

**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 2016 and 2017 Compliance Years.

Rulemaking 14-10-010  
(Filed October 16, 2014)

**COMMENTS OF THE INDEPENDENT ENERGY  
PRODUCERS ASSOCIATION ON THE ENERGY  
DIVISION STAFF PROPOSALS**

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The *Scoping Memo and Ruling of Assigned Commissioner and Administrative Law Judge* (Scoping Memo), issued on January 6, 2015, asked parties to comment on the “Energy Division Staff Proposals Regarding Resource Adequacy (RA) Program Refinements” (Staff Proposals) also issued on January 6, 2015. The Independent Energy Producers Association (IEP) respectfully offers the following comments on the Staff Proposals.

**I. QUALIFYING CAPACITY CALCULATIONS**

The Staff Proposals include three recommendations related to the calculation of Qualifying Capacity (QC) for intermittent resources for RA purposes. In evaluating these recommendations, IEP is guided by the principle that the QC assigned to a resource should accurately reflect its expected operation to the extent possible.

**A. Differentiation Between Photovoltaic and Solar Thermal Resources**

Energy Division proposes to calculate two sets of technology-specific performance factors for solar resources that are used to estimate a resource’s QC until the resource has three years of operating history. Energy Division proposes to calculate one

performance factor for photovoltaic resources and one for solar thermal resources. IEP agrees that the operational differences between the two types of solar resources justifies the development of two different technology-specific performance factors.

**B. Use of Test Data**

Energy Division notes that new facilities undergo testing before they begin commercial operation. During this testing period, the resource may be dispatched by the CAISO and may generate electricity in response to those dispatch orders. Energy Division notes that testing may involve only a portion of a project or one phase of a multiphase project, and that production during testing may not reflect the full capability of the project.

For that reason, Energy Division proposes to exclude test data from the calculation of QF values and to rely only on meter data beginning on the facility's commercial operation date.

IEP agrees that excluding test data and relying on meter data after the date of commercial operation will result in a QC that more accurately reflects the expected capacity that new resources are likely to achieve.

**C. Use of Proxy Data for Outages**

The Staff Proposals discuss the challenges of calculating an accurate QC for resources that are subject to outages, especially sustained outages. Energy Division has attempted to account for outages by developing proxy data based on the resource's actual performance for the other years of the resource's three-year performance history, but sustained outages tend to result in distortions when this approach is used.

Energy Division proposes two options. The first option would ignore outages and base a resource's QC on the three-year performance history. The second option would use proxy

data for outages of six months or less, but ignore outages (as in the first option) if the outage exceeded six months.

Both of these options have the disadvantage of creating the possibility of double-penalizing generating facilities – exactly the outcome that Energy Division says it was trying to avoid. The CAISO can penalize generators for forced or planned outages, and a second penalty results if the outage leads to a reduction in the resource’s QC.

Because the QC calculation is forward-looking, that fact that a resource underwent an outage during the three-year performance history does not necessarily predict performance for the upcoming year. When a plant suffers an outage, the Energy Division should use available data to derive a QC that reflects the capacity the resource will make available in the upcoming year. Proxy data may be appropriate, especially for shorter outages. If an outage is only partial, it may be possible to scale up the facility’s production during the outage to reflect its likely capacity when it returns to full production. Another possibility is to use technology-specific performance factors for certain periods of outage, as is done for new resources. If the goal is to avoid double penalties, the options proposed by Energy Division may not achieve that goal.

## **II. AVOIDED TRANSMISSION AND DISTRIBUTION LINE LOSSES FOR DEMAND RESPONSE**

The QC ratings for demand response resources are grossed up to reflect avoided transmission and distribution losses. However, the Energy Division notes that the avoided line loss values are often buried in the confidential workpapers for general rate cases. In addition, the line loss factors used in general rate cases do not match those used in the Long-Term Procurement Plan (LTPP) proceeding.

The Staff Proposals recommend using the line loss factors from the most recently adopted assumptions and scenarios in the LTPP proceeding.

IEP agrees. Use of the publicly available line loss factors from the LTPP will allow for a greater comparability between demand response and other resource technologies in RA and other procurement decisions.

### **III. CONCLUSION**

IEP respectfully urges the Commission and the Administrative Law Judge to consider these comments as they deliberate on the Staff Proposals for refinements to the Resource Adequacy program.

Respectfully submitted January 30, 2015, at San Francisco, California.

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