent System Operator's Competitive Procurement Mechanism ("CPM") soft-offer cap of $6.31/kW-month, any increase in the local waiver trigger price is long overdue and should be immediately implemented. As the PD notes, while the RA market may be tightening, there are significant unresolved issues that must be worked through before extending the waiver process to other types of RA capacity.[7]

C. Qualifying Capacity for Combined Resources

The PD declined to adopt the Southern California Edison Company ("SCE") proposal to set the QC value of a dispatchable battery combined with a dispatchable generating resource as the sum of the QCs of the two resources, finding that the proposal was "not immediately implementable".[8] However, the PD's ensuing discussion on this topic seems to support SCE's proposal. In particular, the PD offered that the combined QC value of the two dispatchable

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[3] PD at 17.
[4] *Id.*
[5] PD at 22.
[6] PD at 19-20.
[7] *Id.*
[8] PD at 40.

resources will “effectively reflect SCE’s proposal”.[9] As a result, the PD appears to implicitly approve a proposal it explicitly declined to approve.

Whether SCE’s proposal to set the QC value of a “dispatchable” generating resource combined with a “dispatchable” storage resource as the combined QC values of the two resources considered as standalone resources is reasonable depends on whether and how the two resources interact and whether they are truly *independently* “dispatchable”. If (1) any of the output of the generating resource is solely dedicated to charging the storage device, or (2) the storage device relies on the generating resource for charging, these interactions should disqualify the combined resource from being assigned a QC value that is the sum of the “independent” QC values. Where these interactions exist, no independent ELCC-based QC value can be established for either of the interdependent resources. NRG strongly agrees with the PD’s direction to hold workshops on how best to set ELCC-based values for combined resources, but is concerned that the PD could be read to implicitly approve a proposal that it did not explicitly approve.

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[9] *Id.*

III. CONCLUSION

NRG respectfully submits these comments on the Proposed Decision.

Respectfully submitted,

By */s/ Brian D. Theaker*
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