



**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)

**WELLHEAD ELECTRIC COMPANY, INC.'s  
TRACK 3 PROPOSAL**

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March 4, 2019

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Pursuant to the California Public Utilities Commission’s (the “Commission”) Rules of Practices and Procedure, the Amended Scoping Memo (the “Scoping Memo”) and Ruling of Assigned Commissioner issued on January 29, 2019, and Administrative Law Judge Chiv’s ruling dated February 22, 2019 extending the deadline for submitting proposals to March 4, 2019, Wellhead Electric Company, Inc. (“Wellhead”) respectfully submits this Track 3 proposal.

**I. Introduction.**

The need for flexible resources has been well established as evidenced by the Commission’s Flexible Capacity Requirements and the CAISO’s FRACMOO Program. Further, it is widely accepted that as the percentage of load served by variable energy resources (“VER”) increases, the need for flexible resources increases too. To ensure that the truly flexible resources are available and continue to be so, the Commission should develop specific performance standards geared towards addressing the substantial (and sometimes difficult to forecast) ramping needs, and dynamic nature of the grid. Performance standards should include: minimum

uptimes, maximum downtimes, the ability to come on and off line quickly and the ability to sustain operation for a minimum of 4 hours (longest envisioned ramping period, except in local areas). With the foregoing in mind, Wellhead's proposal will incorporate the following:

- The Commission should take the lead on developing a Fast Flex RA Product; and
- The Fast Flex RA Product needs to have minimum performance standards that result in the most flexible resources being available to the grid, with the capability to quickly come online and just as importantly, quickly get out of the way of GHG-reducing VERs when not needed.
- The Commission should address the matter of "how needed system attributes, such as those of Fast Flex RA Product, are paid for so they can be developed and built."

## **II. Proposal.**

### **A. The Commission should take the lead on developing a Fast Flex RA product.**

The Track 1 Scoping Memo issued on January 18, 2018 states that, "the Commission may consider revisions to our Flexible RA rules in either Track 1 or track 2 to address ramping over shorter intervals..."<sup>1</sup>. Clearly the Commission has had intent to address the topic of performance standards and requirements for flexible capacity. As if "seconding the motion", the California Independent System Operator ("CAISO") has expressed that the "[current flexible capacity product] is overly inclusive and risks exacerbating the ISO's operational challenges by sustaining largely inflexible resources (long starting, long minimum run times, and high Pmins) at the expense and financial viability of more flexible resources"<sup>2</sup>. CAISO's attempt to address this, the

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<sup>1</sup> R.17-09-020 Scoping Memo and Ruling Of Assigned Commissioner and Administrative Law Judge, dated January 18, 2018, Page 6.

<sup>2</sup> CAISO's Flexible Resource Adequacy Criteria and Must Offer Obligation – Phase 2, Second Revised Flexible Capacity Framework, dated April 27, 2018, Page 2.

FRACMOO2 initiative, may not yield the desired solutions to reliability issues threatening the stability and safety of the grid, without Commission actions. Commission leadership is clearly needed.

In Track 3, the Commission should thus consider revisions to Flexible RA, including a Fast Flex RA Product, and should do so with urgency. As an example in support of urgency, when comparing year by year changes in the evening ramp rate, it is evident that the need for flexible resources has increased and will continue to do so especially when considering that it is California's policy objective to rely more heavily on VERs for the reduction of GHG's. It is precisely because of this increasing reliance that the Commission must act to ensure the Fast Flex RA eligible resources are available.

**B. The Commission should develop a Fast Flex RA product with minimum performance standards.**

To ensure that adequate flexible resources remain in the resource mix, or are developed, the Commission should develop a Fast Flex RA product which can be incorporated into the current Flexible RA program. Wellhead makes the following proposal as a general outline of issues to be considered in a series of workshops in which the particulars can be developed.

1. **Fast Flex RA defined.** Wellhead proposes that the Commission institute a new form of capacity procurement to be called Fast Flex RA. Fast Flex RA will be a subset of the current Flex RA, and Fast Flex RA would be structured such that only truly flexible and fast resources would be eligible for Fast Flex RA contracts. Eligibility requirements would include the following:

- i. A resource must achieve its PMAX from a non-generating condition in fifteen (15) minutes or less. This aligns well with the CAISO fifteen-minute market and one potential objective of the current FRACMOO initiative<sup>3</sup>.
- ii. Minimum ramps to PMAX per day – two (2).
- iii. Minimum uptimes of thirty (30) minutes or less. This assures that Fast Flex Resources can operate at PMAX and be useful for corrective capacity purposes, and, in the case of GHG-Producing resources not overstay their welcome, i.e. GHG-producing resources will get out of the way of renewables when no longer needed.
- iv. Sustained operations at PMAX – duration capability of at least four (4) hours.
- v. The ability to return to a non-generating condition in 15 minutes or less.
- vi. Examples of potentially eligible resources include, but are not limited to, stand alone battery storage, various other forms of storage (gravity, hydro, fast start units with either hydrocarbon or RNG fuels, fuel cells, 10-minute start enabled gas-fired units (Peakers), and various forms of hybrids that combine technologies to achieve Fast Flex Resources standards consistent with SB1136.

**2. Fast Flex RA Procurement Requirements.** LSE's should be required to have an initial percentage of their Flex RA be from Fast Flex RA resources. The initial Fast Flex RA percentage of Flex RA could be the product of the proposed workshops, and gradually increase over time. This may be a challenge at first, but ultimately achievable as ineligible resources are re-configured to meet eligibility requirements. For example, this could mean that a combined cycle resource owner reconfigures a project to become a simple cycle unit, or a resource owner invests in hybridization. In both of these examples, the net result is improved flexibility and reduced GHG profiles.

### **III. Conclusion.**

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<sup>3</sup> CAISO's Flexible Resource Adequacy Criteria and Must Offer Obligation – Phase 2, Second Revised Flexible Capacity Framework, dated April 27, 2018, Page 4.

The need for flexible resources with the attributes described above is increasing and the Commission should develop a new Fast Flex RA product. Performance standards should be used to ensure the correct flexible resources remain online or are developed. Wellhead respectfully submits this proposal for consideration and looks forward to its continued participation in this proceeding.

Dated: March 4, 2019

Respectfully submitted,

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