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STATE OF CALIFORNIA
STATE ENERGY RESOURCES
CONSERVATION AND DEVELOPMENT COMMISSION

IN THE MATTER OF: RULEMAKING TO AMEND REGULATIONS GOVERNING THE POWER SOURCE DISCLOSURE PROGRAM	DOCKET No. 21-OIR-01 ORDER INSTITUTING RULEMAKING

CALIFORNIA COMMUNITY CHOICE ASSOCIATION'S COMMENTS ON THE REQUEST FOR INFORMATION, POWER SOURCE DISCLOSURE

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The California Community Choice Association[1] (CalCCA) submits these Comments pursuant to the Request for Information, Power Source Disclosure[2] (RFI), dated March 22, 2023.

I. INTRODUCTION

CalCCA appreciates the opportunity to provide responses to the questions offered by the California Energy Commission (Commission). Moving to hourly recording of resources used to serve load is a complex endeavor that requires a weighing of the costs and benefits of various implementation options. In doing so, the Commission should:

- Consider developing a central reporting system for generation and Load Serving Entities (LSEs) to improve efficiency and accuracy in reporting;
- Recognize and develop reporting protocols for unique procurement like the California Public Utilities Commission's (CPUC's) Voluntary Allocation and Market Offer (VAMO) process;

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[1] 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.

[2] *Request for Information, Power Source Disclosure*, 21-OIR-01 (Mar. 22, 2023).

- Consider not only the cost impact of reporting but the market price impact of hourly reporting;
- Prioritize clean resources serving load first in the event of oversupply;
- Ensure that the implementation of reporting is after-the-fact and does not cause or exacerbate reliability events;
- Retain the current mechanism to account for losses rather than add complexity of changing to hourly losses with questionable additional value; and
- Place into the scope of the Rulemaking to Amend Regulations Governing the Power Source Disclosure Program (Rulemaking) establishing criteria for exempting small retail suppliers such as community choice aggregators (CCA) from the hourly reporting requirements.

II. QUESTIONS FOR RETAIL ELECTRICITY SUPPLIERS

1. Discuss the feasibility and financial impact of obtaining hourly delivery data for each specified procurement for each hour of the year, organizing that hourly data into an Excel template provided by the CEC, and reporting that data to the CEC annually.

There are several aspects to this question, two of which are explicit within the question: the feasibility and the financial impact of obtaining data. Implicit within the question is the difference between obtaining information about resources within California and connected to the California Independent System Operator's (CAISO) grid and those out of state or within California but not interconnected to the CAISO grid. CalCCA will address each of these. In addition, the Commission should consider not only the cost of reporting, which will be complicated by the method chosen, but also the impact on market prices for resources with increased hourly focus.

a. Feasibility of obtaining data for resources connected to the CAISO grid

Obtaining these data may range from straightforward to difficult, depending on the CCA involved and their particular contractual relationships with suppliers and scheduling coordinators. The CAISO has a unique relationship with both generation and load through their Scheduling Coordinators (SCs). The SC is responsible for scheduling and settling all transactions

with the CAISO. An LSE may or may not be the SC for its own load and/or resources. To the extent the LSE is the SC for its resources, the ability to provide hourly deliverability from the resource can be performed through access to settlement data from the CAISO. However, the LSE is not likely to be the SC for every resource in its portfolio and therefore will not have such access to all required data.

In the case where the LSE is not the SC, they will need to obtain the data from the contractual counterparty from whom they procured the resource, which may or may not be the generator. In many cases, the purchaser may have agreed to an amount of energy with a delivery period not specific to an hour but may be over the course of days or months. While Senate Bill (SB) 1158 does require sellers to provide hourly information to buyers and for that information to be made available to subsequent buyers, it does not address how this process will allocate energy where a single seller has sold to multiple buyers, some of whom specified hours in their contract and others who did not. Without such information prior to signing a contract, a buyer is at risk that the deemed delivery periods will not match their needs and would be particularly problematic in existing contracts that did not contemplate this granularity of reporting when they were negotiated and signed. Any mechanism adopted must consider not only the requirement of sellers to provide hourly information but how such hourly information will be applied under the range of different contractual configurations.

Finally, the California Public Utilities Commission (CPUC) has recently adopted a VAMO process for LSEs to receive an allocation or to purchase Renewable Portfolio Standard (RPS) eligible energy from the investor-owned utility (IOU). While the CPUC has made clear the intent to base allocations on a slice of the IOU portfolio, absent further information on the

actual process for settlement, it is unclear how the VAMO will interact with the hourly reporting being contemplated by the Commission.

