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

IN THE MATTER OF:

ENERGY SYSTEM RELIABILITY

DOCKET NO. 21-ESR-01

**CALIFORNIA COMMUNITY CHOICE ASSOCIATION'S COMMENTS
ON THE MAY 29, 2024, SUMMER RELIABILITY WORKSHOP**

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TABLE OF CONTENTS

I.	INTRODUCTION	1
II.	THE STATE SHOULD CONTINUE TO PRIORITIZE ADDRESSING DELAYS RELATED TO SITING, INTERCONNECTION, AND SUPPLY CHAIN, AS DELAYS IN NEW RESOURCES HAVE RELIABILITY IMPLICATIONS	3
III.	THE COMMISSION, THE CPUC, AND THE CAISO SHOULD CONSIDER RA MARKET DYNAMICS IN ADDITION TO RA RELIABILITY OUTLOOKS, AS THESE DYNAMICS SIT AT THE INTERSECTION OF RELIABILITY AND AFFORDABILITY	4
IV.	CONCLUSION.....	6

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The California Community Choice Association¹ (CalCCA) submits these Comments pursuant to the *Notice of Summer Reliability Workshop*,² dated May 14, 2024.

I. INTRODUCTION

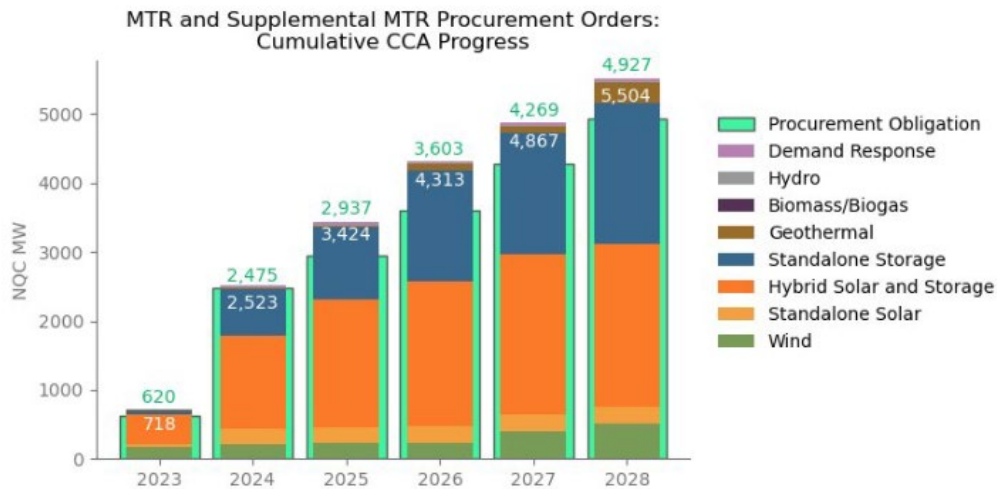
CalCCA appreciates the opportunity to comment on the 2024 Summer Reliability Workshop (Workshop). The theme of the Workshop Presentations was “cautious optimism,” in which summer grid conditions are expected to be reliable, subject to potential extremes that could cause challenges. The Workshop demonstrated exemplary coordinated efforts across the state to prioritize reliability, bring new resources online, and establish contingencies to handle potential extremes. Community choice aggregators (CCAs) are proud to have taken part in this collaboration through their efforts to increase the supply stack by successfully procuring new capacity.

¹ California Community Choice Association represents the interests of 24 community choice electricity providers in California: Apple Valley Choice Energy, Ava Community Energy, Central Coast Community Energy, Clean Energy Alliance, Clean Power Alliance, CleanPowerSF, Desert Community Energy, Energy For Palmdale’s Independent Choice, Lancaster 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 *Notice of Summer Reliability Workshop*, 21-ESR-01 (May 14, 2024):
<https://efiling.energy.ca.gov/GetDocument.aspx?tn=256371&DocumentContentId=92181>.

During the Workshop, the California Public Utilities Commission (CPUC) presented load-serving entities’ (LSE) progress toward mid-term reliability (MTR) procurement orders. LSEs – especially the CCAs – are making progress on this critical need by procuring a diverse set of resources that can meet reliability needs. CCAs, for example, have met their first MTR procurement targets in aggregate and are on track to meet future targets, as demonstrated in **Figure 1**. CCAs are major contributors to the new resources that have come online for summer 2024 and look forward to continued contributions to future summers’ reliability.

