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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)

**COMMENTS OF MIDDLE RIVER POWER, LLC, ON
TRACK 3 RESOURCE ADEQUACY PROPOSALS
AND THE ENERGY DIVISION'S ELCC PROPOSAL**

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March 22, 2019

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Middle River Power, LLC ("MRP"), submits these comments on Track 3 proposals and the California Public Utilities Commission's workshop to discuss them held on March 12 and 13, 2019, pursuant to the Amended Scoping Memo and Ruling of Assigned Commissioner, issued January 29, 2019.¹

MRP also comments on the Energy Division's ELCC proposal provided in response to the ALJ's Ruling on Effective Load Carrying Capacity, issued February 13, 2019, and combines comments on the workshop and the ELCC proposal per the ALJ's direction.²

¹ *Amended Scoping Memo and Ruling of Assigned Commissioner*, January 29, 2019, p. 2-4. However, the January 29 Amended Scoping Memo set a date of February 25, 2019, for the submission of Track 3 proposals. That date was later changed to March 4, 2019. *E-mail Ruling Extending Track 3 Proposal Deadline*, February 22, 2019, p. 3.

² *Administrative Law Judge's Ruling on Effective Load Carrying Capacity*, February 13, 2019, p. 2 ("Comments on the Energy Division Proposal re Effective Load Carrying Capacity are to be incorporated into the Track 3 comments to be filed and served by March 22, 2019." The February 13 Ruling giving these directions followed an updated Scoping Memo, issued on January 29, 2019, where the Commission provided notice of the March 12-13 workshop and set a comment deadline for that workshop of March 22, 2019.).

I. INTRODUCTION

MRP provides these limited comments on the Energy Division and party proposals, focused on three areas.

- 1) **ELCC proposals:** MRP generally supports the Energy Division’s February 5, 2019, Monthly ELCC Proposal for the 2020 RA Proceeding.³ We suggest that the Commission establish that the ELCC calculations be updated and incorporated annually into the RA requirements. MRP also supports PG&E’s proposal to treat behind-the-meter solar PV resources the same as other supply-side resources, rather than as load modifying resources, and PG&E’s proposal to change the basis of system RA requirements from traditional metered load to end-use consumption. PG&E’s proposal provides greater certainty for using the ELCC framework to determine these resources’ contribution to RA. Treating behind-the-meter solar as a supply-side resource improves the transparency with respect to the treatment of intermittent supply resources and improves planning and procurement for grid reliability.
- 2) **QC methodologies - storage and combined resources:** MRP supports SCE’s “pairing” proposal as a reasonable approach for quantifying the value of pairing batteries with dispatchable and non-dispatchable generating resources.
- 3) **The issues associated with the Path 26 should be addressed before allowing system RA waivers.**

³ *Administrative Law Judge’s Ruling on Effective Load Carrying Capacity*, February 13, 2019 (see attached the Energy Division’s revised Monthly ELCC Proposal for the 2020 RA Proceeding).

II. COMMENTS

A. Proposals related to ELCC

i. The Energy Division's ELCC proposal is reasonable and should be applied annually to determine the RA values for affected resources

The Energy Division's February 5, 2019, revised proposal is responsive to party comments and is a thoughtful solution to a number of issues raised throughout the proceeding. The revised ELCC framework is a reasonable way of evaluating the contribution of wind and solar to RA.

During the workshop, there was discussion around how often the ELCC values and diversity adjustment should be calculated to inform the qualifying capacity for RA purposes. The system continues to change each year. Policy drivers lead to increased procurement of variable energy resources, and the new legislative mandate to require rooftop solar on all new-build construction will mean increased megawatts of behind-the-meter solar. With the resource mix in flux, MRP suggests that an annual recalibration of the ELCC calculation makes sense at least for the near-term.

ii. PG&E's proposal for addressing behind-the-meter solar will help with accurate accounting for this resource's impact on RA capacity

MRP believes that behind-the-meter solar remains an issue that should continue to be reviewed with respect to how factoring it in affects the RA procurement targets. The methodology for counting behind-the-meter solar should not artificially depress the need for procuring adequate RA capacity; by doing a one-for-one reduction in demand, the planning reserve margin associated with the reduced megawatts is not accounted for. PG&E's suggestion in its Track 3 proposal to address this issue by treating behind-the-meter PV not as a resource that modifies load, but instead on equal footing with other solar supply-side resources, is a good

one. As PG&E notes, the location of the resource does not alter its effect on the system, and the amounts now affecting the system are significant enough that they must be accurately accounted for in determining RA capacity targets.

PG&E's proposal related to the planning standard and basis for determining system RA requirements is also important to address potential problems with adequate RA to cover for the effect of behind-the-meter PV on the system. MRP agrees with the suggestion to change the basis of system RA requirements for LSEs from metered load to end-use consumption, basing an LSE's RA responsibility on its share of end-use consumption, less the qualifying capacity, for behind-the-meter resources. This is a reasonable interim step to a longer-term solution of transitioning away from a flat planning reserve margin to loss-of-load determined monthly reliability levels.

B. SCE's proposal for counting methodologies for storage and combined resources is a sound approach for determining RA credit

SCE makes a reasonable suggestion for addressing the net qualifying capacity and effective flexible capacity for batteries paired with dispatchable and non-dispatchable resources and provides good support for its proposition. SCE appropriately makes a distinction between dispatchable and non-dispatchable batteries in terms of their qualifying capacity and effective flexible capacity values. MRP agrees that the distinction is important, given the reasons expressed by SCE, as well as the warranty limitations imposed by certain manufacturers and the fact that not all batteries are offered for full dispatch into the market.

C. The issues associated with the Path 26 should be addressed before allowing system RA waivers

The discussion during the workshop related to potential constraints around Path 26 were valuable. Even though the Energy Division does not see the constraint as likely to bind, MRP believes that exploring the solutions put forth by SCE is important and should occur before any waivers for system RA procurement are permitted to address a binding constraint caused by Path 26. We suggest flagging this issue for evaluation and further consideration of potential solutions, including taking steps to mitigate the effect of the possible Path 26 constraint before allowing system waivers to take the place of real solutions.

III. CONCLUSION

Finally, MRP appreciates that given the time constraints for getting to a decision by June, addressing the issue of extending the multi-year procurement to system and flexible RA is better suited for examination in the context of the extended proceedings associated with Track 2. However, we remain concerned that RA reform without applying the structure to holistic long-term procurement will be insufficient to address the main economic drivers needed to sustain a fleet of resources that can meet system reliability needs. We will be working with parties and the Commission in the context of the Track 2 workshops to further examine the value of extending multi-year procurement to all RA products.

MRP appreciates the opportunity to engage with the parties and Commission in this proceeding and submit these comments for the Commission's consideration.

Respectfully Submitted,

/s/ Joseph Greco
March 22, 2019