

BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking to Oversee the  
Resource Adequacy Program, Consider  
Program Refinements, and Establish Forward  
Resource Adequacy Procurement Obligations.

Rulemaking 19-11-009  
(Filed November 7, 2019)

**JOINT OPENING COMMENTS OF  
CPOWER, ENEL X NORTH AMERICA, INC., AND THE  
CALIFORNIA EFFICIENCY + DEMAND MANAGEMENT COUNCIL ON  
PROCESS ADOPTED IN THE AMENDED TRACK 3 SCOPING MEMO**

**Jennifer A. Chamberlin**  
Executive Director, Market Development  
CPower  
2475 Harvard Circle  
Walnut Creek, CA 94597  
Telephone: 925-433-2165  
Email: [JAC@CPowerEnergyManagement.com](mailto:JAC@CPowerEnergyManagement.com)

**Marc Monbouquette**  
Regulatory Affairs Manager  
Enel X North America, Inc.  
846 Bransten Road  
San Carlos, CA 94070  
Tel: 415-488-6035  
Email: [marc.monbouquette@enel.com](mailto:marc.monbouquette@enel.com)

**Greg Wikler**  
Executive Director  
California Efficiency + Demand  
Management Council  
1111 Broadway, Suite 300  
Oakland, CA 94607  
Telephone: 925-286-1710  
E-mail: [policy@cedmc.com](mailto:policy@cedmc.com)

**Luke Tougas**  
Consultant for  
California Efficiency + Demand  
Management Council  
1111 Broadway, Suite 300  
Oakland, CA 94607  
Telephone: 925-286-1710  
Email: [l.tougas@cleanenergyresearch.com](mailto:l.tougas@cleanenergyresearch.com)

**Sara Steck Myers**  
**Megan M. Myers**  
Law Offices of Sara Steck Myers  
122 – 28<sup>th</sup> Avenue  
San Francisco, CA 94121  
Telephone: 415-387-1904  
Facsimile: 415-387-4708  
Email: [ssmyers@att.net](mailto:ssmyers@att.net)  
[meganmmyers@yahoo.com](mailto:meganmmyers@yahoo.com)

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CPower, Enel X North America, Inc. (Enel X), and the California Efficiency + Demand Management Council (Joint Parties) respectfully submit these Joint Comments on the process adopted in the Assigned Commissioner’s Amended Track 3.A and 3.B Scoping Memo and Ruling (Amended Track 3 Scoping Memo) issued R.19-11-009 (Resource Adequacy (RA)) on July 7, 2020. These Joint Comments are timely filed and served pursuant to the Commission’s Rules of Practice and Procedure and the Amended Track 3 Scoping Memo.<sup>1</sup>

**I.  
THE PROCESS ADOPTED IN THE AMENDED SCOPING MEMO  
MUST BE MODIFIED TO FACILITATE TIMELY DECISIONS ON  
HYBRID RESOURCE COUNTING FOR RESOURCE ADEQUACY AND  
ISSUES BEING ADDRESSED BY THE SUPPLY SIDE WORKING GROUP.**

The Amended Track 3 Scoping Memo offers an opportunity for parties not only to provide initial “Track 3 proposals,” but also “comments on process.”<sup>2</sup> Accordingly, the Joint Parties file these Comments to address the issue of “process” specifically.

In this regard, these Comments represent the first opportunity any party has had to address the determination by the Amended Track 3 Scoping Memo to divide Track 3 into two separate tracks (Track 3.A and Track 3.B), segregate issues between them, and adopt different decision timelines for each. In this regard, as prescribed by the original Scoping Memo issued

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<sup>1</sup> Amended Track 3 Scoping Memo, at p. 6.

