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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)

**REPLY COMMENTS OF
WELLHEAD ELECTRIC COMPANY, INC.**

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March 29, 2019

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Pursuant to the Assigned Commissioner and Administrative Law Judge's Amended Scoping Memo ("Scoping Memo") and Ruling issued on January 29, 2019 Wellhead Electric Company, Inc. ("Wellhead") respectfully submits these reply comments to Party comments on Track 3 proposals, specifically to Southern California Edison ("SCE") and The Alliance for Retail Energy Markets ("AReM").

I. INTRODUCTION

There is ample evidence in the record and elsewhere to indicate that Fast Flex Resources (as defined in Wellhead's proposal) are, and will continue to be, needed. Additionally, the forecasting methodology used to calculate the Flexible Capacity Requirement has consistently missed its mark. With the foregoing in mind, Wellhead will reply to SCE and AReM.

II. SCE

In its reply comments to the California Energy Storage Association and Wellhead, SCE questioned “whether there is an underlying issue that the proposal is trying to solve...”.¹ The answer is yes. As Wellhead stated in its proposal, “as the percentage of load served by variable energy resources (“VER”) increases, the need for flexible resources increases too”.² The purpose of Wellhead’s proposal is to “ensure that the truly flexible resources are available and continue to be so”.³ The increasingly dynamic grid needs to be equipped with equally dynamic resources (i.e. Fast Flex Resources). It is unrealistic to assume Fast Flex Resources will be available in the future if resources owners and developers are not sent signals in the present. Developing a Fast Flex RA product sends such a signal.

Wellhead’s proposal is of two parts: (1) the Commission should take the lead on developing (through a series of workshops) a Fast Flex RA product and (2) the Fast Flex RA product should have minimum performance standards (at a minimum those described in Wellheads’ proposal). Fast Flex RA should not be treated as an alternative to Flexible RA as established by the California Independent System Operator’s (“CAISO”), but rather as a component which can be easily incorporated into the Flexible RA Program as developed by the CAISO when the initiative is finished. Wellhead’s proposal is consistent with CAISO’s own attempt to develop a fast ramping flexible product.⁴

¹ Comments of Southern California Edison on Track 3 Proposals and March 12-23, 2019 Workshop, dated March 22, 2019, pg. 4

² Wellhead Electric Company, Inc.’s Track 3 Proposal, dated March 4, 2019, pg. 1

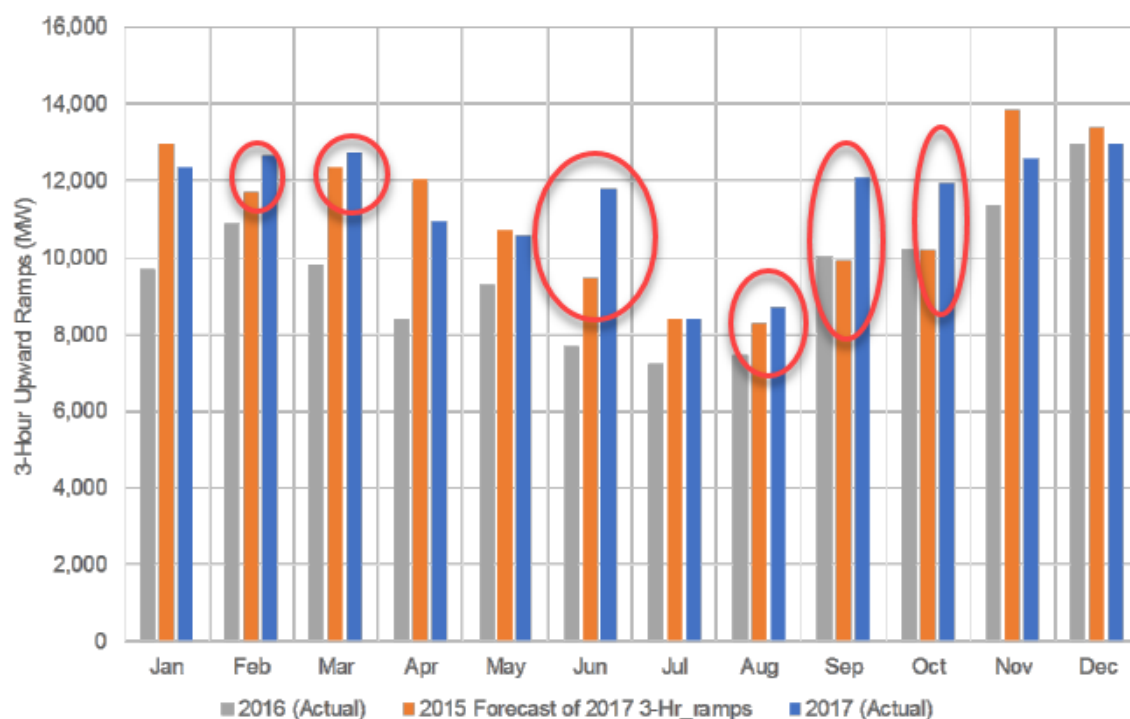
³ Wellhead Electric Company, Inc.’s Track 3 Proposal, dated March 4, 2019, pg. 1

