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**on the Workshop on SB 846 Reliability Assessment and Clean  
Energy Reliability Investment Plan**

*Additional submitted attachment is included below.*

**STATE OF CALIFORNIA ENERGY RESOURCES  
CONSERVATION AND DEVELOPMENT COMMISSION**

*In the Matter of:*

*Energy System Reliability*

Docket No. 21-ESR-01

RE: SB 846 Reliability Assessment and Clean  
Energy Reliability Investment Plan

**CALIFORNIA COMMUNITY CHOICE ASSOCIATION'S COMMENTS  
ON THE WORKSHOP ON SB 846 RELIABILITY ASSESSMENT AND CLEAN  
ENERGY RELIABILITY INVESTMENT PLAN**

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The California Community Choice Association<sup>1</sup> (CalCCA) submits these Comments on the *Workshop on SB 846 Reliability Assessment and Clean Energy Reliability Investment Plan* (Workshop).

**I. INTRODUCTION**

CalCCA appreciates the Workshop presentations, including the Reliability Assessment, presented by California Energy Commission (CEC) Staff.<sup>2</sup> The ultimate conclusion of the Reliability Assessment, based on the CEC Staff updated hourly stack analysis, is significant:

Based on the assumptions discussed (authorized procurement with up to 40 percent annual delay in project development and 5,500 MWs of import availability during critical hours), **significant grid reliability risks persist through 2030 under conditions experienced in 2020 and 2022.**<sup>3</sup>

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<sup>1</sup> California Community Choice Association represents the interests of 24 community choice electricity providers in California: Apple Valley Choice Energy, Central Coast Community Energy, Clean Energy Alliance, Clean Power Alliance, CleanPowerSF, Desert Community Energy, East Bay Community Energy, Energy For Palmdale's Independent Choice, Lancaster Choice Energy, Marin Clean Energy, Orange County Power Authority, Peninsula Clean Energy, Pico Rivera Innovative Municipal Energy, Pioneer Community Energy, Pomona Choice Energy, Rancho Mirage Energy Authority, Redwood Coast Energy Authority, San Diego Community Power, San Jacinto Power, San José Clean Energy, Santa Barbara Clean Energy, Silicon Valley Clean Energy, Sonoma Clean Power, and Valley Clean Energy.

<sup>2</sup> CEC Docket No. 21-ESR-01, *SB 846 Diablo Canyon Extension and CERIP Presentation* (Jan. 20, 2023) (SB 846 Presentation).

<sup>3</sup> *Id.*, Slide 44 (emphasis added).

As set forth below, CEC Staff’s conclusion on grid reliability is consistent with CalCCA’s analysis of the tight Resource Adequacy (RA) market in 2023. In fact and as discussed below, additional extenuating circumstances, including market scarcity and climate change, likely result in the reliability outlook being even worse than currently projected. Adequate planning, while recognizing these extenuating circumstances, will therefore be necessary to ensure reliability, competitive markets, and reasonable customer prices.

## **II. CEC STAFF’S RELIABILITY ASSESSMENT DEMONSTRATES THE MANY UNCERTAINTIES REGARDING AVAILABILITY OF EXISTING AND NEW RESOURCES**

CEC Staff’s Reliability Assessment emphasizes the challenges involved with ensuring availability of existing resources and the deployment of new resources through 2032. The Reliability Assessment considers the “record resource build rates” required for continued reliability, along with factors impacting the achievement of this ambitious build rate, including (1) supply chain vulnerabilities, (2) interconnection and permitting delays, and (3) increasing prices and competition for equipment.<sup>4</sup> Importantly, CEC Staff also recognize the uncertainties in the availability of existing resources, including not only the availability of hydro resources, but also the tight RA market throughout the western region.<sup>5</sup> CEC Staff’s hourly stack analysis, utilizing scenarios to account for the various factors potentially impacting achievement of the reliability goals, highlights the serious risks persisting through 2032 under conditions experienced in the extreme weather events of 2020 and 2022. Such risks are compounded by high fire impact risks associated with climate change. As discussed in more detail below, CalCCA’s analysis focusing on the tight RA market demonstrates similar risks, beginning as early as July 2023.

