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BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

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.

Rulemaking 17-09-020

**ADMINISTRATIVE LAW JUDGE'S RULING REQUESTING COMMENTS
ON THE PROPOSAL OF SOUTHERN CALIFORNIA EDISON**

Summary

Parties are directed to file comments addressing the proposal of Southern California Edison on the issue of full versus residual resource procurement by a central buyer.

1. Background and Discussion

The parties have previously addressed issues relating to the procurement of resources via a central buyer. One issue that was addressed was whether procurement by the central buyer should be "full" procurement or "residual" procurement. Southern California Edison (SCE) has presented a proposal that somewhat straddles those categories.

As SCE describes it:

Under SCE's proposal, a central buyer would procure Local RA [Resource Adequacy] on a residual basis up to 100% of established requirements. LSEs [Load Serving Entities] would continue to procure RA to meet their System and Flexible requirements with the assumption that their procurement objective will be to secure the least-cost resources to meet their

RA needs. If these least-cost resources also meet local area needs, then they would reduce the quantity of Local RA that the central procurement entity needs to procure to meet the residual Local RA need. In order to allow the LSE-specific RA procurement in a local area to reduce the centrally procured Local RA quantity, the LSE would need to have procured the resource for the duration of the three-year compliance period and agree to show the resource as RA in each month of all three years. By making a voluntary Local RA showing, the LSE is able to retain the System and any Flexible RA counting attributes that are associated with the Local RA resource for its own RA requirements, but also reduce the residual Local RA requirements that the central procurement entity will be procuring for, and therefore, reduce the residual Local RA costs that will be allocated to all LSEs in the applicable TAC. (SCE Comments, August 8, 2018 at 6-7.)

The Commission is interested in considering SCE's proposal in more detail. In order to do this, the Commission would benefit from additional comments focused on SCE's proposal, which is set forth most completely in SCE's August 8, 2018 Comments.

Accordingly, parties are directed to file comments on SCE's proposal on October 17, 2018. Reply comments are optional, but any party that wishes to file reply comments shall file them by October 24, 2018. Comments should focus on how SCE's proposal compares to the other (full and residual) proposals, and on how it would be implemented, particularly in the context of the California Independent System Operator's operational framework.

IT IS RULED that:

1. Comments on Southern California Edison's procurement proposal are due on October 17, 2018.

2. Reply comments on Southern California Edison's procurement proposal are due on October 24, 2018.

Dated October 5, 2018, at San Francisco, California.

 /s/ PETER V. ALLEN
Peter V. Allen
Administrative Law Judge