*Figure 1: Aggregate CCA Progress on IRP Procurement Orders
(Source: CalCCA Member Data Request)*



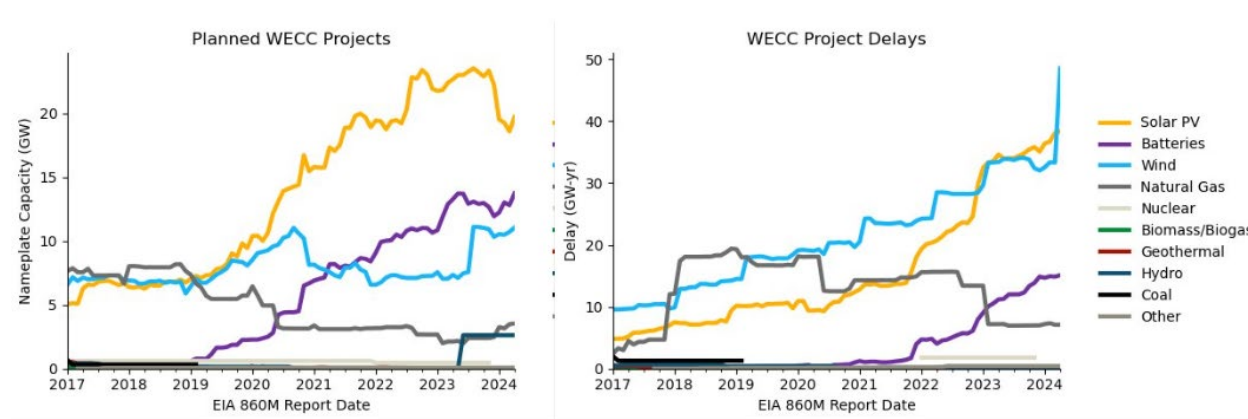
As the Commission prepares for summer operations with cautious optimism, CalCCA provides the following comments for its consideration:

- The state should continue to prioritize addressing delays related to siting, interconnection, and supply chain, as delays in new resources have reliability implications; and
- The Commission, the CPUC, and the California Independent System Operator (CAISO) should consider resource adequacy (RA) market dynamics in addition to RA reliability outlooks, as these dynamics sit at the intersection of reliability and affordability.

II. THE STATE SHOULD CONTINUE TO PRIORITIZE ADDRESSING DELAYS RELATED TO SITING, INTERCONNECTION, AND SUPPLY CHAIN, AS DELAYS IN NEW RESOURCES HAVE RELIABILITY IMPLICATIONS

The Western Electric Coordinating Council (WECC) presented reliability risks across the West for the upcoming summer. WECC discussed supply chain issues resulting in project delays as one such risk.³ WECC notes that essential grid equipment has experienced significant delays. These include transformers (10 months–3 years), circuit breakers (1.5–2.5 years), and switchgears (1 year). The information relayed by WECC is consistent with CalCCA’s analysis of Energy Information Administration data,⁴ which shows continued delay challenges for wind, solar, and battery projects in WECC, as depicted in **Figure 2**.

Figure 2: Planned Projects in WECC and Their Delays



CalCCA’s members’ experiences indicate interconnection and permitting delays, in addition to supply chain delays, also impact the ability of their projects to come online as scheduled. The Commission, in coordination with the CPUC, the CAISO, and the Tracking Energy Development task force should continue to prioritize addressing project delays, as they can have detrimental reliability implications.

³ *Presentations for Summer Reliability Workshop*, 21-ESR-01 (May 30, 2024) (Workshop Presentations) at 39: <https://efiling.energy.ca.gov/GetDocument.aspx?tn=256593>.

⁴ U.S. Energy Information Administration: <https://www.eia.gov/electricity/data/eia860m/>.

III. THE COMMISSION, THE CPUC, AND THE CAISO SHOULD CONSIDER RA MARKET DYNAMICS IN ADDITION TO RA RELIABILITY OUTLOOKS, AS THESE DYNAMICS SIT AT THE INTERSECTION OF RELIABILITY AND AFFORDABILITY

The Commission, the CPUC, and the CAISO should consider two relevant outlooks when preparing for summer operations. The first is a reliability outlook, which evaluates the state's ability to operate the system up to a pre-determined reliability standard. The second is an RA market outlook, which investigates the sufficiency of the RA supply stack to meet LSE RA compliance obligations. The sufficiency of the RA supply stack from a reliability perspective and an RA market perspective is necessarily measured using different inputs and assumptions. These different inputs used for a RA market outlook include counting rules that are set well before the summer months and account for expected capacity in a deterministic manner rather than on a stochastic basis as the Commission's analysis uses.

