

Resource Adequacy Workshops Ordered by D.19-06-026

September 2019



Together, Building
a Better California



Proposal for Local RA Process

Summary of Proposal

- Proposal
 - The Commission should **establish a Working Group process** to review the local RA program to address on-going issues/concerns
 - Enables parties to further develop a number of proposals for future consideration by the Commission in the next RA proceeding
 - Issues specific to Track 2 of R.17-09-020 (central procurement structure) are out-of-scope for the Working Group
- Rationale
 - Diverging requirements between the Commission and CAISO have created **two** separate local RA programs



Current State: Local RA Program

Diverging Requirements

	CPUC	CAISO
Compliance NQC	Commission uses the <u>August</u> NQC towards the LCR	CAISO uses the <u>monthly</u> NQC towards the LCR
Local Areas	LSEs must meet the <u>disaggregated</u> LCR within the TAC	LSEs must meet the <u>aggregated</u> LCR for the TAC
Outages	None	Determines which RA resources require RA substitution capacity given their availability
Local DR Credit	Yes	No
Validation Process for Years 2 and 3	Yes	No

Additional Considerations

- CAISO has proposed limitations (similar concept as the MCC buckets) on energy-limited resources to meet the LCR
- CAISO allows a local resource to be used for system RA only
- LCR uses a 1-in-10 summer peak load forecast while system and flexible RA uses a 1-in-2 load forecast
- LCR currently identifies the minimum quantity of local capacity needed at peak
 - But the minimum capacity and minimum energy needed to meet the applicable criteria for different hours, blocks, and seasons varies from the peak



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Working Group Process

- PG&E believes the CAISO is best-suited as a co-lead in the Working Group process
- Strawman Scoping Memo Issues:
 - How should the Commission/CAISO credit respective entities their local RA obligations? August versus monthly NQC?
 - What procedural mechanism(s) should be adopted by CAISO to support multi-year local RA requirements?
 - How should the Commission/CAISO address the concerns of energy-limited resources?
 - Should the Commission/CAISO differentiate between a system and local NQC?
 - What mechanisms would help minimize deviations in local RA requirements determined by CAISO?
 - How should CAISO provide DR credit for slow response DR?