

**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)

**REPLY OF THE INDEPENDENT ENERGY PRODUCERS  
ASSOCIATION TO COMMENTS ON THE PROPOSED  
DECISION ADOPTING LOCAL AND FLEXIBLE  
CAPACITY OBLIGATIONS FOR 2018 AND REFINING  
THE RESOURCE ADEQUACY PROGRAM**

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The Independent Energy Producers Association (IEP) offers its reply to comments on the Administrative Law Judge's Proposed Decision (PD) adopting local and flexible capacity obligations for 2018 and refining the resource adequacy (RA) program.

Consideration of a multi-year forward RA requirement has been before the Commission for a number of years. However, despite the fact that parties presented proposals for a multi-year RA framework and requirement in compliance with the Scoping Memo for Phase 3 of this proceeding, the PD determines that it is not practical to adopt a multi-year RA requirement in this proceeding, essentially deferring consideration of a multi-year RA requirement to some indeterminate time in the future.

In opening Comments, IEP pointed out that it is both practical and prudent to adopt a policy related to a multi-year RA requirements in R.14-10-010. The dynamic changes over the next five years, including the retirements of approximately 8,000 MW of existing thermal resources, the adoption of the Effective Load-Carrying Capability methodology for 2019

and beyond that modifies the calculation of Net Qualifying Capacity, and the growth of Community Choice Aggregation formation, threaten grid reliability. Noting that consideration of a multi-year RA framework is not dependent on finalization of a durable flexible capacity requirement, as was made explicit in the Scoping Memo, IEP urged the Commission to make the following modifications to the PD:

- Establish a new Phase 4 in R.14.10-010 to be completed no later than December 31, 2017;
- Limit the scope of Phase 4 to consideration of a multi-year RA requirement for jurisdictional load-serving entities (LSEs); and
- Clarify that the adoption of a durable flexible capacity requirement is not a prerequisite for adoption of a multi-year forward requirement.

Parties representing diverse interests support IEP's proposal for moving forward and not delaying consideration of a multi-year forward RA requirement.<sup>1</sup> Moreover, a number of parties noted that consideration of a multi-year forward RA requirement can be de-linked procedurally from consideration a durable flexible capacity requirement, and that doing so would allow expeditious consideration of multi-year forward RA requirements while not delaying timely consideration of a durable flexible capacity requirement in a successor RA proceeding.<sup>2</sup>

IEP's proposal to initiate a Phase 4 in R.14-10-010 to address the relatively narrow policy issue of a multi-year forward RA requirement, an issue that was scoped in R.14-10-010, does not preclude the Commission from initiating in parallel a separate, new RA proceeding to address the matters that the PD proposes to defer (*e.g.*, creating new or modifying

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<sup>1</sup> Southern California Edison Opening Comments, p. 4; California Independent Operator Corporation Opening Comments, p. 3; Comments of The Utility Reform Network (where TURN agrees with the IEP proposal that LSEs provide forward procurement data with their routine RA compliance reports, but TURN but does not support adoption of a forward procurement obligation at this time), pp. 8-9.

<sup>2</sup> NRG Energy, Inc. Comments, p. 5; Comments of the Western Power Trading Forum, p. 4.

existing MCC buckets, determining the definition of “dispatchable”) or the issue raised by the California Independent System Operator Corporation (CAISO) regarding the need for a comprehensive review of the RA program.<sup>3</sup> A Phase 4 in the existing proceeding need not prevent the consideration of broader RA reforms in a new RA proceeding.

A number of parties urge the Commission to adopt a new Effective Load-Carrying Capability (ELCC) methodology, but state that the PD errs by adopting the Energy Division’s second proposal, which they believe overstates the ELCC of solar resources.<sup>4</sup> IEP shares these concerns. While it appears likely that any adopted ELCC methodology will need to undergo some review and potential modification in a new RA proceeding, not adopting the more accurate ELCC methodology presented in R.14-10-010 would be compounding the problems and unnecessarily increasing risks to grid reliability.

Accordingly, IEP reiterates its recommendation to modify the PD as follows:

- Establish a new Phase 4 in R. 14-10-010 to be completed no later than December 31, 2017.
- Limit the scope of Phase 4 to address the adoption of a multi-year RA requirement for jurisdictional LSEs.
- Clarify that the adoption of a durable flexible capacity requirement is not a prerequisite for adoption of a multi-year RA requirement.

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<sup>3</sup> CAISO Opening Comments, p. 6.

<sup>4</sup> CAISO Opening Comments, p. 3; NRG Energy Inc Comments, p.4.

IEP's proposed findings of fact and conclusions of law to implement the modifications recommended by IEP are attached to these comments.

Respectfully submitted June 19, 2017, at San Francisco, California.

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## Proposed Findings of Fact and Conclusions of Law

### Findings of Fact

5a. A multi-year RA requirement could provide the Commission with an early warning of potential reliability problems.

5b. Requiring Load-Serving Entities to provide forward RA procurement data with their annual RA filings will facilitate Energy Division's compilation and publication of forward procurement data.

5c. ~~It is not practical to adopt a~~ A multi-year RA requirement should be considered in Phase 4 of this proceeding at this time.

### Conclusions of Law

5a. Load-Serving Entities should be required to provide forward RA procurement data with their annual RA filings.

5b. Phase 4 should be added to this proceeding to consider a ~~A~~-multi-year RA requirement should not be adopted at this time.