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BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of Southern California Edison Company (U338E) for Approval of the Results of its Second Preferred Resources Pilot Request for Offers.

Application 16-11-002
(Filed November 4, 2016)

SCOPING MEMO AND RULING OF ASSIGNED COMMISSIONER

Summary

Pursuant to Rule 7.3 of the Commission's Rules of Practice and Procedure (Rules),¹ this Scoping Memo and Ruling sets forth the procedural schedule, assigns the presiding officer, and addresses the scope of this proceeding and other procedural matters following the prehearing conference held on February 23, 2017.

1. Procedural Background

On November 4, 2016, Southern California Edison Company (SCE) filed its *Application of Southern California Edison Company for Approval of the Results of its Second Preferred Resources Pilot Request for Offers (Application)*, in which SCE requests that the Commission approve the results of its second preferred resources pilot (PRP) Requests for Offers (RFO) [collectively PRP RFO 2] and

¹ All references to rules are to the Commission's Rules of Practice and Procedure, which are available on the Commission's website at <http://www.cpuc.ca.gov/PUC/aboutus/Divisions/CSID/Public+Advisor/RulesAndProcedures.htm>.

approve 19 Purchase and Sale Agreements (PSAs) for 125 Megawatts of preferred resources² which will interconnect to substations within the Johanna A-Bank substation or the Santiago A-Bank substation (collectively referred to as the “J-S Region”). SCE does not seek a rate increase in this proceeding, but intends to seek recovery of the costs of the PSAs in its annual Energy Resource Recovery Account (ERRA) forecast proceeding.³ SCE indicates that the PRP will support important endeavors related to the emerging modernized grid such as the Electric Program Investment Charge (EPIC), Integrated Grid Project (IGP), SCE’s Distribution Resources Plan (DRP) demonstration projects, and may also offset a portion of SCE’s current Local Capacity Requirements (LCR) procurement obligations.

The Office of Ratepayer Advocates (ORA) filed its protest on December 28, 2016 (Protest). In its protest, ORA expresses concern that SCE’s PRP is an internal program for which SCE has not sought Commission approval. ORA questions whether the overall goals and objectives of the PRP and its related costs are just and reasonable.⁴ ORA argues that SCE does not explain why it cannot procure resources through existing procurement programs or how approval of the PSAs will support the EPIC, IGP, DRP or offset SCE’s current LCR.⁵ ORA proposes that the Commission require SCE to explain how the PRP

² In its Application at page 2, SCE describes the “preferred resources” as energy efficiency, demand response, renewable distributed generation and energy storage. SCE procured 60 MW of in-front-of-meter (IFOM) energy storage (ES), 55 MW of Demand Response (DR) supported by ES and load reduction, and 10 MW of behind the meter solar paired with ES (Hybrid).

³ *Id.*

⁴ Protest of ORA dated December 28, 2016 (Protest) at 4.

⁵ Protest at 6.

differs from the Commission's existing energy policies and programs, and provide clear metrics to permit the Commission to assess whether the PRP is in fact achieving identifiable objectives.⁶ In its reply, SCE cites the Commission's Decision (D.) 16-09-006 in which the Commission rejected ORA's similar argument with respect to SCE's first PRP application. SCE urges the Commission to reject the argument here.⁷

On January 13, 2017, the assigned administrative law judge (ALJ) issued rulings setting a prehearing conference (PHC) on February 23, 2017, and requiring the parties to meet, confer and file a joint PHC statement by February 21, 2017 (joint PHC statement). At the PHC, the assigned administrative law judge (ALJ) requested the parties to further meet and confer and to prepare and submit a joint brief setting forth issues that they propose to include within the scope of the proceeding. The parties filed a joint brief on March 13, 2017 (Joint Brief), in which they report that they met and conferred on three occasions subsequent to the PHC and that they intend to continue to meet and confer throughout the pendency of the hearings.⁸

In the Joint Brief, ORA identifies questions (*see* pages 5-8) that it proposes to have SCE address through supplemental testimony. SCE responds (pages 8-12) that it agrees to provide supplemental testimony on some questions, but that many of the issues that ORA raises are arguments appropriately reserved for briefing. SCE attaches an Appendix A to the Joint Brief, which is

⁶ *Id* at 8.

⁷ ORA filed an Application for Rehearing of D.16-09-006 on October 19, 2016. However, to date, there has been no determination by the Commission on the application for rehearing.

⁸ Joint brief at 2.

described as its presentation during the meet and confer with ORA on March 6, 2017.⁹

2. Scope of the Proceeding

The scope of this proceeding has been defined through the Application, protest and reply, discussions during the PHC, and briefing submitted by the parties to date. The issues to be considered in this proceeding are:

1. Whether SCE's PRP RFO 2 was conducted in a fair and reasonable manner?
2. Are the contract terms and contract prices of each of the PSAs reasonable?
3. Do the PSAs, collectively and individually, fulfill an existing procurement or local area need?
 - a. If so, do the PSAs satisfy the requirements associated with one or more existing procurement programs?
 - b. Why were existing procurement programs not used to meet the need?
4. If the PSAs do not fulfill an existing procurement need, are there any other reasons why the PSAs should be approved?
 - a. What are the goals and objectives of SCE's PRP RFO 2?
 - b. What type of needs analysis, if any, was performed to support those goals and objectives? Is the needs analysis reasonable?
 - c. Does the PSA(s) meet the stated goals and objectives of SCE's PRP RFO 2?
 - d. How will SCE demonstrate or measure whether and how the PSAs are fulfilling the goals and objectives of

⁹ The first page of Appendix A indicates that minor updates were made to the presentation on March 9, 2017.

