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| Docket Number: | 24-OIR-01 |
| Project Title: | Rulemaking on AB 1373 POU Capacity Payment to Implementation |
| TN #: | 256584 |
| Document Title: | CEC Internal Draft Regs for Capacity Payments |
| Description: | N/A |
| Filer: | Donnie Cox |
| Organization: | California Energy Commission |
| Submitter Role: | Commission Staff |
| Submission Date: | 5/29/2024 1:58:12 PM |
| Docketed Date: | 5/29/2024 |

AB 1373 Draft Regulations for Capacity Payments

Title 20. Public Utilities and Energy

Division 2. State Energy Resources Conservation and Development Commission

Chapter 3. Data Collection

Article 6. Local Publicly Owned Electric Utility Capacity Payments

Section 1395. Definitions.

For the purposes of this Article, the following definitions apply:

“Reserve” means the Department of Water Resources' Electricity Supply Strategic Reliability Reserve Program established pursuant to Division 29 (commencing with Section 80700) of the Water Code.

“California ISO” means the California Independent System Operator as defined in Article 3 (commencing with Section 345) of Chapter 2.3 of Part 1 of Division 1 of the Public Utilities Code.

“POU” means a “local publicly owned electric utility” as defined in Section 224.3 of the Public Utilities Code.

Section 1396. Capacity Payment Determinations and Notification

(a) At the end of each calendar year commission staff shall confer with the Department of Water Resources (DWR) to determine if DWR’s Reserve was used for any month in the previous calendar year. If DWR confirms that the Reserve was used, DWR shall provide the costs associated with procuring the resources that made up the Reserve for that calendar year.

(b) If DWR determines that the Reserve was used in the previous calendar year, staff shall obtain resource adequacy showings submitted by publicly owned utilities (POUs) to the California ISO as a starting point to determine whether any POU failed to meet its minimum planning reserve margin for any month during which the Reserve was used. Staff may also obtain any information needed for this determination directly from a POU. Such information may include, but is not limited to, the following:

(1) A summary of each POU’s month-ahead forecasted 1-in-2 coincident peak load, planning reserve margin, total credits shown, and total capacity shown for the month for which the Reserve was used.

(2) The POU’s supply plan submitted to the California ISO.

(c) Any request issued to a POU pursuant to subdivision (b) of this section shall contain a deadline by which to produce the requested information, but, in any event, the deadline shall be no fewer than 30 days from the date of the request.

(d) AA POU will be determined to be deficient if the sum of its total capacity shown and total capacity credits for a month are less than its total system resource adequacy obligation for that month.

(1) The total capacity shown is the sum of the resource adequacy capacity of each resource included on the resource adequacy showings submitted to the California ISO for the given month.

(2) The total capacity credits shown is the sum of the credited resources submitted to the California ISO for the given month.

(3) The total system resource adequacy obligation is determined according to the following calculation: *RA Obligation = 1 in 2 month ahead coincident peak load forecast * (1 + PRM(%))*

(4) The total deficiency for a month in which the POU is found to be deficient will be calculated as the POU's total system resource adequacy obligation for the given month minus the sum of the total capacity shown and the total capacity credits for that month.

(e) (1) If, based on information submitted by POUs to the California ISO, staff determines that a POU failed to meet its minimum planning reserve margin for any month during which the Reserve was used, staff shall do all of the following:

(A) Notify the POU within 14 days after this determination is made.

(B) Provide the POU with all the information on which staff based this determination.

(C) Provide the POU with a preliminary estimate of the associated capacity payment determined using the equation in (f)

(2) If a POU disagrees with staff's determination, it may, no later than 30 days after receiving the notification in subdivision (d)(1)(A), submit any information, data, invoices, or other documentation to demonstrate either that the POU met its minimum planning reserve margin, or that the deficiency amount was lower than that determined by staff, for any month in which staff found the POU to be deficient.

(f) If staff determines, after considering any response provided in subdivision (e)(2), that a POU has failed to meet its minimum planning reserve margin for any month during which the Reserve was used, staff shall recommend to the full commission the assessment of a capacity payment for the total deficiency for that POU in accordance with the following calculation:

$$\begin{aligned} & \text{Capacity Payment Unit Cost} \left(\frac{\$}{kW} \right) \\ = & \frac{[(0.667 \times \sum \text{Cost for June thru Sept.}) + (0.333 \times \sum \text{Cost for other months})]}{\sum \text{Total Capacity Procured}} \end{aligned}$$

(g) The commission shall consider staff's recommendation and, within 45 days after the date the recommendation is filed, take action including, but not limited to, approving the recommendation, rejecting the recommendation, requesting additional information, or establishing a schedule or appointing a committee for subsequent actions.

(h) If the commission assesses a capacity payment, the POU shall remit the assessed capacity payment within 30 calendar days from the date of adoption of that assessment to the Local Publicly Owned Electric Utility Capacity Payment Account under DWR's Electricity Supply Reliability Reserve Fund.