

**PUBLIC UTILITIES COMMISSION**505 VAN NESS AVENUE  
SAN FRANCISCO, CA 94102-3298**FILED**11/15/19  
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November 15, 2019

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Ratesetting

TO PARTIES OF RECORD IN APPLICATION 19-04-016:

This is the proposed decision of Administrative Law Judge Kline. Until and unless the Commission hears the item and votes to approve it, the proposed decision has no legal effect. This item may be heard, at the earliest, at the Commission's December 19, 2019, Business Meeting. To confirm when the item will be heard, please see the Business Meeting agenda, which is posted on the Commission's website 10 days before each Business Meeting.

Parties of record may file comments on the proposed decision as provided in Rule 14.3 of the Commission's Rules of Practice and Procedure.

The Commission may hold a Ratesetting Deliberative Meeting to consider this item in closed session in advance of the Business Meeting at which the item will be heard. In such event, notice of the Ratesetting Deliberative Meeting will appear in the Daily Calendar, which is posted on the Commission's website. If a Ratesetting Deliberative Meeting is scheduled, ex parte communications are prohibited pursuant to Rule 8.2(c)(4)(B).

/s/ ANNE E. SIMONAnne E. Simon  
Chief Administrative Law Judge

AES:jt2

Attachment

Decision PROPOSED DECISION OF ALJ KLINE (Mailed 11/15/2019)

**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

**DECISION REGARDING SOUTHERN CALIFORNIA EDISON COMPANY 2018  
LOCAL CAPACITY REQUIREMENTS REQUEST FOR PROPOSALS FOR  
MOORPARK SUB-AREA PURSUANT TO DECISION 13-02-015**

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**Attachment A**

- A-1. Overview of 2018 LCR RFP Solicitation Area.
- A-2. Figure showing Moorpark, Santa Clara and Goleta sub-area nesting and LCR contingencies.
- A-3. Location of Strata Saticoy Project Site Map.

**DECISION REGARDING SOUTHERN CALIFORNIA EDISON COMPANY 2018  
LOCAL CAPACITY REQUIREMENTS REQUEST FOR PROPOSALS FOR  
MOORPARK SUB-AREA PURSUANT TO DECISION 13-02-015**

**Summary**

This decision approves the results of the Southern California Edison Company's (SCE) 2018 Local Capacity Requirements Request for Proposals pursuant to the Commission's directives in Decision 13-02-015. This decision also approves SCE's Strata Saticoy contract for 100 megawatts of in-front-of-meter energy storage. This proceeding is closed.

**1. Factual Background**

The Moorpark sub-area is located in the northwest portion of Southern California Edison Company's (SCE) service area, as shown in Attachment A, Figure A-1. The Santa Clara sub-area is a subset of the Moorpark sub-area, and the Goleta sub-area is a subset of the Santa Clara sub-area, as shown in Attachment A, Figure A-2. The assessed Local Capacity Requirements (LCR) need in the Moorpark, Santa Clara, and Goleta sub-areas over time is discussed in Sections 1.1 to 1.4, below.

**1.1. Moorpark Sub-Area LCR Need and  
Procurement From 2013 to 2017**

The long-term procurement planning Track 1 decision, Decision (D.) 13-02-015, authorized 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 LCR need resulted from 1) the expected retirement of the Mandalay<sup>1</sup> and Ormond Beach once-through cooling generation facilities

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<sup>1</sup> D.13-02-015 considered LCR need resulting from the retirement of Mandalay stations Unit 1 and 2, but not Unit 3.

and 2) the California Independent System Operator (CAISO)-identified critical contingency for the Moorpark sub-area, whereby the loss of the Moorpark-Pardee 230 kilovolts (kV) #3 line followed by the loss of the Moorpark-Pardee 230 kV #1 and #2 lines would result in voltage collapse (Moorpark LCR Contingency).

In 2013, SCE conducted an all-source LCR request for offers (RFO) pursuant to D.13-02-015, and selected contracts bids for 262 MW of gas-fired generation from one gas-fired power plant, the Puente Power Project, and ~12 MW of preferred resources resulting from various accepted offers.