Ultimately, hourly reporting of emissions data may require altering existing resource contracting practices over time, requiring time for a transition.

b. Feasibility of obtaining data for resources outside of the CAISO grid

With imports from non-CAISO connected resources, the availability of data is also limited. Imports must be scheduled with an electronic record of the transfer of electricity from one balancing authority area to another. The record is referred to as an E-tag. The E-tag contains hourly information about the source of the energy and its delivery point. However, not all entities have access to the E-tag and the LSE may or may not have such access for any given transaction. In addition, in the case of a seller import, an E-tag is not specific to the purchase made by an LSE but rather represents the entirety of the import from the seller where only a portion of the import was for the reporting LSE.

In most cases, the LSE would need to obtain the information from the seller but in this case, SB 1158 provisions requiring the seller to provide such information are not enforceable since the generator is not under the jurisdiction of the Commission. Similar to CAISO connected resources, the LSE and the seller may not have a contractual relationship that allows for the exchange of such information on an hourly basis. Absent a regulatory order to provide this data, an estimation methodology will likely need to be developed.

Obtaining the necessary data both inside and outside of the CAISO will be difficult and require manual intervention. Fortunately, some of the data requested by the CEC is already being collected in the Western Renewable Energy Generation Information System (WREGIS) for green resources. The Commission should consider leveraging existing systems like WREGIS, or CAISO data sources to develop the necessary tracking system. This system would need to track

the hourly output of generation from resources that would then be claimed by LSEs. This claiming could be validated by demonstrating a contract with the generating resource for reporting purposes, or otherwise be structured to increase consistency and efficiency in the reporting process. As this would be a substantial undertaking, CalCCA recommends that the CEC host workshops to discuss the potential feasibility, costs, and benefits of such a system, as well as how it might be structured and interface with other CEC and LSE data flows.

c. Financial impacts of hourly reporting

In addition to the potentially manual and time intensive process absent an automated solution similar to WREGIS, the Commission should consider the market price impacts of creating demand for a specific product such as greenhouse gas-free on an hourly basis. Such a process is likely to produce high prices in certain hours of need which could have the impact of making energy more costly for customers than it is presently. This increase in cost should be weighed with the benefit of hourly reporting and the ability of California to meet its policy goals.

d. Excel data format is unknown

Given that the reporting format suggested as potentially using excel currently has no expressed format, it is difficult to ascertain how feasible it will be to take inputs from many sources and formats and provide that to the Commission. That being the case, the data might exceed the limitations of a standard Excel sheet (1,048,576 rows). As such, it may be worth considering alternative file formats that could be used to share data more efficiently. Additionally, the largest difficulties are likely to arise from multiple data sources that may be different by provider and resource. This is why a standard reporting system like that of WREGIS is important to make such reporting feasible and streamlined.

2. Discuss the feasibility and financial impact of obtaining and reporting hourly settlement data from your retailer's balancing authority.

Please see response in Section II.1.a.

III. GENERAL QUESTIONS

1. Under an hourly load matching framework, what should be the load order for determining which resources are matched to load first? In other words, which resource types should be deemed to be over-procured/overdelivered during hours in which a retailer's specified procurements exceed its hourly loss-adjusted load?

The priority should be for clean RPS resources first, clean non-RPS resources second, any small emitting RPS resources (e.g. Geothermal) third, emitting non-RPS resource, fourth, and system power last. That is, in the event that more energy was available from contractually obligated resources than what the LSE needed to serve their load, emitting non-RPS resources should be considered the first to have been over-procured/overdelivered. The primary reason for this is that it is not the LSEs that dispatch resources but rather the CAISO.

The CAISO conducts a dispatch in which they serve load at the least cost while accounting for grid constraints. These constraints may dispatch a resource that is excess to the immediate need to have it available for a future period where it will be needed. In many cases, these resources cannot start and deliver energy immediately but need to run for a period of time while producing energy before they can be dispatched further.