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<sup>4</sup> *Id.*, Slide 14.

<sup>5</sup> *Id.*

### III. THE THIN RESOURCE ADEQUACY SUPPLY MARGIN MUST BE AN AREA OF FOCUS TO ENSURE COMPETITIVE MARKETS AND REASONABLE CUSTOMER RATES

CalCCA has conducted its own summer supply stack analysis for 2023, which concludes with a picture “on paper” of the razor thin to deficient RA supply margin beginning in July 2023. As discussed below, the actual margin is likely thinner for several reasons. The results of CalCCA’s analysis, utilizing publicly available information, is set forth in Table 1 below and demonstrates:

- In July 2023, an RA surplus of only 779 megawatts (MW);
- In August 2023, an RA surplus of only 1,179 MW, which as noted assumes 60 percent of the California Public Utilities Commission (CPUC) ordered supply becomes available (if it does not become available a deficit of 516 MW will result); and
- In September 2023, an RA deficit of 553 MW (assuming 60 percent of the CPUC-ordered supply becomes available (and if it does not become available a sizable deficit of 2,248 MW will result)).

*Table 1: 2023 Summer Supply Stack*

		Jun	Jul	Aug	Sep
1	Owned by Calpine <sup>6</sup>	5,874	5,864	5,861	5,867
2	Owned by AES <sup>7</sup>	3,657	3,657	3,655	3,655
3	Owned by NRG <sup>8</sup>	2,321	2,317	2,315	2,322
4	Owned by Other <sup>9</sup>	35,956	36,402	35,690	34,973
5	Thermal Plant Derate <sup>10</sup>	(726)	(726)	(726)	(726)

<sup>6</sup> Totals by generator owner established using California Independent System Operator (CAISO) 2023 Net Qualifying Capacity (NQC) List, located at:

<https://www.caiso.com/Documents/Final-Net-Qualifying-Capacity-Report-For-Compliance-Year-2023.xls>, and CAISO Master Control Area Generating Capability List, located at: oasis.caiso.com.

<sup>7</sup> *Id.*

<sup>8</sup> *Id.*

<sup>9</sup> *Id.*

<sup>10</sup> Many thermal generators cannot produce at maximum output at certain temperatures, leading to plant derates. For this reason, resource owners may not sell their full NQC as RA capacity. Ambient derate data can be found in the CAISO’s daily Curtailed and Non-Operational Generator Prior Trade Date

		Jun	Jul	Aug	Sep
6	Imports <sup>11</sup>	5,500	5,500	5,500	5,500
7	Event-Based Demand Response <sup>12</sup>	995	1,045	1,077	1,090
<b>8</b>	<b>Total RA Supply</b>	<b>53,577</b>	<b>54,059</b>	<b>53,372</b>	<b>52,681</b>
9	CAISO 1-in-2 Load <sup>13</sup>	42,056	45,397	45,922	46,819
10	Reserve Margin (16%) <sup>14</sup>	6,729	7,264	7,347	7,491
11	Retention for Substitution <sup>15</sup>	619	619	619	619
<b>12</b>	<b>Total RA Demand</b>	<b>49,405</b>	<b>53,280</b>	<b>53,888</b>	<b>54,929</b>
13	Surplus Supply (Deficit)	4,173	779	(516)	(2,248)
14	Expected New Resources <sup>16</sup>	-	-	1,695	1,695
15	Surplus Supply (Deficit) with New	4,173	779	1,179	(553)

CalCCA’s 2023 summer stack analysis demonstrates the grim situation “on paper” beginning with the razor thin surplus in July, culminating with an actual deficit in September. Not incorporated into this analysis are factors that indicate that the actual margin may be even thinner. First, responses to CCA market outreach for RA supply have indicated insufficient

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Reports, located at:

<http://www.caiso.com/market/Pages/OutageManagement/CurtailedandNonOperationalGenerators.aspx>

<sup>11</sup> Assumes the same amount of imports used in the CEC Reliability Assessment. See SB 846 Presentation, Slide 32.