On November 26, 2014, SCE filed application (A.) 14-11-016 for Commission approval of the resources contracted through its 2013 LCR RFO in addition to a 10-year refurbishment contract with an existing peaker power plant, located in Goleta, California, known as the Ellwood refurbishment. In response to SCE's request, the Commission approved all contracts except for the 10-year Ellwood refurbishment contract and a linked 0.5 MW of in-front-of-the-meter (IFOM) energy storage (ES) contract. The Commission considered the 0.5 MW IFOM ES contract and the 54 MW Ellwood refurbishment contract in a second phase of A.14-11-016. In D.17-09-034, the Commission ultimately declined to approve the Ellwood refurbishment and the linked 0.5 MW IFOM ES contract.

On October 5, 2017, the California Energy Commission (CEC) Siting Committee assigned to review the Puente Power Project issued a notice of its intent to recommend denial of the certification.<sup>2</sup> On October 16, 2017, NRG Energy, Inc. (NRG) motioned to suspend the Puente Power Project certification

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<sup>2</sup> Exhibit SCE-01 at 5.

proceeding, which the CEC granted on November 3, 2017.<sup>3</sup> As a result of the CEC's suspension of the Puente Power Project certification, 262 MW of local capacity approved through SCE's 2013 LCR RFO for the Moorpark sub-area was no longer available to meet the 2021 LCR need.

### **1.2. Moorpark Sub-Area LCR Need from 2018 to Present**

In the 2017-2018 Transmission Planning Process, issued March 2018, the CAISO identified a 318 MW local capacity deficiency in Moorpark sub-area.<sup>4</sup> With rejection of the 0.5 MW IFOM ES in D.17-09-034 and loss of 262 MW of gas-fired generation (GFG) from NRG's suspension of the Puente Power Project from certification before the CEC, only ~12 MW of the LCR need contracted as a result of SCE's 2013 LCR RFO was expected to be available to meet the 2021 LCR need in the Moorpark sub-area.<sup>5</sup>

To address the LCR need, CAISO approved a fourth 230 kV line between Moorpark-Pardee on March 2018. The fourth 230 kV Moorpark-Pardee line is expected to completely address the Moorpark sub-area local capacity deficiency<sup>6</sup> but not the Santa Clara or Goleta sub-area local capacity deficiencies.<sup>7</sup>

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<sup>3</sup> In October 2017, the CEC also indicated its intent to recommend denial of certification for the plant. The Puente Power Project had significant opposition from the City of Oxnard, environmental groups, and community members.

<sup>4</sup> Exhibit CalAdv-1 at 1-3; *see also* Exhibit SCE 02 at E-16, *citing* CAISIO Moorpark Sub-Area Local Capacity Alternative Study at 6, Table 2-2.

<sup>5</sup> Exhibit SCE-01 at 4-5, *citing* D.16-05-050 at 39 (Ordering Paragraph (OP) 1).

<sup>6</sup> The fourth Moorpark-Pardee line has an expected in-service date of December 31, 2020.

<sup>7</sup> Exhibit CalAdv-1 at 1-3, *citing* CAISO 2017-2018 Transmission Plan at 193.

### **1.3. Santa Clara Sub-Area Local Capacity Requirements Need**

In the 2017-2018 Transmission Planning Process, issued March 2018, the CAISO identified a 86 MW local capacity deficiency in the Santa Clara sub-area.<sup>8</sup> CAISO's 2023 Local Capacity Technical Analysis for Santa Clara, revised June 18, 2018, identified the loss of the Pardee-Santa Clara 230 kV lines followed by the loss of the Moorpark Santa Clara 230 kV #1 and #2 lines (Santa Clara LCR Contingency) as the most critical contingency for the Santa Clara sub-area that would cause voltage collapse.<sup>9</sup> The Santa Clara LCR contingency establishes a local capacity deficiency in the Santa Clara sub-area of 102-164 MW, depending on the locational effectiveness and reactive power capability of new resources procured.<sup>10</sup>

Based on the 2023 Local Capacity Technical Analysis for the Santa Clara Sub-Area,<sup>11</sup> the CAISO concluded that the duration of local capacity need is approximately eight hours between "hour-ending 15 to hour-ending 22" Pacific Prevailing Time (3-11 p.m.) for a total energy need of 602 megawatt hours (MWh).<sup>12</sup> The assessment also determined that resources located at Goleta are more effective than those at Santa Clara.

