

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

Order Instituting Rulemaking to Integrate
and Refine Procurement Policies and
Consider Long-Term Procurement Plans.

Rulemaking 13-12-010
(Filed December 19, 2013)

**CLEAN COALITION COMMENTS ON ADMINISTRATIVE LAW JUDGE'S RULING
ON DECEMBER 9, 2014 PROPOSAL**

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I. INTRODUCTION

On December 9, 2014, Administrative Law Judge David Gamson outlined a nine-point plan at the prehearing conference in Rulemaking 13-12-010, which concerns the integration and refinement of procurement policies and consideration of Long-Term Procurement Plans (“LTPPs”). The Clean Coalition generally supports the nine-point plan and provides brief comments on certain aspects of efforts to refine modeling practices by the California Public Utilities Commission (“Commission”).

The Clean Coalition is a California-based nonprofit organization whose mission is to accelerate the transition to renewable energy and a modern grid through technical, policy, and project development expertise. The Clean Coalition drives policy innovation to remove barriers to procurement, interconnection, and realizing the full potential of integrated distributed energy resources (“DER”), such as distributed generation, advanced inverters, demand response, and energy storage. The Clean Coalition also designs and implements programs for utilities and state and local governments—demonstrating that local renewables can provide at least 25% of the total electric energy consumed within the distribution grid, while maintaining or improving grid reliability through community microgrids. The Clean Coalition participates in numerous proceedings in California and before other state and Federal agencies.

II. COMMENTS ON NINE-POINT PLAN

a. Point Three

The Clean Coalition supports the plan's proposal to devote Phase 1B of the proceeding to refining deterministic and/or stochastic models. As the plan notes, this action would provide the Commission with an improved tool to examine long-term flexible capacity needs and make procurement decisions in upcoming LTPP proceedings.

The Clean Coalition further urges the Commission to transition to stochastic modeling because it is more accurate than current deterministic modeling. Additionally, the stochastic model must be refined and calibrated before it is fully adopted. The need to modify the stochastic model was demonstrated by the CAISO's December 2, 2014 LTPP Study Workshop, which compared capacity shortfalls of the deterministic and the 500-iteration Monte Carlo (or stochastic) simulations.¹ The results showed that under the stochastic model the number of hours of capacity shortfall quadrupled and the maximum shortfall (MW) was more than 10 times higher.² These shortfalls resulted from the deterministic model's binary approach to presenting violations. The deterministic model only shows three increments of capacity shortfall frequency—0.0, 1.0, and 2.0 hours per year. The stochastic model on the other hand is more accurate and displays the entire spectrum of capacity shortfall frequency, causing it to overstate the need for new conventional generating resources. As an initial matter, the stochastic model should be calibrated against the current deterministic model, which has successfully modeled capacity shortfall in the past. This simple adjustment would prevent the stochastic model from overstating the need for additional generating resources, while still allowing modeling efforts to benefit from the stochastic model's more granular approach.

The Clean Coalition believes that the stochastic model provides a more accurate and robust approach to examining procurement decisions. Our organization looks forward to engaging in further discussions to refine it in order to transition away from the overly simplified deterministic model.

¹ Shucheng Liu, CAISO, 2014 LTPP Study—Review of the CAISO Stochastic Simulation Model and Results (Dec. 2, 2014).

² *Id.* at 11.

b. Point Five

The Clean Coalition strongly supports the fifth point of the nine-point plan. This section of the plan would initiate a stakeholder process, led by Energy Division staff, to coordinate and refine modeling efforts. Consensus should be reached concerning common modeling parameters in order to streamline the process in future LTPP proceedings.

The nine-point plan states that “[p]art of this process would be to explore ways to reduce long-term flexibility needs through assessing trade-offs through different resources. An example would be to model what types of solutions would be best to reduce over-generation circumstances.”³ This is of particular importance and should be coordinated with proceedings concerning Distribution Resources Plans (“DRPs”), Integrated Demand-Side Management (“IDSM”), electric vehicle (“EV”) and ratemaking. The DRP proceeding is specifically tasked with evaluating DER alternatives to conventional capacity and services solutions where the addition or accommodation of DER would provide net benefits to ratepayers. LTPP modeling will help define the needs that may be best met through DER preferred resources, and help define the DER portfolio characteristics necessary to reliably replace traditional solutions. IDSM is tasked with coordinating demand-side management programs, and EV adoption levels and related real time price responsive and fixed time-of-use rate structures offer clear demand management alternatives.

We also support the plan’s proposal to allow outside parties to undertake their own modeling efforts. If groups cannot agree on a common methodology through a stakeholder process, Energy Division should work to ensure that all parties’ concerns are integrated into as few alternative models as practical.

c. Point Eight

The eighth point of the plan presents an important question concerning whether Phase 1B should be extended beyond the end of this proceeding on May 6, 2016, or if the Phase 1B efforts should be limited. Modeling refinement will continue as improved data and methods become

³ CPUC, Administrative Law Judge’s Ruling Seeking Comment on December 9, 2014 Proposal at 2, Rulemaking 13-12-010 (Dec. 16, 2014).

available and practical to utilize. Likewise, concurrent efforts must be undertaken to address further inter-agency coordination and develop the market mechanisms needed to support deployment of the most preferred cost-effective portfolio of energy solutions. Under these circumstances it seems appropriate to limit Phase 1B so as to produce usable, least regrets interim outcomes while also establishing a foundation for ongoing refinement.

III. CONCLUSION

The Clean Coalition appreciates this opportunity to comment on Administrative Law Judge Gamson's nine-point plan.

Respectfully submitted,

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