<sup>2</sup> *Id.*

on January 22, 2020, Track 3 was holistically intended to encompass “structural changes and refinements to the RA program” to include “[e]xamination of the broader RA capacity structure to address energy attribute and hourly capacity requirements given the increasing penetration of use-limited resources” and “greater reliance on preferred resources.”<sup>3</sup>

In Decision (D.) 20-06-031, the most recent decision on RA Program refinements, the Commission did adopt a methodology for valuation of all in-front-of-the-meter (IFM) hybrid resources planning to access the Investment Tax Credit (ITC).<sup>4</sup> However, by that same decision, the Commission declined to establish Net Qualifying Capacity (NQC) values for hybrid Behind-the-Meter (BTM) storage/solar resources, leaving it to “a joint public workshop” of the Commission, California Independent System Operator (CAISO), and the California Energy Commission (CEC) to be held “later this calendar year to plan the joint agency steps necessary” to do so.<sup>5</sup>

For the Joint Parties, the opportunity to finally have RA rules that would address these issues, including NQC for BTM hybrid storage and solar resources, is long overdue. Notably, as to this issue, the Amended Track 3 Scoping Memo defines Track 3.A as including, pursuant to D.20-06-031, the issue of the “steps necessary to establish [NQC] values for [BTM] hybrid storage/solar resources” to count them in the RA Program.<sup>6</sup> The Track 3.A Calendar further identifies the timing of this Joint Agency workshop on this issue to be “Late August 2020,” with Working Group reports, proposals, and comments on the Joint Agency workshop all to take place in September 2020.

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<sup>3</sup> Scoping Memo, at p. 7.

<sup>4</sup> D.20-06-031, Ordering Paragraph 11, at p. 93.

<sup>5</sup> *Id.*, at pp. 33, 81-82.

<sup>6</sup> Amended Track 3 Scoping Memo, at p. 4.

No other activities are identified for Track 3.A in the Calendar, and its last line reads: “Proposed Decision on Track 3.A – Q4 2020.”<sup>7</sup> Yet, in reviewing the NQC-BTM hybrid resource counting issue included in Track 3.A, the last line announces: “The outcome of this joint agency workshop [on NQC values for BTM hybrid storage/solar resources] will flow into *Track 4.*”<sup>8</sup>

There no explanation as to why the NQC-BTM hybrid resource counting issue included in Track 3.A should then be excluded from the Track 3.A Proposed Decision due in Q4 2020, especially where all the work identified in the Track 3.A schedule is focused on that issue and will be completed in September 2020. Further, the Amended Track 3 Scoping Memo does not address or establish the scope and schedule for Track 4, which by the original Scoping Memo, was only identified as not expected to “conclude,” much less have a Proposed Decision, until at least “*June 2021.*”<sup>9</sup> While the Joint Parties are gratified with the speed with which the Track 3.A Calendar proposes to address NQC valuation for BTM hybrid storage/solar resources by the end of *September 2020*, it makes little sense to then defer any Commission decision on that record *until June 2021 or later.*

Clearly, by including the issue of the NQC valuation of BTM hybrid storage/solar resources in Track 3.A, the Commission has designated this issue as one of the “time-sensitive issues” to be decided in Track 3.A.<sup>10</sup> The Joint Parties agreed with that conclusion, which is further borne out by the rapid schedule adopted for Track 3.A to hear and receive input on the issue to start in August and conclude by the end of September 2020. These circumstances

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<sup>7</sup> Amended Track 3 Scoping Memo, at p. 6.

<sup>8</sup> *Id.*, at p. 4; emphasis added.

<sup>9</sup> Scoping Memo (January 22, 2020), at p. 8; emphasis added.

<sup>10</sup> Amended Track 3 Scoping Memo, at p. 4.

certainly call for a further amendment of the process for Track 3 to ensure resolution of this issue in the Q4 2020 Track 3.A Proposed Decision.

Similarly, inclusion in the Track 3.A Q4 2020 Proposed Decision is also required for the issues being addressed by the Supply Side Working Group pursuant to D.20-06-031.

