

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA**

Order Instituting Rulemaking to Continue
Implementation and Administration, and Consider
Further Development of, California Renewables
Portfolio Standard Program.

Rulemaking 15-02-020
(Filed February 26, 2015)

**RESPONSE OF THE CALIFORNIA BIOMASS ENERGY ALLIANCE,
CALIFORNIA WIND ENERGY ASSOCIATION, CALPINE CORPORATION,
GEOTHERMAL ENERGY ASSOCIATION AND ORMAT NEVADA, INC.
TO JOINT MOTION OF PG&E, SCE AND SDG&E REQUESTING EXTENSION OF
TIME TO FILE ELCC PROPOSAL FOR RPS PROCUREMENT**

Julee Malinowski Ball
Executive Director
California Biomass Energy Alliance
1015 K Street Suite 200
Sacramento, CA 95814
Telephone: (916) 441-0702 x 236
E-mail: julee@ppallc.com

Nancy Rader
Executive Director
California Wind Energy Association
2560 Ninth Street, Suite 213A
Berkeley, CA 94710
Telephone: (510) 845-5077 x 1
E-mail: nrader@calwea.org

Matthew Barmack
Director, Market and Regulatory Analysis
Calpine Corporation
4160 Dublin Blvd.
Dublin, CA 94568
Telephone: (925) 557-2267
E-mail: barmackm@calpine.com

Benjamin Matek
Industry Analyst & Research Projects Manager
Geothermal Energy Association
209 Pennsylvania Ave. SE
Washington, DC 20003
Telephone: (202) 454-5291
E-mail: ben@geo-energy.org

Joshua A. Nordquist
Director, Business Development
Ormat Nevada, Inc.
6225 Neil Road
Reno, NV 89511
Telephone: (775) 356-9029
E-mail: jnordquist@ormat.com

June 1, 2016

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On May 20, 2016, Pacific Gas and Electric Company (“PG&E”), Southern California Edison Company (“SCE”), and San Diego Gas & Electric Company (“SDG&E”) (referred to collectively as the “IOUs”) submitted a joint motion requesting an extension to December 15, 2016, to file and serve a joint proposal on effective load carrying capability (“Joint ELCC Proposal”) for Renewables Portfolio Standard procurement (“Joint Motion”). Administrative Law Judge (“ALJ”) Simon had previously ruled that the IOUs file a joint proposal on ELCC by June 10, 2016 (“Ruling”).¹ Pursuant to the Commission’s Rules of Practices and Procedure 11.1, the California Biomass Energy Alliance, California Wind Energy Association, Calpine Corporation, Geothermal Energy Association and Ormat Nevada, Inc. (“Joint Parties”) respectfully submits this response. In sum, assuming that the Commission approves the delay in the IOUs’ Joint ELCC Proposal, the Joint Parties urge the Commission nevertheless to require the IOUs to use the ELCC methodology in the least-cost, best-fit (“LCBF”) bid evaluation process in the 2016 procurement cycle.

According to the Energy Division Staff Paper in which the Ruling is rooted, the objective of the Joint ELCC proposal is:

to have ELCC methodologies and values align to the extent possible and technically feasible across IOUs and proceedings. While the purpose of

¹ See R.15-02-020, ALJ Ruling Accepting Into the Record Revised Energy Division Staff Paper on the Use of ELCC for RPS Procurement and Setting Schedule (March 9, 2016) at p.3 (Schedule).

implementing LCBF-ELCC is to ensure the consistency with [Resource Adequacy (“RA”)] counting rules, it is not necessary for the utilities to use precisely the same ELCC methodology as is used in RA as stated in Section 4.”²

The unfortunate continued delay in the long-overdue adoption of the ELCC methodology in the RA proceeding should not be allowed to doom the use of the ELCC methodology in the LCBF process. The Commission has recognized that the ELCC methodology provides “a more reliable and accurate measure” of renewable energy capacity value than the methodology currently in use, and that the inaccuracies of the current methodology “are magnified as renewable penetration increases.”³ In recognition of this fact, the Commission’s RPS Calculator used to produce RPS portfolios for planning purposes already incorporates the ELCC methodology. And the Commission requires that the IOUs report RA valuations based on the ELCC methodology to their respective Procurement Review Groups, along with RA valuations based on the existing exceedance methodology.⁴ Indeed, the Commission has already approved PG&E’s use of ELCC values to determine the value and ranking of bids.⁵ However, SCE continues to use exceedance-based values in its bid-selection process.⁶

Given the far greater accuracy of the ELCC methodology and the Commission’s progress towards using that methodology across multiple proceedings, it would be completely inappropriate to allow any IOU to continue to rely on the exceedance methodology in RPS procurement. RPS procurement already has been distorted by continued reliance on exceedance-based values. Consequently, it is increasingly important to reflect the impact of past RPS procurement on prospective capacity valuations. The ELCC methodology can account for such saturation effects while the exceedance approach ignores them.

