

**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 2019 and 2020 Compliance Years.

Rulemaking 17-09-020
(Filed September 28, 2017)

**REPLY COMMENTS OF THE INDEPENDENT ENERGY
PRODUCERS ASSOCIATION ON THE ORDER
INSTITUTING RULEMAKING**

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The Order instituting this proceeding invited comments on various potential issues, including refinements to elements of the Commission’s Resource Adequacy (RA) program. In response, numerous parties presented an abundance of proposals affecting both the details of the existing RA program and broader issues, including the fundamental issue of whether a new approach to reliability is needed.¹ As the large electric utilities noted in their joint comments, consideration of some of the more complex issues will necessarily extend beyond the June 2018 decision on local and flexible capacity requirements for the 2019 compliance year (if the usual schedule is followed).² At the same time, other parties presented their proposed issues with a sense of urgency. At the workshop on November 7, for example, representatives of gas-fired resources that are projected to be needed through 2030 to support the integration of

¹ See “Comments of Southern California Edison Company, Pacific Gas and Electric Company and San Diego Gas and Electric Company on the Order Instituting Rulemaking To Oversee the Resource Adequacy Program” (Joint Utility Comments).

² Joint Utility Comments, pp. 3-4.

renewable resources and to meet other system needs raised concerns about whether the resources needed in the 2020s can survive the next three years.

After reviewing the wide differences of opinion about which issues should be given priority in this proceeding, the Independent Energy Producers Association (IEP) suggests that the Commission should structure this proceeding around two parallel tracks:

- **Track 1** would focus on the issues that either must be addressed or can be addressed in time for a Commission decision in June 2018, when, under the normal schedule, the Commission would issue its determinations of local capacity and flexible capacity requirements for the 2019 compliance year.
- **Track 2** would consider issues that cannot reasonably be resolved in time for a June 2018 decision. Parties proposing a reevaluation of the RA framework acknowledge that this relook would take at least 18 months to complete. By clustering this and other issues that require more time to resolve in a separate track, the Commission can ensure that issues that can be resolved more expeditiously will not be held up while more complicated issues and topics are considered.

IEP's proposal is motivated in part by a desire to see that certain issues are not shunted aside while the Commission engages in an 18- to 24-month exploration of other approaches to reliability.³ In its opening comments, IEP responded to the Order's invitation by identifying only one issue, which IEP contends should be given the Commission's highest priority: *Should the Commission adopt a multiyear forward procurement requirement for RA*

³ The joint utilities, for example, propose a schedule leading to a Commission decision in June 2019. Joint Utility Comments, p. 4.

capacity? In IEP's view, a multiyear forward procurement requirement, among its many other benefits,⁴ is a rational response to concerns about whether needed gas-fired plants will survive into the next decade. A multiyear procurement requirement will allow the most economically viable units to plan beyond the current one-year RA procurement horizon. Because the discussion at the Commission of the potential benefits and drawbacks of a multiyear forward procurement requirement has extended over a decade,⁵ the issue is ripe for decision and can be addressed and resolved in the time proposed for Track 1.

Adoption of a two-track procedural approach to consider the range of RA issues before the Commission will not foreclose the consideration of a new approach or framework for ensuring reliability. Adoption of a two-track approach should not prevent timely consideration of issues requiring quicker resolution, such as how gas-fired facilities, forecasted to be needed to support the decarbonization of the electric sector and the electrification of the transportation sector while preserving reliability, will remain financially viable and available once their current RA capacity or other contracts expire. Consideration of a multiyear forward RA obligation in Track 1 could in effect form a bridge from the current RA program to the new framework considered in Track 2. While the Commission considers a new approach to reliability and other issues in Track 2, it can in parallel in Track 1 consider and adopt a multiyear requirement built

⁴ IEP's opening comments included a lengthy quotation from Decision (D.) 10-06-018 listing the benefits of a multiyear RA requirement.

⁵ The issue of a multiyear RA obligation was first raised in Phase 2 of Rulemaking (R.) 05-12-013 but in D.10-06-018, the Commission determined that it was not ready to adopt a multiyear requirement. The issue was then taken up in R.14-02-001, but D.16-01-033 referred consideration of the issue to either the Long-Term Procurement Plan proceeding or the RA proceeding. The issue next emerged in Phase 2 of R.14-10-010, the previous RA proceeding, but D.17-06-027 determined that adoption of a durable flexible RA requirement was a precondition for a multiyear RA requirement.

on the existing structure of the RA program, which will help ensure that the resources needed for reliability in the 2020s will have a reasonable opportunity to continue in operation.

For the reasons stated in these comments, IEP respectfully urges the Assigned Commissioner and Administrative Law Judge to establish two parallel tracks for this proceeding, one for issues that can be resolved in time to be included in a Commission decision in June 2018, and a second track to consider a new framework for determining reliability and other issues that cannot be resolved by June 2018. Track 1 should include the Commission's consideration of a multiyear forward procurement requirement for RA capacity. Track 1 also should seek to define a flexible capacity product acceptable to the Commission that load-serving entities and suppliers could confidently contract for over a multiyear period.

Respectfully submitted November 9, 2017, at San Francisco, California.

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