<sup>12</sup> Demand response (DR) quantities are from the CPUC’s Resource Adequacy Compliance Materials, located at: <https://www.cpuc.ca.gov/industries-and-topics/electrical-energy/electric-power-procurement/resourceadequacy-homepage/resource-adequacy-compliance-materials>.

DR totals, from event-based programs at Pacific Gas and Electric Company (PG&E), Southern California Edison Company (SCE), and San Diego Gas & Electric (SDG&E), include avoided losses.

<sup>13</sup> Peak demand forecast is from the CPUC’s 2023 Forecast Summary Tables, located at:

<https://www.cpuc.ca.gov/-/media/cpuc-website/divisions/energy-division/documents/resource-adequacyhomepage/resource-adequacy-compliance-materials/ra-2023-forecast-summary-tables.xlsx>.

<sup>14</sup> Planning reserve margin requirement of 16 percent, as required by CPUC Decision (D.) 22-06-050: <https://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M488/K540/488540633.PDF>.

<sup>15</sup> 2021 Investor-owned Utility (IOU) Excess Resource reports: <https://www.cpuc.ca.gov/industries-and-topics/electricalenergy/electric-power-procurement/resource-adequacy-homepage/resource-adequacy-compliancematerials>.

<sup>16</sup> Follows PG&E’s approach in its *Response of Pacific Gas and Electric Company (U 39 E) to California Community Choice Association’s Petition for Modification of Decision 22-03-034*, R.21-10-002 (Oct. 11, 2022) at 10, which assumes that 60 percent of 2023 Commission-mandated integrated resource proceeding (IRP) procurement becomes available for RA in 2023, located at <https://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M497/K621/497621743.PDF>.



supply. Second, the analysis above (as well as the CEC Reliability Assessment) assumes that generators will sell 100 percent of their NQC, which may not always be the case.<sup>17</sup> Third, the availability of 5,500 MWs of imports during critical hours utilized in both the CEC's and CalCCA's analyses is uncertain, especially given capacity in the entire western region is tight. Finally, both the CEC's and CalCCA's analyses are based on the assumptions that all of the NQC is sold within the CAISO footprint, and that the NQC is not used to support other Western markets. Given the west-wide constraints, however, NQC that appears available may, in fact, be supporting other Western load-serving entities – out of state utilities or in-state publicly owned utilities outside the CAISO footprint – to shore up their internal supply or participate in the Western Resource Adequacy Program (WRAP).<sup>18</sup>

CalCCA continues its participation in the RA proceeding at the CPUC to ensure fair and efficient rules govern the RA market. Equally important is regulators' continued focus on adequate planning to ensure resources will fulfill demand, even given the identified extenuating circumstances. In addition, resources will continue to retire, but retaining adequate resources while new renewable resources are built may be necessary to address potential stressed conditions. Adequate planning should endeavor to prevent emergency procurement orders, which require load serving entities to scramble to procure on unreasonable timeframes in scarce markets, undergoing record build rates. Such scarcity results in non-competitive markets and

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<sup>17</sup> Note, that as set forth in footnote 10 above, the CalCCA analysis does account for potential reductions in the RA supply due to thermal derates. However, there may be additional reasons why suppliers would not sell 100 percent of their NQC that have not been included in the CalCCA analysis.

<sup>18</sup> The WRAP is an opt-in RA planning and compliance program for the western region, started at the request of the customers of the Western Power Pool. As of January 2023, 20 utilities from the northwest, parts of the desert southwest, Canada and northern California have committed to the program. The first non-binding WRAP showing was in October for 2023. *See* Western Power Pool, Western Resource Adequacy Program: <https://www.westernpowerpool.org/about/programs/western-resource-adequacy-program>.

higher prices for customers. Consideration of all the factors identified by CEC Staff, and by CalCCA herein, must therefore continue to ensure adequate build over a reasonable timeframe.

**IV. CONCLUSION**

CalCCA looks forward to further collaboration on this topic.

Respectfully submitted,

A handwritten signature in blue ink that reads "Evelyn Kahl". The signature is written in a cursive style.

Evelyn Kahl,  
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CALIFORNIA COMMUNITY CHOICE  
ASSOCIATION

January 31, 2023