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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.

R.17-09-020

**NOTICE OF EX PARTE MEETING OF THE  
CALIFORNIA COMMUNITY CHOICE ASSOCIATION**

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May 13, 2019

Counsel to the  
California Community Choice Association

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Pursuant to Rule 8.4 of the California Public Utilities Commission Rules of Practice and Procedure, and California Public Utilities Code §1701.3(h)(2), California Community Choice Association (CalCCA) hereby gives notice of the ex parte meeting in which the participants discussed the need for a near-term framework for sales of resource adequacy (RA) products by the investor-owned utilities (IOUs).

On May 9, 2019, CalCCA representatives, including Irene Moosen, Regulatory Director, Jeremy Waen, Peninsula Clean Energy and Evelyn Kahl, outside counsel, met with Rachel Peterson and Suzanne Cassazza, advisors to Commissioner Randolph, by telephone from 3:30 to approximately 4:00 pm. The meeting was requested by Ms. Kahl. CalCCA identified a need for a near-term framework for sales of resource adequacy (RA) products by the investor-owned utilities (IOUs). Discussion points included the following:

1. Utility Market Positions. The market for RA products in general is tightening, increasing the need to ensure efficient market operation. IOUs hold the majority of RA in the market and have market power in certain local RA sub-areas. Moreover, due to substantial load migration of IOUs' load to Community Choice Aggregation and Direct Access, it would be reasonable to expect that the IOUs hold excess capacity in their portfolios that is

needed for other load serving entities (LSEs) to meet their RA compliance obligations. Consequently, timely IOU sales of excess RA are critical. The failure of PG&E to offer excess RA to the market, or a delay in such offerings, however, appears to have caused certain LSEs to seek compliance waivers and face penalties for noncompliance with 2019 compliance obligations.

2. Procedural Status. A long-term framework for the sale of excess utility resources is under consideration in R.17-06-026, Working Group 3, which is expected to reach a final decision by mid-2020. LSEs cannot wait, however, for the longer term solutions and require timely solutions for the 2020 RA compliance year. CalCCA thus raised the issue of a near-term framework in comments in R.17-09-020 Track 3 and in a protest to PG&E Advice Letter 5473-E, in which PG&E proposed an RA sales framework. The Energy Division has begun to recognize the near term issue in Draft Resolution E-4998, responding to CalCCA's protest.
3. Problem Illustration. Mr. Waen provided an example that raised concerns for PCE for the 2019 reliability year. PCE participated in all PG&E RFOs and made other diligent efforts to procure capacity for particular months and was unable to procure to meet its local needs. PCE sought a waiver, which has not yet been addressed. The needed capacity was offered by PG&E in the market *after* the compliance deadline.
4. Solutions. CalCCA recommends adoption of a near-term RA sales framework for excess IOU products, both to ensure efficient market operation and to provide greater transparency among LSEs. In particular, CalCCA has requested that the Commission address 5 issues within the framework:

- ✓ Prescribe the volume of RA each IOU must make available to the market, including all RA capacity above 115% of the IOU's coincident peak load forecast plus an IOU-specific "buffer" to permit resource substitution for unit outages.
- ✓ Require the IOUs to offer excess RA earlier in the year, beginning with a Spring RFO.
- ✓ Require the IOUs to offer excess RA products for up to a 3 year term where feasible.
- ✓ Develop guidance on the use of price floors in IOU RFOs to ensure the IOUs maximize the volume of RA that can be sold.
- ✓ Authorize penalty waivers for system capacity, in light of tightening market conditions, where the LSE can demonstrate commercially reasonable efforts to procure sufficient RA capacity to meet its compliance obligation.

Respectfully submitted,



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Counsel to the  
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