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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 2018 Local Capacity Requirements Request for Proposals.

Application 19-04-016

**ASSIGNED COMMISSIONER'S SCOPING  
MEMO AND RULING**

This scoping memo and ruling sets forth the category, issues to be addressed, and schedule of the proceeding pursuant to Public Utilities (Pub. Util.) Code § 1701.1 and Article 7 of the California Public Utilities Commission's (Commission) Rules of Practice and Procedure.<sup>1</sup>

**1. Factual Background**

The long-term procurement planning track 1 decision, Decision (D.) 13-02-015, authorized Southern California Edison Company (SCE) to procure 215-290 megawatts (MW) of electrical capacity needed in the Moorpark sub-area of the Big Creek/Ventura local reliability area by 2021. The local capacity requirements (LCR) need resulted from 1) the expected retirement of the Mandalay<sup>2</sup> and Ormond Beach once-through cooling generation facilities and 2) the California Independent System Operator-identified critical contingency for the Moorpark sub-area, whereby the loss of the Moorpark-Pardee 230 kilovolt

<sup>1</sup> All references to "Rule" or "Rules" henceforth will refer to the Commission's Rules of Practice and Procedure.

<sup>2</sup> D.03-02-015 considered LCR need resulting from the retirement of Mandalay stations Unit 1 and 2, but not Unit 3.

(kV) #3 line followed by the loss of the Moorpark-Pardee 230 kV #1 and #2 lines would result in voltage collapse.

In 2013, SCE conducted an all-source LCR request for offers (RFO) pursuant to D.13-02-015 and selected 11 contracts, including 262 MWs of gas-fired generation from the Puente Plant, and ~12 MWs of preferred resources resulting from various accepted offers. SCE also selected 54 MWs of gas-fired generation from a contract to refurbish the Ellwood peaker plant.<sup>3</sup>

On November 26, 2014, SCE filed Application (A.) 14-11-016 for Commission approval of the resources contracted through its 2013 LCR RFO. The Commission approved all but one 0.5 MW in-front-of-the-meter (IFOM) energy storage contract from SCE's LCR RFO in D.16-05-050. The Commission considered the 0.5 MW IFOM energy storage contract, which was associated with the 54 MW Ellwood peaker plant refurbishment, in a second phase of A.14-11-016, considering whether the Ellwood refurbishment was a reasonable means to address local reliability concerns. In D.17-09-034, the Commission declined to approve the 0.5 MW IFOM energy storage contract and the 54 MW Ellwood peaker refurbishment.

In 2017, the California Energy Commission (CEC) suspended NRG Energy, Incorporated's application to certify the 262 MW gas-fired Puente peaker

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<sup>3</sup> The Ellwood refurbishment did not count towards SCE's LCR MW authorization since it was assumed to be in operation in the California Independent System Operator's technical Local Capacity Requirement study applicable at the time.

plant.<sup>4</sup> As a result, 262 MW of local capacity contracted through SCE's 2013 LCR RFO for the Moorpark sub-area was no longer available to meet 2021 LCR need.

In 2018, SCE launched a request for proposals (RFP) for additional new resources in the Moorpark sub-area to meet the June 2021 local reliability need authorized in D.13-02-015. SCE conducted the 2018 LCR RFP concurrently with the second Aliso Canyon Energy Storage (ACES 2) RFO, and encouraged bidders in the 2018 LCR RFP to bid into the ACES 2 RFO.

Of the contracts selected through the 2018 LCR RFP and the ACES 2 RFO, only the Strata Saticoy 100 MW/400 MWh IFOM energy storage contract bid exclusively into, and was selected as part of, the 2018 LCR RFP. SCE selected all other contracts which bid into both the 2018 LCR RFP and the ACES 2 RFO as part of the ACES 2 RFO. On May 23, 2019, SCE submitted the ACES 2 RFO contracts for approval to the Commission's Energy Division as Tier 3 advice letter (AL) 4002-E.

## **2. Procedural Background**

On April 22, 2019, SCE filed A.19-04-016, requesting approval of one contract for 100 MW of IFOM energy storage resulting from its 2018 LCR RFP (Application). The Public Advocates Office of the California Public Utilities Commission (Public Advocates Office) filed a protest on May 24, 2019. The California Energy Storage Alliance; City of Oxnard; and Sierra Club and California Environmental Justice Alliance (CEJA), jointly, filed responses on

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<sup>4</sup> In October 2017, the CEC also indicated its intent to recommend denial of certification for the plant. The Puente power plant had significant opposition from the City of Oxnard, environmental groups, and community members.

May 24, 2019. SCE filed a response to the Public Advocates Office's protest on June 10, 2018.

A prehearing conference (PHC) was held on June 25, 2019 to discuss the issues of law and fact in dispute, and to determine the need for hearing and schedule for resolving the matter. SCE, Public Advocates Office, Sierra Club, CEJA and CEERT attended the PHC. At the PHC, the Center for Energy Efficiency & Renewable Technologies (CEERT) motioned for, and was granted, party status.

After considering the application, responses and protests, SCE's reply to protests and the discussion at the PHC, I have determined the issues and schedule of the proceeding to be as set forth in this scoping memo.

### **3. Issues**

The following issues are within the scope of this proceeding:

1. Whether the results of SCE's 2018 LCR RFP for the Moorpark sub-area enhance the safe and reliable operation of SCE's electrical service.
2. Whether SCE's 2018 LCR RFP complies with the procurement authority granted by the Commission in D.13-02-015.
3. Whether the results of SCE's 2018 LCR RFP are a reasonable means of meeting the LCR need in the Moorpark sub-area (which includes the Santa Clara and the Goleta sub-areas). This includes consideration of the reasonableness of at least the following:
  - a. Whether the price, terms and conditions of the selected contract is reasonable;
  - b. Whether the process used to develop the eligibility requirements is reasonable;
  - c. Whether SCE's proposed rate treatment, cost recovery, and cost allocation of the selected contract is just and reasonable; and

- d. Whether SCE adequately considered the impact of the selected contract on disadvantaged communities.

