

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298



June 2, 2020

Ben Gustafson
Utility Analyst
CleanPowerSF
San Francisco Public Utilities Commission
525 Golden Gate Ave. 7th Floor
San Francisco, CA 94102

Dear Mr. Gustafson,

On October 31, 2019, CleanPowerSF filed a waiver request via Advice Letter 5-E for its 2020 year-ahead local Resource Adequacy (RA) requirement in the Sierra, Stockton, Kern, and Humboldt local areas. CleanPowerSF seeks relief from its remaining 2020 year-ahead local RA obligation and any potential Commission-imposed penalties for deficiencies. CleanPowerSF's waiver request demonstrates that it pursued all commercially reasonable efforts in procuring local capacity to meet its local RA obligations. The Energy Division of the California Public Utilities Commission (Commission) approves Advice Letter 5-E, CleanPowerSF's request for a penalty waiver.

Commission Decision (D.) 06-06-064 established waiver provisions for local Resource Adequacy (RA) procurement. D.19-06-026 established 2020 compliance year obligations for all Load Serving Entities (LSEs). On October 31, 2019, CleanPowerSF submitted its year-ahead local RA compliance filing, showing a deficiency in the Sierra, Stockton, Kern, and Humboldt local areas. CleanPowerSF also submitted a request for penalty waiver for this deficiency via Advice Letter 5-E pursuant to D.06-06-064 and D.19-06-026.

On November 20, 2019, the Public Advocates Office (Cal Advocates) submitted a protest to Advice Letter 5-E, stating that CleanPowerSF only provided narrative summaries of their efforts to obtain local RA, while eleven other LSEs provided solicitation materials, bids received or submitted, and email communications. Cal Advocates requests that the Commission require CleanPowerSF amend their advice letter to provide this documentation. Cal Advocates also recommends that the Commission evaluate the availability of capacity, specifically compare reported local RA capacity deficiencies for LSEs from other LSEs that show long position for the same local areas to determine whether the deficient LSEs made all reasonable efforts to procure. Cal Advocates also recommends evaluating CAISO's list of available capacity to determine whether resource owners exercised market power through withholding capacity or offering unreasonably high bids. Cal Advocates states that this information can help evaluate whether LSEs have sufficiently justified their need for a waiver.

On November 27, 2019, CleanPowerSF replied to Cal Advocate's protest, stating that they provided the necessary documentation including solicitation materials for RFOs that CleanPowerSF issued and RFOs that CleanPowerSF participated in. CleanPowerSF states that they did not provide bid information and emails because this documentation was not essential for its showing. CleanPowerSF states that providing emails would be burdensome and are not required by the 2020 RA Guide. However, CleanPowerSF expresses willingness to provide this information if Energy Division issued a data request for them. CleanPowerSF also requests that the Commission take into account the regulatory changes that occurred prior to the 2020 RA compliance year, such as the new three-year forward local RA requirement, the disaggregation of PG&E Other local area, and the significant decrease in ELCC values for wind and solar.

Section 3.3.12 of D.06-06-064 describes a standard that an LSE may use to demonstrate that it could not reasonably achieve its LCR obligations:

(1) a demonstration that the LSE reasonably and in good faith solicited bids for its RAR capacity needs along with accompanying information about the terms and conditions of the Request for Offer or other form of solicitation, and

(2) a demonstration that despite having actively pursued all commercially reasonable efforts to acquire the resources needed to meet the LSE's local procurement obligation, it either

(a) received no bids, or

(b) received no bids for an unbundled RA capacity contract of under \$40 per kW-year or for a bundled capacity and energy product of under \$73 per kW-year, or

(c) received bids below these thresholds but such bids included what the LSE believes are unreasonable terms and/or conditions, in which case the waiver request must demonstrate why such terms and/or conditions are unreasonable.

An LSE's waiver request that meets these requirements is a necessary but not a sufficient condition for the grant of such waiver. The Commission will also consider other information brought to its attention regarding the reasonableness of the waiver request.

Energy Division reviewed the documentation provided by CleanPowerSF on its efforts to procure local capacity and issued a data request to CleanPowerSF on January 3, 2020 to seek more information, including bids offered into other RFOs and bids received from its RFOs. CleanPowerSF provided the relevant documentation requested by Energy Division.

Energy Division has reviewed CleanPowerSF's actions and finds them reasonable considering the capacity available to meet CleanPowerSF's local RA obligation. In this case, Energy Division finds that CleanPowerSF held solicitations and pursued all commercially reasonable efforts to acquire the resources needed to meet the LSE's local procurement obligation. CleanPowerSF's waiver request includes confidential market-sensitive information supporting this finding. Thus, Energy Division grants Advice Letter 5-E, CleanPowerSF's request for a waiver of Commission penalties related to its year-ahead 2020 local RA procurement.

Sincerely,

Handwritten signature of Edward Randolph in black ink, with the text "(f.o.i.)" written below it.

Edward Randolph
Deputy Executive Director for Energy and Climate Policy /
Director, Energy Division

Cc: EDComplianceReports@cpuc.ca.gov
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