

**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 21-10-002
(Filed October 7, 2021)

**REPLY COMMENTS OF THE CALIFORNIA ENERGY STORAGE ALLIANCE ON
THE ORDER INSTITUTING RULEMAKING**

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November 10, 2021

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In accordance with the Rules of Practice and Procedure of the California Public Utilities Commission (“Commission”), the California Energy Storage Alliance (“CESA”) hereby submits these reply comments on the *Order Instituting Rulemaking* (“OIR”), issued on October 11, 2021.

I. INTRODUCTION.

CESA appreciates the opportunity to provide feedback and responses to the comments offered by parties to this ever-important proceeding on November 1, 2021. In our review of opening comments, we identified a number of parties expressed concerns related to the uncertainty associated with designing and implementing the modifications contemplated in the Reform Track. Specifically, CESA found that both sellers and buyers of Resource Adequacy (“RA”) advocated for increased clarity with regards to counting methodologies, particularly considering the procurement requirements the Commission has adopted in its Integrated Resource Planning (“IRP”) proceeding, Rulemaking (“R.”) 20-05-003. In response, CESA’s reply comments can be summarized as follows:

- **The Commission should not adopt modifications to resource counting mechanisms beyond those agreed upon within the Reform Track:** The Commission should refrain from adopting effective load carrying capability (“ELCC”) values for energy storage given the broader structural changes being considered in the Reform Track.

- **The Commission should consider grandfathering provisions that promote stability in the RA market:** Given significant ongoing procurement activity and the possibility of substantial reform to the System RA framework, the Commission should consider crediting mechanisms that ensure timely development and contracting.

II. THE COMMISSION SHOULD NOT CONSIDER MODIFICATIONS TO RESOURCE COUNTING MECHANISMS BEYOND THOSE RELATED TO THE REFORM TRACK.

The California Independent System Operator (“CAISO”) recommended the Commission should include discussion of modifications to the current ELCC values and, at minimum, adopting a process to update to these values biennially to reflect appropriately any saturation effects.¹ Moreover, the CAISO argued the Commission should consider adopting ELCC values for storage and demand response (“DR”) resources, noting that they are use- and availability-limited resources subject to similar and interactive saturation effects.² In contrast, the California Community Choice Association (“CalCCA”) urges the Commission to limit modifications related to ELCC values to those identified in Decision (“D.”) 21-06-029.³ CalCCA argues that this focus is warranted considering broader structural changes being considered in the Reform Track, coupled with the fact that modifications made in the Implementation Track may no longer be relevant under the proposal developed in the Reform Track.⁴

CESA agrees with CalCCA and recommends the Commission refrain from considering significant modifications to the capacity counting framework in the Implementation Track. Instead of creating disruptive interim ELCC-based RA counting values, the Commission should narrowly perform the updates considered in D.21-06-029 and consider future modifications in alignment with the determinations made in the Reform Track. Limiting the scope of the Implementation Track in this manner is warranted since modifications to the capacity counting approach can

¹ Opening Comments of the CAISO at 4.

² *Ibid.*

³ Opening Comments of CalCCA at 2.

⁴ *Ibid.*

severely disrupt contracting, endangering the reliability of California’s electric grid. CESA elaborates on this point in the next section. As such, CESA recommends the Commission *not* consider the adoption of ELCC values for energy storage and DR assets in the Implementation Track and instead focus on the updates as directed in D.21-06-029.

III. THE COMMISSION SHOULD CONSIDER GRANDFATHERING PROVISIONS THAT PROMOTE STABILITY IN THE RA MARKET.

The Independent Energy Producers Association (“IEP”) recommended the Commission consider measures to ensure the stability necessary for the effective contracting and transaction of RA capacity products.⁵ In particular, IEP recommends that, to the extent that the Commission adopts changes in product definition or qualifying capacity (“QC”) calculations in the future, it should consider also giving credit against an load-serving entity’s (“LSE”) multi-year forward procurement obligation for procurement that conformed to the applicable product definition and quantification that was in effect at the time the agreement to purchase the product was entered into.⁶ Similarly, REV Renewables, LLC (“REV”) noted in opening comments that the Commission should ensure that existing contracts and ELCC values are honored whenever it updates resource counting values to provide financial certainty to LSEs and developers.⁷

CESA supports these considerations given the historic amount of ongoing procurement related to the IRP’s Mid-Term Reliability Decision, D.21-06-035. CESA, through our membership, is aware of the confusion and uncertainty buyers and sellers of RA face today. As LSEs consider the most cost-effective ways to meet their capacity obligations while advancing California’s clean energy goals, the Commission should strive to minimize, not increase, the regulatory uncertainty related to resource counting. As such, CESA echoes the comments of IEP and REV, recommending the Commission consider grandfathering mechanisms in the Implementation Track.

⁵ Opening Comments of IEP at 1.

⁶ *Ibid* at 2.

⁷ Opening Comments of REV at 3.

IV. CONCLUSION.

CESA appreciates the opportunity to submit these reply comments on the OIR and looks forward to working with the Commission and stakeholders in this proceeding.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Jin Noh', written in a cursive style.

Jin Noh
Policy Director
CALIFORNIA ENERGY STORAGE ALLIANCE

Date: November 10, 2021