

**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
(Filed October 12, 2023)

**OPENING COMMENTS OF
THE INDEPENDENT ENERGY PRODUCERS ASSOCIATION**

November 8, 2023

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I. INTRODUCTION

The Independent Energy Producers Association (IEPA) offers its opening comments on the *Order Instituting Rulemaking to Oversee the Resource Adequacy Program, Consider Program Reforms and Refinements, and Establish Forward Resource Adequacy Procurement Obligations* (“OIR”), issued on October 12, 2023. The OIR continues the California Public Utilities Commission’s (“Commission”) oversight of the Resource Adequacy (RA) program and includes a Preliminary Scoping Memo (“Scoping Memo”) for RA procurement in 2025 and 2026 compliance years, RA procurement obligations for the 2025-2028 compliance years, and further development of the 24-hour Slice-of-Day (SOD) framework. IEPA is supportive of the Scoping Memo and submits the following comments for consideration.

II. COMMENTS

a. Adoption of Local Capacity Requirements

IEPA respectfully recommends a modification to the local capacity requirements (LCR) for load-serving entities (LSE). Instead of a three-year forward procurement requirement, IEPA recommends the Scoping Memo should include establishing a five-year forward procurement requirement as an issue. There are many benefits of extending the existing three-year forward

procurement framework to five years: 1) minimizes out-of-market procurement; 2) provides a valuable revenue stream for needed and preferred resources; 3) ensures local reliability; 4) ensures sufficient RA-eligible power generation is planned for the future (as our grid load grows exponentially and the weather is more unpredictable); and, 5) sends the right market signals for investment into RA-eligible power generation projects. A five-year forward procurement requirement is a reliable choice when contemplating multi-year procurement timelines.

b. Adoption of Flexible Capacity Requirements

IEPA respectfully recommends a modification to the flexible capacity requirements (FCR) established for LSEs in the 2025 and 2026 RA compliance years. Instead of the two-year outlook of 2025 and 2026, IEPA recommends the Commission extend the FCRs to a five-year compliance period for the reasons stated in subsection (a). In addition, as intermittent renewables enter the California Independent System Operator (CAISO) grid, FCRs will be needed to integrate and stabilize grid operations. With a requirement period of five-years, CAISO can rely on a longer term commitment that is aligned with LCRs.

c. Loss of Load Expectation Study and Planning Reserve Margin

IEPA supports a reconsideration of the Planning Reserve Margin (PRM) for compliance years 2026 and 2027. As stated in IEPA’s comments in R.21-10-002, filed June 14, 2023,¹ the PRM should be at 17% minimum for 2024 and 2025, starting 2026 at 17% while leaving open the possibility the PRM could be increased in light of market developments, like the easing of supply chain constraints and new funds filtering in from the federal government.²

¹ IEPA Comments, R.21-10-002, Filed June 14, 2023.

² Office of Energy Efficiency & Renewable Energy, “Funding Opportunities.” <https://www.energy.gov/eere/funding/eere-funding-opportunities#open>. Accessed November 1, 2023.

d. Unforced Capacity Methodology

Due to the CAISO’s current efforts to evaluate and address ambient derates within the determination of Net Qualifying Capacity, as stated in the “Resource Adequacy Modeling and Program Design Working Group”³ that occurred November 1, 2023, IEPA respectfully recommends deferring the topic of Unforced Capacity Methodology (UCAP) to CAISO so as to not duplicate efforts. Currently, CAISO requires generating facilities to declare derates, forced outages, and schedule planned outages. The Commission should not include UCAP in the scope of this rulemaking.

e. Coordination with the Integrated Resource Planning Proceeding

IEPA supports coordination with the Integrated Resource Planning (IRP) proceeding, including the appropriate PRM requirements for short-term planning. It is critical the Commission coordinate messaging and timing across all agencies evaluating and planning RA where feasible to ensure our grid is prepared and reliable for future events and increased load.

III. CONCLUSION

IEPA appreciates the opportunity to comment on this Scoping Memo. We find that all areas, except for the UCAP are necessary to this rulemaking. We looking forward to engaging in the effort to improve the state’s RA program and procurement.

³ CAISO, “Resource Adequacy and Program Modeling Design” Working Group. November 1, 2023. Accessed November 1, 2023. [California ISO - Resource adequacy modeling and program design \(caiso.com\)](https://www.caiso.com/Resource%20adequacy%20modeling%20and%20program%20design).

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