



California Public Utilities Commission

February 16, 2018

Energy Division Proposals for Proceeding 17-09-020 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

**Staff Proposal on Alignment of CPUC RA Measurement Hours and CAISO
Availability Assessment Hours**

Background

D.10-06-036 was the last time measurement hours were addressed in a Resource Adequacy proceeding. It adopted a QC methodology manual which codified methods for calculating qualifying capacity for all resource types and adopted consistent hours for use in calculating qualifying capacity of non-dispatchable and demand response resources. Since 2012 QC calculations for non-dispatchable hydro, biomass, combined heat and power and geothermal resources¹ and demand response resources have been based on production or load drop during the hours of:

| Month | Hours |
|-------------------------------------|---------------------------------|
| January – March, November, December | HE17 – HE21 (4:00 pm – 9:00 pm) |
| April – October | HE14 – HE18 (1:00 pm – 6:00 pm) |

The grid has changed significantly since these hours were adopted with the significant growth in solar production. As behind-the-meter solar PV has proliferated, the hours of peak load on the grid have shifted later in the day, particularly during summer months.

Section 40.9 of the CAISO tariff sets forth terms and conditions for assessing local and system resource adequacy capacity. This assessment involves using availability assessment hours – a concept that the CAISO and stakeholders originally developed as part of the CAISO’s standard capacity product and then retained when the CAISO implemented RAAIM. While these hours have previously remained static and aligned with the CPUC measurement hours, in 2017 the CAISO conducted an analysis of peak load hours that resulted in adoption of revised summer availability assessment hours (AAHs) for 2018. The CAISO is now using HE17 – HE21 as the AAHs for all months of the year. CAISO has announced plans to conduct a similar analysis in conjunction with its Flexible Capacity Requirements study for 2020.

The CAISO’s adoption of new AAHs has resulted in a discrepancy between the hours the CPUC uses to assess resource capacity and the hours resources are required to offer capacity into CAISO markets. This proposal sets out a process for CPUC to consider adjustment of RA measurement hours to align them with CAISO AAHs and grid need.

Proposal

CAISO will submit its AAH analysis into the current RA proceeding for consideration in conjunction with the Flexible Capacity Requirements study each year. Parties will have an opportunity to provide comments and reply comments on the analysis. The Commission will then adopt measurement hours to be used for calculation of qualifying capacity value of non-dispatchable resources for the following RA year.

Since load impact protocols are submitted in April of each year, there will be a one year lag in implementation of newly adopted measurement hours for demand response. Load impact protocol

¹ Until the adoption of ELCC for wind and solar resources for the 2018 compliance year, the measurement hours were also used for QC calculations for those resource types.

analyses should be carried out using the most recently adopted measurement hours. Generally this will mean that hours adopted in the annual June RA decision will be incorporated in the load impact studies launched the following fall which will be submitted to the CPUC the next April for valuation of the following year’s DR resources. For example, the CAISO AAH analysis submitted to CPUC in 2018 would be considered for use in calculated 2019 QC for all resources except DR subject to load impact protocols. If adopted, it would be implemented for calculation of DR QC values for 2020.

Proposed Timeline:

| | |
|----------------|--|
| April, year 1 | Draft FCR Study submitted to RA Proceeding |
| April, year 1 | Comments on Draft FCR |
| April, year 1 | Final FCR Study submitted to RA Proceeding |
| April, year 1 | Party Comments on Final FCR |
| June, year 1 | Annual RA Decision adopts RA measurement hours |
| August, year 1 | NQC list released incorporating adopted hours |
| April, year 2 | LIP analysis submitted using adopted hours |