SCE's PRP RFO 2, and are those measurements adequate and reasonable?

5. Why and how is the PRP RFO 2 not duplicative of other Commission mandates, programs, or procurement, such as the Integrated Distributed Energy Resources proceeding, Energy Storage Program, Electric Program Investment Charge, Integrated Resources Planning, Renewable Portfolio Standard, Demand Response, Distributed Resources Planning, etc.?
6. Is approval of the PRP RFO 2 in the best interests of SCE customers?
7. Are there safety considerations relevant to the approval of SCE's PRP RFO 2?

3. Proceeding Schedule

The schedule for this proceeding reflects the parties' proposed schedule in their joint PHC statement, and is designed to permit the parties to have adequate time to continue to meet and confer, to permit SCE to prepare and serve supplemental testimony, and to permit ORA to conduct discovery and to prepare intervenor testimony. If the parties eventually agree that hearings are not necessary to resolve factual disputes, or if the parties reach informal resolution of their disputes, the following schedule may be adjusted.

EVENT	DATE
SCE Supplemental Testimony served	May 1, 2017
Intervenor Testimony (if any) served	June 2, 2017
SCE Rebuttal Testimony (if any) served	June 23, 2017
Evidentiary Hearings (if required)	August 22 - 25, 2017 @ 10:30 a.m. Commission Courtroom State Office Building 505 Van Ness Avenue San Francisco, CA 94102
Simultaneous Opening Briefs Filed and Served (e-mail service)	September 29, 2017
Concurrent Reply Briefing (e-mail service)	October 30, 2017
Proposed Decision Mailed	Fourth Quarter 2017

This schedule may be altered by the assigned Commissioner or ALJ. In any event, consistent with Section § 1701.5, the Commission anticipates that this proceeding will be completed within 18 months of the date of this scoping memo. The proceeding will stand submitted for decision by the Commission upon the filing of reply briefs, unless oral argument is scheduled. In such case, the proceeding will stand submitted upon conclusion of oral argument. However, the ALJ may issue a ruling to change the submission date to a different date.

4. Final Oral Argument

Pursuant to Rule 13.13, any requests for a final oral argument before the Commission must be filed and served at the same time as opening briefs.

5. Intervenor Compensation

Pursuant to Pub. Util. Code § 1804(a)(1), a customer who intends to seek an award of Intervenor Compensation must file and serve a notice of intent to claim compensation within 30 days after the PHC, i.e., March 23, 2017.

6. Presiding Officer

Pursuant to Rule 13.2, I designate ALJ Patricia B. Miles as the Presiding Officer. Either the assigned Commissioner or Presiding Officer may amend the scope and schedule set out herein.

7. Filing, Service, and Service List

In this proceeding, there are several different types of documents participants may prepare. Each type of document carries with it different obligations with respect to filing and service.

Parties must file certain documents as required by the Commission Rules or in response to rulings by either the assigned Commissioner or the assigned ALJ. All formally filed documents must be filed with the Commission's Docket Office and served on the service list for the proceeding. Article 1 of the Rules contains all of the Commission's filing requirements. Parties must file and serve all pleadings and serve all testimony, as set forth in Article 1 of the Commission's Rules. Parties are encouraged to file and serve electronically, whenever possible, as it speeds processing of the filings and allows them to be posted on the Commission's website. More information about electronic filing is available at <http://www.cpuc.ca.gov/puc/efiling>.

This proceeding will follow the electronic service protocols adopted by the Commission in Rule 1.10 for all documents, whether formally filed or just served. This Rule provides for electronic service of documents, in a searchable format, unless the party or state service list member did not provide an e-mail address.

If no e-mail address was provided, service should be made by U.S. mail. Concurrent e-mail service to ALL persons on the service list for whom an e-mail address is available, including those listed under "Information Only," is required. Parties are expected to provide paper copies of served documents upon request.

E-mail communication about this case should include, at a minimum, the following information on the subject line of the e-mail: *A.16-11-002 SCE's PRP RFO 2 Application*. In addition, the party sending the e-mail should briefly describe the attached communication; for example, *Comments*. Both an electronic and a hard copy should be served on the ALJ.

The official service list for this proceeding is available on the Commission's web page. Parties should confirm that their information on the service list is correct, and serve notice of any errors on the Commission's Process Office. Prior to serving any document, each party must ensure that it is using the most up-to-date service list. The list on the Commission's website meets that definition.

Any person interested in participating in this proceeding who is unfamiliar with the Commission's procedures or who has questions about the

electronic filing procedures should contact the Commission's Public Advisor at (866) 849-8390 or (415) 703-2074, or (866) 836-7825 (TTY-toll free), or send an e-mail to public.advisor@cpuc.ca.gov.

IT IS RULED that:

1. The scope and schedule are as set forth in the body of this ruling unless amended by a subsequent ruling of the assigned Commissioner or Presiding Officer.
2. This proceeding is categorized as ratesetting. This ruling as to category is appealable pursuant to Rule 7.6 of the Commission's Rules of Practice and Procedure.
3. This proceeding requires evidentiary hearings.
4. Any party requesting a final oral argument before the Commission shall file and serve such request on the same date that opening briefs are due.
5. *Ex parte* communications are subject to Rules 8.1, 8.2, 8.3, and 8.5 of the Commission's Rules of Practice and Procedure, and Public Utilities Code Section 1701.3(c).
6. Pursuant to Rule 13.2, Administrative Law Judge Patricia B. Miles is the Presiding Officer.

Dated April 21, 2017, at San Francisco, California.

/s/ CARLA J. PETERMAN

Carla J. Peterman
Assigned Commissioner