In its protest, the Public Advocates Office raised the issue of whether the contracts resulting from the ACES 2 RFO are appropriately considered for approval in this proceeding. At the PHC, the Public Advocates Office supported review of ACES 2 RFO contracts in this Application. SCE, CEERT, Sierra Club and CEJA opposed review of the ACES 2 RFO contracts in this Application.

Upon consideration of the parties' filings and the discussion at the PHC, I find there is sufficient information in the record to exclude consideration of ACES 2 RFO contract approval from the scope of this proceeding. As the Commission's Energy Division is currently considering approval of these contracts in Advice Letter 4002-E, simultaneous consideration of the same contracts for approval in this proceeding duplicates the Commission's efforts. Also, we note that Commission approval of contracts selected through the ACES 2 RFO is not contingent on approval of the contract selected through the 2018 LCR RFP.

Accordingly, the scope of this proceeding is limited to the one contract approved through SCE's 2018 LCR RFP. The Commission, however, may still consider the ACES 2 RFO contracts when evaluating the LCR need in the Moorpark sub-area.

#### **4. Need for Evidentiary Hearing**

In Resolution ALJ 176-3437, the Commission preliminarily determined that hearings are required. This scoping memo finds hearings may be necessary if disputed issues of facts are raised by parties in testimony.

Any party that believes a hearing is required must make a motion by September 9, 2019 requesting evidentiary hearings consistent with the schedule set forth below including the following information: (i) the disputed material

issues of fact to be addressed in hearings, (ii) the evidence the party proposes to introduce, (iii) the amount of time requested for hearings. The motion shall also state a justification for hearings and what the moving party would seek to demonstrate through hearings.

If hearings are needed, parties shall provide the following five business days prior to the evidentiary hearing date by email to the service list:

- The order of witnesses for each party;
- Cross-examination times estimated by each party for each witness they wish to question;
- A list of proposed exhibits, including whether an exhibit is confidential; and
- A list of witnesses for whom no cross-examination is estimated.

## 5. Schedule

The following schedule is adopted:

Event	Date
Intervenor's prepared direct testimony served	August 5, 2019
Prepared Rebuttal Testimony served	August 30, 2019
Deadline for Motion to Request Evidentiary Hearings	September 9, 2019
Evidentiary Hearings	October 1-2, 2019, 9:30 am Commission Hearing Rooms 505 Van Ness Avenue San Francisco, CA 94102
Concurrent Opening briefs	November 4, 2019
Concurrent Reply briefs	November 25, 2019

The assigned Commissioner or assigned Administrative Law Judge (ALJ) may modify this schedule as necessary to promote the efficient management and fair resolution of this proceeding. The proceeding will stand submitted upon the filing of reply briefs, unless the assigned ALJ requires further evidence or argument. It is the Commission's intent to complete this proceeding within 18

months as required by Pub. Util. Code § 1701.5(a). This deadline may be extended by order.

## **6. Category of Proceeding/*Ex Parte* Restrictions**

This ruling confirms the Commission's preliminary determination that this is a ratesetting proceeding. (Resolution ALJ 176-3437.) Accordingly, *ex parte* communications are restricted and must be reported pursuant to Article 8 of the Commission's Rules.

## **7. Public Outreach**

Pursuant to Pub. Util. Code § 1711(a), I hereby report that the Commission sought the participation of those likely to be affected by this matter by noticing it in the Commission's monthly newsletter, which is served on communities and businesses that subscribe to it, and posting the newsletter on the Commission's website.

## **8. Intervenor Compensation**

Pursuant to Pub. Util. Code § 1804(a)(1), a customer who intends to seek an award of compensation must file and serve a notice of intent to claim compensation by July 25, 2019, 30 days after the prehearing conference.

## **9. Public Advisor**

Any person interested in participating in this proceeding who is unfamiliar with the Commission's procedures or has questions about the electronic filing procedures is encouraged to obtain more information at <http://consumers.cpuc.ca.gov/pao/> or contact the Commission's Public Advisor at 866-849-8390 or 415-703-2074 or 866-836-7825 (TYY), or send an e-mail to [public.advisor@cpuc.ca.gov](mailto:public.advisor@cpuc.ca.gov).

**10. Service of Documents on Commissioners and Their Personal Advisors**

Rule 1.10 requires only electronic service on any person on the official service list, other than the administrative ALJ. Parties shall only serve the assigned ALJ with a hard copy of any document which is 25 pages or longer. Parties shall provide only electronic service to the assigned ALJ of any documents less than 25 pages in length.

When serving documents on Commissioners or their personal advisors, whether or not they are on the official service list, parties must only provide electronic service. Parties must NOT send hard copies of documents to Commissioners or their personal advisors unless specifically instructed to do so.

**11. Assignment of Proceeding**

Liane M. Randolph is the assigned commissioner and Zita Kline is the assigned ALJ and the presiding officer for the proceeding.

**IT IS RULED** that:

1. The scope of this proceeding is described above.
2. The schedule of this proceeding is as set forth above.
3. Evidentiary hearings may be needed.
4. The Presiding Officer is Administrative Law Judge Zita Kline.
5. The category of the proceeding is ratesetting.

Dated July 10, 2019, at San Francisco, California.

/s/ LIANE M. RANDOLPH

Liane M. Randolph  
Assigned Commissioner