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<sup>8</sup> Exhibit CalAdv-1 at 1-3.

<sup>9</sup> Exhibit CalAdv-1 at 1-4

<sup>10</sup> Exhibit CalAdv-1 at 1-4, *citing* CAISO Supplemental Assessment at 5.

<sup>11</sup> An assessment of hourly local capacity need resulting from the Santa Clara LCR Contingency, which was requested by SCE to facilitate consideration of variable or time-sun limited resources in its Request for Proposal (RFP).

<sup>12</sup> Exhibit SCE-01 at 10, *citing* CAISO, 2023 Local Capacity Technical Analysis, Supplemental Local Capacity Assessment for the Santa Clara Sub Area at 8, <http://www.aiso.com/Documents/2023LocalCapacityTechnicalAnalysisfortheSantaClaraSub-Area.pdf>.

#### **1.4. Santa Barbara/Goleta Unique Localized Grid Resiliency and 2028 LCR Need**

The Goleta substation serves approximately 85,000 customers in the Santa Barbara/Goleta area.<sup>13</sup> It is located at the end of SCE's transmission system, connected by the two 230 kV Goleta-Santa Clara transmission lines.

Simultaneous loss of the 230 Goleta-Santa Clara lines creates unique resiliency issues in the Santa Barbara/Goleta area. The lines share the same set of transmission towers and the towers are located on "rugged, mountainous terrain where landslides caused by heavy rainfall (*e.g.*, 1997-1998 El Nino conditions) and frequent fires (*e.g.*, 2007 Zaca, 2008 Gap, 2008 Tea, 2009 Jesusita, and 2017 Thomas fires) create a heightened risk to the transmission lines and towers."<sup>14</sup>

In the event the Goleta-Santa Clara 230 kV No. 1 and No. 2 lines lose power (Goleta LCR Contingency), SCE anticipates an annual forecasted peak load of 285 MW, and therefore a 105 MW peak shortfall<sup>15</sup> in the Goleta sub-area.<sup>16</sup> According to CAISO's 2028 Long Term LCR Draft Study, the LCR requirement for the Goleta sub-area area is the larger of 1) 42 MW or 2) 32 MW plus the largest resource in Goleta when taking resources procured in the 2018 LCR RFP.<sup>17</sup>

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<sup>13</sup> Exhibit SCE-01 at 11.

<sup>14</sup> Exhibit SCE-01 at 13.

<sup>15</sup> The shortfall assumes the retirement of the 54 MW Ellwood peaker facility.

<sup>16</sup> Exhibit SCE-01 at 15.

<sup>17</sup> Exhibit SCE-01 at 10, *citing* CAISO, 2018-2019 TPP, Appendix G at 144.



## 2. Procedural Background

On April 22, 2019, SCE filed A.19-04-016, requesting approval of one contract for 100 MW of IFOM ES resulting from its 2018 LCR RFP in the Moorpark sub-area (Application). The 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, jointly, filed responses on May 24, 2019. SCE filed a response to the Public Advocates Office's protest on June 10, 2019.

A prehearing conference was held on June 25, 2019 to discuss the issues of law and fact, and to determine the need for hearing and schedule for resolving the matter. At the PHC, the Center for Energy Efficiency & Renewable Technologies (CEERT) was granted party status. The Assigned Commissioner's scoping memo and ruling were issued on July 10, 2019.

CEERT and Public Advocates Office served testimony on August 5, 2019. SCE served rebuttal testimony on August 30, 2019. Evidentiary hearings were taken off-calendar on September 12, 2019 by ruling.

CEERT, Public Advocates Office and SCE filed opening briefs on October 7, 2019. This matter was submitted with the filing of reply briefs by SCE on October 21, 2019.

### 2.1. Jurisdiction

The Commission exercises jurisdiction over the activities of public utilities,<sup>18</sup> including electrical corporations.<sup>19</sup> SCE is an investor owned utility

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<sup>18</sup> Pub. Util. Code § 216(a).

<sup>19</sup> Pub. Util. Code § 218 defines an electrical corporation as every corporation "owning, controlling, operating, or managing any electrical plant."