LSEs are not able to foresee all of the circumstances that the CAISO will encounter. This also means that LSEs will not be able to procure cleaner resources to displace these actions by the CAISO necessary for reliable grid operation. Similarly, LSE storage resources might be dispatched by the CAISO during high load hours, displacing potential thermal dispatch during those hours, but exposing the LSE to emission in later hours when the storage is not available to serve the LSE's overnight loads. During these periods, the Commission should use the order

described above. As the grid continues to evolve, the CAISO will develop additional methods to address such constraints with other technologies (e.g. battery storage) to lessen the reliance on emitting resources for this purpose. Processes like the Commission's Integrated Energy Policy Report, and the CPUC's Integrated Resource Plan will then help to develop the technologies necessary to reduce and ultimately eliminate the need to dispatch emitting resources for these circumstances. This could occur by working to evaluate grid needs and provide direction in the procurement of attributes necessary to reduce emissions from electrical generation.

This improved matching of procurement to hourly load may drive some improvements in reliability.

2. How will hourly load matching affect grid reliability in the state, particularly during emergency events?

It should not directly affect reliability, but could interact with reliability if LSEs are incented to procure to their hourly loads. LSEs are simply reporting on the resources used to serve their load needs. During emergency events, the CAISO is likely to dispatch a significant amount and potentially all of the resources that LSEs have procured to meet their customer needs. In the event that the CAISO needs more energy because LSEs are serving more load than they anticipated and procured for, the CAISO will purchase market resources, and LSEs will have served some load in that hour from unspecified market resources.

Reporting is an after-the-fact look at what was used to serve load. In no way can that reporting prevent load from being served and result in a reliability event or exacerbate a reliability event on the grid.

Generally, while hourly load-matching may not have a significant impact on reliability, LSEs who are incentivized or required by local policies to have zero-emission portfolios may submit higher bids for their emitting resources, so those resources would not be selected to

provide generation when necessary. Such LSEs would likely have contracted all zero-emission resources, but hourly load-matching provides incentive for LSEs to make non-emitting resources more attractive to the CAISO via their bids to ensure the purchase of 100 percent zero-emitting resources. This will place further pressure on the CAISO in the dispatch of the grid to ensure that the economic dispatch, including the value of zero-emission for Power Source Disclosure (PSD) reporting purposes through the energy bid, and meet all reliability constraints. The impact of this will be dependent on how much this bidding behavior occurs and how frequently the resulting economic dispatch runs up against system constraints.

3. How should in-state and out-of-state line losses be calculated for determining loss-adjusted load?

The move to hourly accounting for resources serving load will not have an appreciable impact on losses. The current PSD already has a process for addressing such losses. Going beyond the current status quo for line losses would not justify the additional cost and complexity of doing so.

IV. ADDITIONAL SCOPE OF RULEMAKING

Finally, CalCCA asks that the Commission include criteria for exempting small retail suppliers such as CCAs from hourly reporting requirements within the scope of this Rulemaking. Section 398.6(1) of the Public Utilities Code, added by SB 1158, authorizes the Commission to modify or adjust the requirements of this section for any electrical corporation with 60,000 or fewer customer accounts in the state or any retail supplier with an annual electrical demand of less than 1,000 gigawatt hours (GWh), if the Commission finds that the costs to comply with the requirements of this section unduly burden the electrical corporation or retail supplier.

In response to comments from CalCCA, the Commission exempted CCAs that provide 700 or fewer GWh of electricity to customers in any calendar year from the recently adopted

Load Management Standards (LMS). In its Final Statement of Reasons, the Commission noted that this change from the LMS as initially proposed was "necessary to … minimize the burdens on CCAs that play a smaller role in the electricity market." In this Rulemaking, the Commission should carry out an economic and fiscal impact analysis on the compliance costs and establish criteria for exempting small retail suppliers like those that the Commission used to exempt small CCAs from the LMS.

V. CONCLUSION

The Commission should:

- Consider developing a central reporting system for generation and LSEs to improve efficiency and accuracy in reporting;
- Recognize and develop reporting protocols for unique procurement like the CPUC's VAMO process;
- Consider not only the cost impact of reporting but the market price impact of hourly reporting;
- Establish a priority that would see clean resources serving load first in the event of oversupply;
- Ensure that the implementation of reporting is after-the-fact and does not cause or exacerbate reliability events;
- Retain the current mechanism to account for losses rather than add complexity of changing to hourly losses with questionable additional value; and
- Place into the scope of the Rulemaking establishing criteria for exempting small retail suppliers such as CCAs from the hourly reporting requirements.

CalCCA looks forward to further collaboration on this topic.

Respectfully submitted,

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April 14, 2023