Therefore, assuming that the Commission grants the Joint Motion to delay the IOUs’ ELCC proposal for a common ELCC methodology, the Joint Parties urge the Commission simultaneously to direct the IOUs to develop their own ELCC methodologies for use in the 2016

² R. 15-02-020, Ruling of Assigned Administrative Law Judge Accepting into the Record Energy Division Staff Paper on the Use of Effective Load Carrying Capability for Renewables Portfolio Standard Procurement and Requesting Comment (October 9, 2015), Attachment A (Energy Division Staff Paper) at p.12.

³ Ruling at Attachment A, p. 2-3.

⁴ See CPUC D.14-11-042 Accepting 2014 RPS Procurement Plans, at p. 52-53. The Commission provided that the ELCC values used in this reporting exercise may be those developed by E3 or the utility.

⁵ See PG&E’s 2015 Renewable Energy Procurement Plan, sections 3.5 and 9.1.

⁶ Personal communication with Daniel Walker, SCE (Feb. 25, 2016). SDG&E’s 2015 RPS Procurement Plan (Appendix 9, point 4f) is not clear whether it uses the exceedance or ELCC value to rank bids.

procurement cycle or (consistent with the Commission’s previous ruling) to use the ELCC-based values developed by E3 for the RPS Calculator.⁷ To the extent that the IOUs’ rely on their own ELCC methodologies, the Commission should confirm that they mimic certain aspects of the ELCC methodology used to derive capacity values in the RPS calculator, e.g., the IOU methodologies should reflect all operating and contracted RPS-eligible resources on the CAISO grid, as well as behind-the-meter renewable resources within the CAISO footprint.⁸

Respectfully submitted,

/s/ Julee Malinowski Ball

Julee Malinowski Ball
Executive Director
California Biomass Energy Alliance
1015 K Street Suite 200
Sacramento, CA 95814
Telephone: (916) 441-0702 x 236
E-mail: julee@ppallc.com

/s/ Nancy Rader

Nancy Rader
Executive Director
California Wind Energy Association
2560 Ninth Street, Suite 213A
Berkeley, CA 94710
Telephone: (510) 845-5077 x 1
E-mail: nrader@calwea.org

/s/ Matthew Barmack

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Director, Market and Regulatory Analysis
Calpine Corporation
4160 Dublin Blvd.
Dublin, CA 94568
Telephone: (925) 557-2267
E-mail: barmackm@calpine.com

/s/ Benjamin Matek

Benjamin Matek
Industry Analyst & Research Projects Manager
Geothermal Energy Association
209 Pennsylvania Ave. SE
Washington, DC 20003
Telephone: (202) 454-5291
E-mail: ben@geo-energy.org

/s/ Joshua A. Nordquist

Joshua A. Nordquist
Director, Business Development
Ormat Nevada, Inc.
6225 Neil Road
Reno, NV 89511
Telephone: (775) 356-9029
E-mail: jnordquist@ormat.com

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⁷ See note 4, *supra*.

⁸ This information is included in the CAISO’s most recent Flexible Capacity Requirements studies. See California ISO, Final Flexible Capacity Needs Assessment for 2016 (May 1, 2015), at Table 1 (p. 7), available at <https://www.caiso.com/Documents/FinalFlexibleCapacityNeedsAssessmentFor2016.pdf>.

VERIFICATION

I, Nancy Rader, am the Executive Director of the California Wind Energy Association. I am authorized to make this Verification on its behalf. I declare under penalty of perjury that the statements in the foregoing copy of “Response of the California Biomass Energy Alliance, California Wind Energy Association, Calpine Corporation, Geothermal Energy Association and Ormat Nevada, Inc. to Joint Motion of PG&E, SCE and SDG&E Requesting Extension of Time to File ELCC Proposal For RPS Procurement” are true of my own knowledge, except as to the matters which are therein stated on information and belief, and as to those matters I believe them to be true.

I declare under penalty of perjury that the foregoing is true and correct.

Executed on June 1, 2016, at Berkeley, California.

/s/ Nancy Rader

Nancy Rader
Executive Director
California Wind Energy Association