

From: Andy Brown [mailto:abb@eslawfirm.com]
Sent: Friday, January 31, 2014 3:27 PM
To: fcp
Subject: Comments of Marin Clean Energy on FRAC-MOO

The following comments are submitted on behalf of Marin Clean Energy (“MCE”), a Community Choice Aggregator providing retail service within a geographically defined location inside the PG&E TAC that includes Marin and Richmond areas. (See <https://mcecleanenergy.com/>)

MCE generally supports the revisions insofar as they help narrow the procurement obligation and expand the potential resource types that could be used to provide flexible capacity needs. The overall structure needs to be clear and durable in terms of how the individual LSE’s net load contribution to max ramp requirements is calculated. Durability of the calculation methodology is important because the incentives that the FRAC-MOO RA program element creates is for a LSE to manage their net load and resource impacts on the grid. Because the types of resources (generation, EE, DR and storage components) that can help minimize an LSE’s net load change can require significant investments, MCE is concerned about the potential regulatory risk created if the FRAC obligation determination or the eligibility of resources to provide the FRAC product can be altered over time. Accordingly, MCE believes that a priority of the proposal should be the durability of the methodologies adopted for determining FRAC requirements and resource eligibility.

Another issue that needs to be addressed (which was discussed at the last working group discussion) was to whom CAISO places the FRAC obligation. The current version contemplates imposing the obligation to the LRA overseeing some set of LSEs. As noted during the discussion, there is only one LRA with multiple LSEs under its jurisdiction; namely, the CPUC. It is our understanding that other LRAs typically have one LSE, as is the case with the POU.

MCE believes that the CAISO Tariff is not designed to pass on procurement obligations to LRAs, but rather it should be passed to those SC customers that are LSEs. Our concern is that the obligation as determined by CAISO based on cost-causation principles should not be open to alteration by another body because that could undermine the market signal associated with the FRAC need. MCE expects that the RA portions of the Tariff that use a “default obligation” based on the RA policy adopted by the CPUC, a similar approach could be used for the Flexible Capacity needs, assuming the CPUC will approve the policy underlying the CAISO proposal.

Should there be any questions regarding these comments, please contact the undersigned. Thanks, ABB

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