The loss-of-load expectation analysis and stack analysis presented by the Commission and the CAISO's summer assessment focus on the reliability outlook. It is encouraging to hear the Commission and other stakeholders express cautious optimism about the summer 2024 reliability outlook. A cautiously optimistic reliability outlook for summer does not mean it will be easy for LSEs to meet their summer 2024 RA obligations; however, given the following differences in measurements between a reliability outlook and an RA market outlook:

- The CPUC set 2024 RA obligations using the Commission's 2022 vintage load forecast. Since the CPUC set 2024 RA requirements, the Commission issued its 2023 vintage load forecast which has a peak load lower than the 2022 vintage load forecast. This difference results in summer 2024 RA obligations set higher than the updated load forecast expectations used in reliability outlooks, meaning supply constraints appear tighter under an RA market outlook than under a reliability outlook.
- The "effective" planning reserve margin (PRM) is equivalent to the Commission's "2020 equivalent event scenario."⁵ This scenario shows a small surplus of roughly 1,500

⁵ Workshop Presentations at 71.

megawatts (MW) *if no new supply is delayed*. It shows a surplus of 757 MW if 20 percent of the new supply is delayed and only 5 MW if 40 percent of the new supply is delayed. The investor-owned utilities may potentially use RA-qualified resources to meet the excess PRM target, making the RA market outlook more like a 2020 equivalent event scenario, with little surplus to support a robust market, rather than the Commission’s “average event scenario.” Essentially, the effective PRM adds additional demand to an RA market with already scarce supply.

- California relies on RA imports to satisfy RA requirements,⁶ but capacity constraints across the West mean RA imports may be less available than they have been historically. Additionally, CPUC non-resource-specific import RA bidding rules have made some resources outside of the state unwilling or unable to sign contracts for import RA into California,⁷ even though they might be available and flow into California in the summer months during net peak hours. Finally, RA imports might be particularly sensitive to expected below-normal precipitation in the Northwest. All these factors may contribute to less imports made available in the RA market than assumed in reliability outlooks.

CalCCA has performed an RA market outlook analysis, indicating these differences result in an RA market outlook that is less optimistic than the reliability outlook. CalCCA’s analysis shows a supply deficit relative to RA demand in summer 2024, as shown in **Figure 3** below, and resulting prices for RA capacity at all-time highs.⁸

⁶ Data provided by the CAISO on January 12, 2024 combined with the Net Qualifying Capacity (NQC) list, demonstrates that RA requirements have not been fully covered by CAISO interconnected NQC since 2019, indicating an increasing trend of import RA dependency: <https://cal-cca.org/wp-content/uploads/2024/03/Comments-to-CAISO-on-2023-Policy-Initiatives-Catalog-Submission-around-Maximum-Import-Capability-Enhancements-02-28-24.pdf>.

⁷ *Workshop on Track 1 Proposals in Rulemaking 23-10-011*, at slide 217: <https://www.cpuc.ca.gov/-/media/cpuc-website/divisions/energy-division/documents/resource-adequacy-homepage/resource-adequacy-compliance-materials/resource-adequacy-history/ra-oir-track-1-workshop-022924.pdf>.

⁸ *California’s Constrained Resource Adequacy Market: Ratepayers Left Standing in a Game of Musical Chairs* (Updated Jan. 16, 2024): https://cal-cca.org/wp-content/uploads/2024/02/CalCCA-Stack-Analysis-2023-2026-updated-01_16_24-.pdf.

Figure 3: September 2023-2026 RA Supply Stack Analysis

September NQC	2023	2024	2025	2026
1 CAISO 1-in-2 Load	46,829	47,475	47,987	48,487
2 Reserve Margin (16% in '23, 17% after)	7,493	8,071	8,158	8,243
3 Total RA Demand	54,322	55,546	56,145	56,730
4 NQC List	49,232	46,137	46,137	46,137
5 Event-Based Demand Response	1,090	980	955	978
6 Imports	6,363	6,000	6,000	6,000
7 Estimate of Contracted Resources	-	7,474	10,189	11,026
8 Thermal Plant Derate	(718)	(761)	(761)	(761)
9 OTC, Retired or Contracted by DWR	-	(2,859)	(2,859)	(2,859)
10 Excess IOU Procurement for Higher Effective PRM	(443)	(1,700)	(1,700)	-
11 Retention for Substitution	(619)	(619)	(619)	(619)
12 Total RA Supply	54,904	54,652	57,342	59,902
13 Surplus Supply (Deficit)	582	(894)	1,197	3,172

As the Commission, the CPUC, and the CAISO advance policies related to summer reliability or RA generally, they should consider the impacts those policies will have on LSEs' ability to comply with their RA obligations. Failure to consider challenging RA market dynamics in addition to reliability outlooks will negatively impact customer reliability and affordability.

IV. CONCLUSION

CalCCA appreciates the work of the Commission and other entities to prepare for summer 2024 and looks forward to further collaboration with the Commission to ensure system reliability this summer and in the future.

Respectfully submitted,



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June 12, 2024