

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

Order Instituting Rulemaking to Oversee the
Resource Adequacy Program, Consider
Program Reforms and Refinements, and
Establish Forward Resource Adequacy
Procurement Obligations

Rulemaking 23-10-011

**CALIFORNIA WIND ENERGY ASSOCIATION
REPLY COMMENTS ON TRACK 1 PROPOSALS
FOR THE RESOURCE ADEQUACY PROGRAM**

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***On behalf of the California Wind
Energy Association***

March 22, 2024

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I. INTRODUCTION AND SUMMARY

Pursuant to the *Assigned Commissioner’s Scoping Memo and Ruling*, dated December 18, 2023 (“Scoping Memo”),¹ and in accordance with the Rules of Practice and Procedure of the California Public Utilities Commission (“Commission”), the California Wind Energy Association (“CalWEA”) provides these reply comments to certain parties’ opening comments on Resource Adequacy (“RA”) Track 1 proposals.²

In summary, CalWEA:

- CalWEA supports a delay to 2026 for full implementation of the SOD framework, provided that the Commission firmly commits to a 2026 start date with compliance waivers based on objective standards. The Planning Reserve Margin and energy storage counting methodology require further consideration. If the Commission wishes to entertain other issues, further discussion is warranted, and a 2026 timeline would allow for that. All outstanding issues should be resolved as soon as possible.
- CalWEA supports seasonal, or monthly, PRM values as necessary to prevent under- or over-procuring RA resources while meeting the LOLE reliability standards.

¹ In response to CalWEA’s query to Energy Division staff, staff stated that additional proposals can be submitted as “revised” proposals.

² All references are to parties’ opening comments unless stated otherwise.

- Regardless of the SOD start date, the Commission should adopt SCE’s proposal to count contracted resources if they are on-line before the start of the month.

II. REPLY COMMENTS

A. CalWEA Supports a Firm Commitment to a 2026 SOD Start Date

CalWEA supports a delay to 2026 for full implementation of the SOD framework, as contemplated by Energy Division and supported by CalCCA and SDG&E,³ provided that the Commission firmly commits to a 2026 start date with compliance waivers based on objective standards. The Commission should resolve outstanding issues as soon as possible to provide market participants adequate time to plan and procure towards 2026.

A 2026 start date will allow load-serving entities (“LSEs”) to manage mid-term reliability compliance issues under the current RA framework; enable Energy Division and the parties to further deliberate, and the Commission to resolve, important aspects of the framework; and allow greater alignment of the IRP reliability framework IRP with the RA program.

CalWEA believes the following framework issues warrant further consideration:

- **Planning Reserve Margin (“PRM”).** As SDG&E points out,⁴ the SOD framework can only ensure reliability if a Loss of Load Expectation (“LOLE”) study is conducted to establish an effective PRM based on the SOD construct, which has not yet been done. CalWEA agrees with American Clean Power - California (“ACP-California”)⁵ and CAISO⁶ that a fixed annual PRM is likely to result in over- or under-procurement from month to month across the year. Therefore, the Energy Division should evaluate multiple PRMs across the year, consistent with the SOD framework. Multiple-PRM proposals (seasonal or monthly) should be tested to ensure that they meet a 0.1 LOLE across the year, as CAISO advised.
- **Treatment of energy storage.** The California Energy Storage Alliance detailed significant concerns with Energy Division’s proposed Unforced Capacity (“UCAP”)

³ See Energy Division *Report on Resource Adequacy Slice of Day Implementation and Year Ahead Showings* (February 5, 2024) at p. 60; CalCCA at pp. 16-17; SDG&E at p. 2.

⁴ SDG&E at p. 3.

⁵ ACP-California, Revised Track 1 proposal (February 23, 2024), p. 4-5.

⁶ CAISO comments at p. 4.

methodology for battery energy storage.⁷ These concerns, and related concerns regarding whether barriers to the ability of non-gas resources to provide capacity will perpetuate reliance on gas resources raised by the California Environmental Justice Alliance and Sierra Club,⁸ merit further evaluation.

Delaying the SOD start date to 2026 will also allow time for the Commission to begin to harmonize the reliability framework and procurement requirements in the IRP proceeding with the SOD RA framework, enabling LSEs to efficiently comply with both requirements. CalWEA agrees with CAISO that the Commission should prioritize the development of its Reliable and Clean Power Procurement Program (“RCPPP”) in the IRP proceeding to promote longer-term forward procurement that will help to mitigate capacity well ahead of the need for RA resources.⁹

B. If the Commission Wishes to Entertain Other Issues, a 2026 Timeline Allows for Further Discussion

Should the Commission wish to entertain certain other framework proposals, further discussion would be warranted, and could be accommodated under a 2026 start date:

- **Compliance waivers.** Should the Commission wish to adopt compliance waivers for 2025, CalWEA would agree with SCE that a workshop should be held to develop specific and concrete waiver eligibility criteria under any of the proposals.¹⁰ The workshop should also consider how those waivers will be narrowed under the SOD framework in 2026. The extended timeline and an additional test year can be expected to reduce compliance uncertainty related to the new framework – particularly if the Commission finalizes the SOD framework in Q3 this year – and enable the scope of waivers to be narrowed to clear and objective criteria in 2026, such as unanticipated interconnection delays.
- **Load trading.** CalWEA agrees with SDG&E¹¹ that CalCCA’s proposal for load-trading for RA compliance should wait until after the SOD framework is implemented, given the

⁷ CESA at p. 2 and section IV.

⁸ CEJA and Sierra Club at p. 9.

⁹ CAISO at p. 5.

¹⁰ SCE at p. 4.

¹¹ SDG&E at p. 9.

added significant complexity it would introduce particularly as related to CAISO's administration of capacity procurement mechanism ("CPM") as well as scheduling and dispatch of RA (particularly storage) resources. Further, load-trading could discourage LSEs from their obligation to sign long-term RA contracts. A second test year may eliminate any need for the load-trading concept, as CCAs become more adept at compliance.

- **Residual Capacity Auction.** CalWEA shares the concerns raised by SCE regarding Cal Advocates' proposal for a "Residual Capacity Auction" process.¹² The CAISO already runs the CPM. Therefore, rather than creating a new Central Procurement Entity function, the CAISO could place a temporary price cap on its CPM until the SOD-based RA market has stabilized. Should the Commission wish to entertain this proposal for 2026, further discussion would be warranted.

C. Regardless of the SOD start date, the Commission should adopt SCE's proposal to Count Contracted Resources If They Are On-Line Before the Start of the Month

CalWEA supports SCE's proposal to count contracted resources if they are online before the start of the month, even if they are not deemed administratively "operational" by the T-45 or T-30 RA deadlines.¹³ This policy should become permanently effective as of 2025 to enable more RA supplies into the market. CAISO notes that, if implemented, this feature should apply to Commission timelines, not CAISO RA showing timelines.¹⁴ However, the Commission should encourage CAISO to adopt conforming rules in its monthly capacity procurement process by either accepting such RA showings or changing the date of the CPM. Otherwise, resources shown to the CPUC will not be accounted for in the CPM, potentially resulting in unnecessary procurement in the CPM.

¹² SCE at pp. 8-9.

¹³ *Id.* at p. 4.

¹⁴ CAISO at p. 8.

Respectfully submitted,



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