

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA**

Order Instituting Rulemaking to Oversee
the Resource Adequacy Program, Consider
Program Refinements, and Establish Annual
Local and Flexible Procurement Obligations
for the 2019 and 2020 Compliance Years

R.17-09-020

(Filed September 28, 2017)

**COMMENTS OF THE BAY AREA MUNICIPAL TRANSMISSION GROUP IN
RESPONSE TO THE PROPOSED DECISION ADOPTING LOCAL CAPACITY
OBLIGATIONS FOR 2019 AND REFINING THE RESOURCE ADEQUACY
PROGRAM**

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June 11, 2018

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The Bay Area Municipal Transmission Group (“BAMx”)¹ respectfully submits the comments in response to the ALJs Peter V. Allen and Debbie Chiv’s Proposed Decision (“PD”) regarding Adopting Local Capacity Obligations for 2019 and Refining the Resource Adequacy Program.

**I. BAMx SHARES THE PD’S RESERVATIONS AND CONCERNS REGARDING
THE CAISO LCR STUDIES AND SUGGEST REVISITING THE LCR
CRITERIA GOING FORWARD**

The PD adopts the CAISO’s recommended 2019 LCR values, however it does so with reservations and concerns.² The PD points out the San Diego Gas and Electric (SDG&E) and Pacific Gas and Electric’s (PG&E) complaints about the lack of transparency involved in the LCR study assumptions and LCR results. In particular, the PD states the following.

“The fact that sophisticated LSEs such as PG&E and SDG&E are requesting additional transparency, and are having difficulty reproducing the CAISO’s LCR results

¹ The members of BAMx are City of Palo Alto Utilities and City of Santa Clara, *dba* Silicon Valley Power.

² PD, pp.7-8.

is in fact a problem that needs to be addressed going forward.”

BAMx agrees with this PD’s conclusion. We also observe that it is important to understand the assumptions involved in conducting the CAISO LCR studies and believe that some of those assumptions need to be revisited soon. For example, the CAISO’s LCR results are based upon NERC Performance Criteria Category C criteria, which are more stringent than the Category B criteria³, and have been driving significantly greater LCR needs than that would have resulted from the Category B criteria.⁴ The CPUC final decision (D. 06-06-064) on local capacity requirements (LCR) for 2007 was issued on June 29, 2006. For Reliability Service Options for 2007, the CPUC adopted Option 2, NERC Performance Criteria Category C. It stated the following.⁵

“Given the reduced risk of interruptions expected under Option 2, we consider the required procurement of an additional 5% of needed capacity to be reasonable. We make this reliability determination for 2007 only. While we expect to apply Option 2 in future years in the absence of compelling information demonstrating that the risks of a lesser reliability level can reasonably be assumed, **we nevertheless leave for further consideration in this proceeding the appropriate reliability level for Local RAR for 2008 and beyond.**”

BAMx notes that although it was anticipated in the original decision that the reliability criteria determining the LCR levels would be revisited in the future, it has not happened for more than a decade. We also note that the criteria classifications have changed so that the Category B versus C designations are not even applicable anymore. We believe that the criteria used in the studies

³ The CAISO 2019 Local Capacity Technical Analysis (p.3) states the following: “TPL 002 Category B is generally equivalent to TPL 001-4 Category P1. TPL 003 Category C is generally. Current LCR study report is compliant with existing language in the ISO Tariff section 40.3.1.1 Local Capacity Technical Study Criteria to be revised at a later date.” This adds to the need to investigate the proper LCR criteria and methods for changing them. equivalent to TPL 001-4 P2 through P7.

⁴ See the *2018 and 2019 2019 Local Capacity Requirements* tables in the “CAISO 2019 Local Capacity Technical Analysis Final Report and Study Results,” p.2.

⁵ Decision 06-06-064, p.19.

is related to the transparency issues brought up by PG&E and SDG&E, and should be part of one investigation. The criteria issue part of that investigation is long overdue.

But we recognize that the Track 2 of this proceeding will be occupied with implementing a multi-year local RA requirement, whereas Track 3 of this proceeding will consider the 2020 program year requirements for System, Local, and Flexible RA. Therefore, we respectfully suggest that the Commission considers revisiting of the LCR Reliability criteria be part of the Track 3 scope.

II. CONCLUSION

BAMx appreciates the opportunity to provide responses to the PD and look forward to actively participating in the Tracks 2 and 3 of the RA proceeding.

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Respectfully submitted,

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