Specifically, D.20-06-031 directed the Energy Division, in coordination with the Supply Side Working Group, to “address the following issues related to the Load Impact Protocols (LIPs): (1) define the details of biannual qualifying capacity (QC) update process; (2) further study LIPs and potential enhancements to improve the accuracy, transparency and applicability of the methodology; and (3) re-evaluate the QC Update threshold (20 percent, 10 MWs) for potential future updates. The working group shall submit a recommendation into Track 4 of this proceeding.”<sup>11</sup> At the Demand Response Auction Mechanism (DRAM) technical working group meeting held on August 3, 2020, the Energy Division informed parties that the Supply Side Working Group would re-convene beginning in August 2020.

With this August 2020 start, it is reasonable to expect that the Supply Side Working Group can finalize recommendations and a working group report in October for Commission consideration in its Q4 2020 Track 3.A Proposed Decision. Pursuant to the “time-sensitive” criteria for Track 3.A issues, neglecting to address these issues in the Track 3.A decision due in Q4 2020 would unnecessarily delay their resolution until an unknown time that, at best, would not be until *June 2021 or later*. However, any changes to the LIP process approved then could not be implemented until 2022 when the annual LIP process begins again. Delay in a decision on this issue is clearly unacceptable where it would delay implementation of the QC update process and push out for another year any changes to the LIPs.

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<sup>11</sup> Decision 20-06-031, Ordering Paragraph 16.

The Joint Parties, therefore, urge the Commission, with its reserved authority to “modify the schedule as necessary to promote the efficient management and fair resolution of this proceeding,”<sup>12</sup> to correct and modify the schedule for Track 3 to include the resolution of the NQC value for BTM hybrid storage/solar resources and resolution of the LIP issues in the Supply Side Working Group in the “Track 3.A” Proposed Decision to be issued by “Q4 2020.”<sup>13</sup> To do otherwise would unnecessarily delay outcomes on both time-sensitive issues to June 2021 or later. Resolving both groups of issues by Q4 2020 is critical for ensuring that these resources not only help meet this State’s climate goals, but also meet the Commission’s expectations of the role these resources are to play in accelerating microgrid deployment and providing resiliency solutions.<sup>14</sup>

## **II. CONCLUSION**

The Joint Parties appreciate this opportunity to provide these Comments on the process adopted in the Amended Track 3 Scoping Memo. For the reasons stated above, the Joint Parties urge the Commission to modify the adopted schedule to ensure resolution of the NQC value for BTM hybrid storage/solar resources and LIP process revisions in the Track 3.A Proposed Decision to be issued by Q4 2020.

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<sup>12</sup> Amended Track 3 Scoping Memo, at p. 5.

<sup>13</sup> Amended Track 3 Scoping Memo, at p. 6.

<sup>14</sup> D.20-06-017, at pp. 26, 58, 105.

Respectfully submitted,

August 7, 2020

/s/ SARA STECK MYERS

Sara Steck Myers

On Behalf of CPower-Enel X-CEDMC

**Sara Steck Myers**

**Megan M. Myers**

**Law Offices of Sara Steck Myers**

122 – 28<sup>th</sup> Avenue

San Francisco, CA 94121

Telephone: 415-387-1904

Facsimile: 415-387-4708

Email: [ssmyers@att.net](mailto:ssmyers@att.net)

[meganmmyers@yahoo.com](mailto:meganmmyers@yahoo.com)

**Jennifer A. Chamberlin**  
**Executive Director, Market Development**  
**CPower**

2475 Harvard Circle

Walnut Creek, CA 94597

Telephone: 925-433-2165

Email: [JAC@CPowerEnergyManagement.com](mailto:JAC@CPowerEnergyManagement.com)

**Marc Monbouquette**  
**Regulatory Affairs Manager**  
**Enel X North America, Inc.**

846 Bransten Road

San Carlos, CA 94070

Tel: (415) 488-6035

Email: [marc.monbouquette@enel.com](mailto:marc.monbouquette@enel.com)

**Greg Wikler**  
**Executive Director**  
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**Management Council**

1111 Broadway, Suite 300

Oakland, CA 94607

Telephone: 925-286-1710

Email: [l.tougas@cleanenergyresearch.com](mailto:l.tougas@cleanenergyresearch.com)