⁴ Comments of the Green Power Institute on the Track III Proposals, dated March 22, 2019, pg. 4

III. AReM.

AReM stated that the Independent Energy Producers Association's provided "scant rationale in its support of its proposal".⁵ Wellhead disagrees, there is sufficient evidence (as shown below, circles added for emphasis⁶) to demonstrate that the "'high variability' in [the] differences between forecast and actual ramps"⁷ does exist.

2015 forecast of 2017 3-hour upward ramps vs. actual 2017 3-hour upward ramps

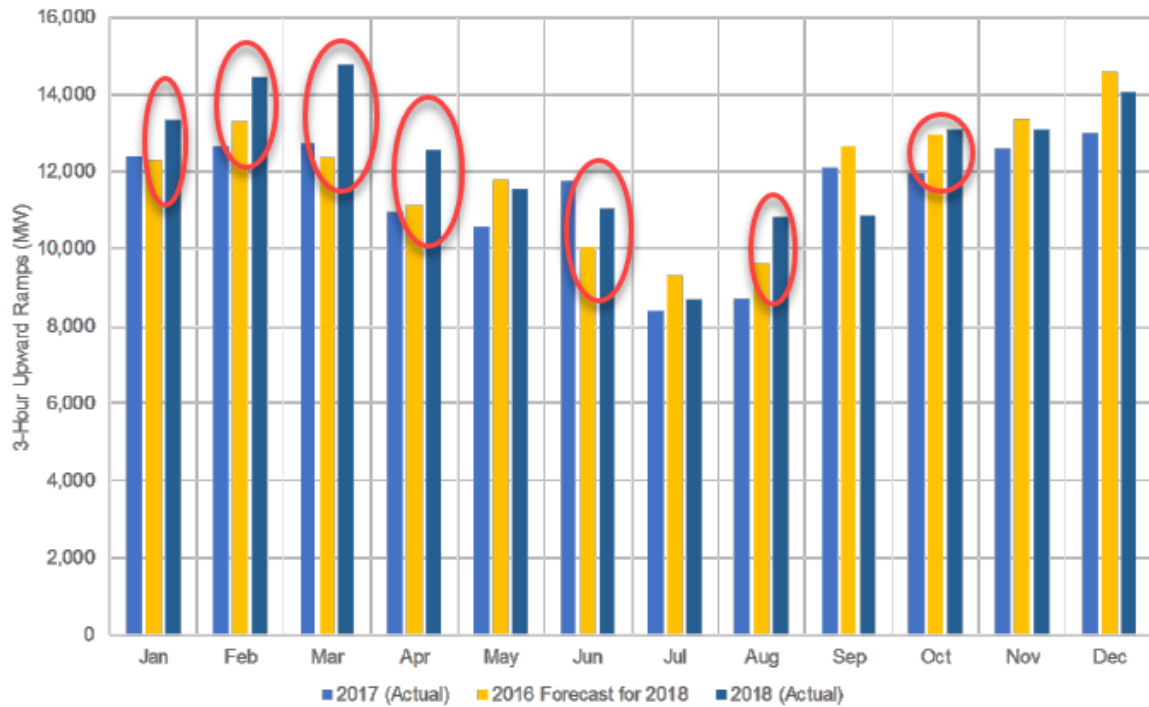


⁵ Comments of the Alliance for Retail Energy Markets on Track 3 Proposals, dated March 22, 2019, pg. 13

⁶ CAISO's Flexible Capacity Requirements for 2020 through 2020 dated January 29, 2019 pgs. 17 and 18

⁷ Comments of the Alliance for Retail Energy Markets on Track 3 Proposals, dated March 22, 2019, pg. 13

2016 forecast of 2018 3-hour upward ramps vs. actual 2018 3-hour upward ramps



The forecasted total Flexible Capacity needed in a given month has consistently been incorrect. Contrary to AReM's assertion, this is precisely why the Commission should create a Fast Flex RA product which could be viewed as a proxy for a Planning Reserve Margin (PRM) for Flexible Capacity.

CONCLUSION

Wellhead appreciates the opportunity to participate in this proceeding and respectfully submits these reply comments.

Dated: March 29, 2019

Respectfully submitted,

/s/

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