

**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 REPLY COMMENTS OF
ALLIANCE FOR RETAIL ENERGY MARKETS, CALIFORNIA EFFICIENCY +
DEMAND MANAGEMENT COUNCIL, CALIFORNIA LARGE ENERGY
CONSUMERS ASSOCIATION, CPOWER, DIRECT ACCESS CUSTOMER
COALITION, ENERGY USERS FORUM, MIDDLE RIVER POWER, LLC,
OHMCONNECT, INC., SAN DIEGO GAS & ELECTRIC COMPANY,
THE REGENTS OF THE UNIVERSITY OF CALIFORNIA, AND
WESTERN POWER TRADING FORUM**

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The Alliance for Retail Energy Markets (“AReM”), California Efficiency + Demand Management Council, California Large Energy Consumers Association, CPower, Direct Access Customer Coalition, Energy Users Forum, Middle River Power, LLC, OhmConnect, Inc., San Diego Gas & Electric Company (“SDG&E”), The Regents of the University of California in its Role as an Electric Service Provider, and Western Power Trading Forum (collectively, “Track 3B.2 Coalition”) respectfully provide these reply comments¹ on the 2nd revised Track 3B.2 Resource Adequacy (“RA”) proposals, in accordance with the *Assigned Commissioner’s Amended Track 3B and Track 4 Scoping Memo and Ruling* (“Ruling”), issued December 11, 2020, which set this date² for filing such reply comments.

These diverse parties have joined together to urge the Commission to focus RA reform efforts in Track 3B.2 on a single model, the slice-of-day concept, which the members of the

¹ Pursuant to Rule 1.8(d) of the Rules of Practice and Procedure, the each of the members of the Track 3B.2 Coalition have authorized AReM to file this reply on their behalf.

² Ruling, p. 5.

Track 3B.2 Coalition agree offers the most promising approach to ensure development and implementation of structural RA reform in a reasonable timeframe, as discussed below.

I. STRUCTURAL REFORM OF THE RA PROGRAM WILL REQUIRE SIGNIFICANT TIME AND RESOURCES TO IMPLEMENT AND THUS SHOULD BE FOCUSED ON ONE MODEL.

The Commission identified structural reform of the RA program as a key task to examine in this RA rulemaking.³ In the July 7, 2020 ruling amending Track 3, the Commission acknowledged that structural reform of the RA program is among the “more complex and somewhat less time-sensitive” issues being considered in this rulemaking.”⁴ The Track 3B.2 Coalition concurs that structural reform of the RA program is complex and will require significant time and resources from the Commission’s Staff in collaboration with interested parties and the California Independent System Operator (“CAISO”) to develop and implement. However, such time and resources are currently severely limited. Accordingly, the Track 3B.2 Coalition recommends that the Commission focus further consideration of structural RA reform on only one model to ensure optimal use of Commission and parties’ time and resources.

II. THE “SLICE-OF-DAY” CONCEPT IS THE MOST PROMISING FOR FURTHER CONSIDERATION BY THE COMMISSION.

Pacific Gas and Electric (“PG&E”) introduced the “slice-of-day” concept in December 2020,⁵ which it then refined in its latest February 26th update.⁶ In its February 26th update, SDG&E proposed modifications to PG&E’s proposal, which it states are “intended to reduce

³ *Order Instituting Ruling*, R.19-11-009, November 7, 2019, p. 5.

⁴ *Assigned Commissioner’s Amended Track 3.A and 3.B Scoping Memo and Ruling*, R.19-11-009, July 7, 2020, p. 4.

⁵ *Revised Track 3B.2 Proposals of Pacific Gas and Electric Company*, R.19-11-009, December 18, 2020, Attachment 1, pp. A1-2 – A1-14.

⁶ PG&E’s most recent update is: *Second Revised Track 3B.2 Proposals of Pacific Gas and Electric Company*, R.19-11-009, February 26, 2021, Attachment 1, pp. A1-2 – A1-28.

complexity and simplify implementation.”⁷ The Track 3B.2 Coalition supports further consideration of these “slice-of-day” proposals.

As AReM explained in its comments, “the ‘slice-of-day’ approach addresses the Commission’s key concerns that: (1) adequate RA resources are procured to meet both gross and net-peak demand hours; and (2) energy storage resources are available when needed for discharging,” and “the approach accomplishes these goals by employing a simple-to-understand design that can be integrated into the bilateral procurement framework that governs existing commercial transactions.”⁸

Significantly, the CAISO’s Department of Market Monitoring (“DMM”) also endorsed “slice-of-day” in its comments:

DMM views PG&E’s slice of day proposal as the most viable option for capturing gross and net load peak capacity requirements, storage charging requirements, and the energy required to serve load across the day. Compared to other proposals, PG&E’s proposal could provide better assurance that load serving entities will contract with resources which could collectively meet energy requirements across all hours of the day.⁹

III. THE COMMISSION SHOULD ADOPT THE SLICE-OF-DAY CONCEPT AND SET A TIMEFRAME FOR DEVELOPING IMPLEMENTATION DETAILS.

The Commission plans to issue a proposed decision in May adopting structural changes to the RA program, which is to be followed by a future decision on implementation details.¹⁰

The Track 3B.2 Coalition respectfully requests that the May proposed decision:

1. Adopt one model, the “slice-of-day” concept, for further consideration of RA structural reform.

⁷ *Second Revised Track 3B.2 Proposal of San Diego Gas & Electric Company*, R.19-11-009, February 26, 2021, p. 2.

⁸ AReM’s Comments, p. 3.

⁹ DMM’s Comments, p. 2.

¹⁰ Ruling, p. 3 and p. 5.

2. Direct Staff and interested parties to work together to develop the implementation details of the concept.
3. Set a specific deadline by which the implementation details are to be submitted to the Commission for approval.

These Commission actions will ensure that the complex task of RA structural reform will (a) be accomplished in a reasonable timeline and (b) create a workable and improved RA program that addresses the Commission’s key concern regarding “increasing reliance on use-limited resources to meet reliability needs.”¹¹

The members of the Track 3B.2 Coalition reserve judgment on the final RA program design until the end of the process of exploring the slice-of-day proposal. The coalition members believe there are still important policy and implementation issues to resolve, but nonetheless agree that it is most efficient to focus discussion about these issues on a single proposal.

IV. CONCLUSION

The Track 3B.2 Coalition has joined together to recommend reasonable next steps in the Commission’s further consideration of RA structural reform. The Track 3B.2 Coalition urges the Commission to adopt these recommendations in the proposed decision to be issued in Track 3B.2 of this proceeding. The members of the Track 3B.2 Coalition look forward to working with Commission Staff and interested parties to develop reasonable and workable implementation details of the recommended slice-of-day concept.

¹¹ *Order Instituting Ruling*, R.19-11-009, November 7, 2019, p. 3.

Respectfully submitted,

A handwritten signature in black ink that reads "Sue Mara". The signature is written in a cursive, flowing style.

Sue Mara
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ALLIANCE FOR RETAIL ENERGY MARKETS

AND ON BEHALF OF THE MEMBERS OF THE
TRACK 3B.2 COALITION

March 23, 2021