(IOU) providing electrical service in California. SCE is a therefore an IOU “subject to our jurisdiction, control and regulation.”<sup>20</sup> The Commission has jurisdiction to review an IOU’s solicitation pursuant to Section 454 of the Public Utilities Code.

## **2.2. Standard of Review and Burden of Proof**

We review today’s Application under a reasonableness standard. The burden of proof is on the Applicant in this proceeding to support its request by a preponderance of evidence. In short, the preponderance of evidence burden of proof standard is met if the proposition is more likely to be true than not true. The standard is also described as being met by the evidence presented when the proposition is more probable than not.

## **3. Issues Before the Commission**

The issues in this proceeding are as follows:

1. Whether the Application complies with SCE’s procurement authority granted by the Commission in D.13-02-015.
2. 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.
3. Whether the results of the 2018 LCR RFP is a reasonable means of meeting the LCR need in the Moorpark subarea (which includes the Santa Clara and the Goleta sub-areas). This includes consideration of the reasonableness of at least the following:
  - a. Are the price, terms and conditions of the selected contracts reasonable?
  - b. Was the process used to develop the eligibility requirements reasonable?

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<sup>20</sup> Pub. Util. Code § 216(b).

- c. Is SCE's proposed rate treatment, cost recovery, and cost allocation of the selected contracts just and reasonable?
- d. Whether SCE adequately considered the impact of the selected contract on disadvantaged communities.

Consideration of contract approval for offers bid into both the Aliso Canyon Energy Storage (ACES) 2 RFO and the 2018 LCR RFP is outside the scope of this proceeding, though the Commission may still consider contracts approved through the ACES 2 RFO when evaluating the LCR need in the Moorpark sub-area.<sup>21</sup>

#### **4. 2018 LCR RFP Methodology and Compliance with Procurement Authority**

In 2018, SCE launched an RFP for 278 MW of local capacity in the Moorpark sub-area to meet local reliability needs by June 2021 per D.13-02-015. SCE estimates it has an outstanding need of approximately 102 – 164 MW of capacity and an energy need of 602 MWh by 2021 in the Santa Clara sub-area.<sup>22</sup>

To simultaneously address the unique grid resiliency issue in the Santa Barbara/Goleta area, SCE solicited proposals for small (less than 55 MW) GFG projects interconnected to the Goleta A-system, but expressed a preference for preferred resources and energy storage resources.<sup>23</sup> In contrast to the Goleta A-system needs, SCE only considered offers for preferred resources and energy storage resources connecting to the Moorpark and Santa Clara 230/66kV A-bank substations.<sup>24</sup> All offers had to provide incremental capacity and have a contract

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<sup>21</sup> Scoping Memo at 5.

<sup>22</sup> Exhibit SCE-01 at 10.

<sup>23</sup> Exhibit SCE-01 at 15-16.

<sup>24</sup> Exhibit SCE-01 at 16.

delivery start date of no later than March 1, 2021.<sup>25</sup> SCE received a total of 89 offers.<sup>26</sup>

The Public Advocates Office asserts that SCE's application does not comply with D.13-02-015's procurement authorization because 1) D.13-02-015 OP 11 ordered SCE to file one application entered into as a result of the procurement process authorized by the decision for the Big Creek/Ventura local reliability area, and 2) the application should "specify how the 'totality of the contracts' meet several criteria, including cost effectiveness, consistency with the loading order, and local capacity requirements."<sup>27</sup>

SCE contends its 2018 LCR RFP complies with D.13-02-015, even though the ACES 2 RFO contracts were not included in its Application for the 2108 LCR RFP.<sup>28</sup> SCE also argues the Commission can ensure the totality of the contracts in the LCR RFP and the ACES 2 RFO meet the LCR need because the Scoping Memo "expressly contemplates the synergies of the Strata Saticoy contract and the ACES 2 RFO contracts."<sup>29</sup> Finally, SCE points out that Resolution E-4937 ordered SCE to file the ACES 2 RFO contracts as a Tier 3 advice letter, and "there were timing considerations that further justified expeditious review and approval of the energy storage contracts via advice letter so that resources can achieve commercial operation in a time frame that meets the LCR need."<sup>30</sup>

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<sup>25</sup> SCE Opening Brief at 15.

<sup>26</sup> Exhibit SCE-01 at 47.

<sup>27</sup> Public Advocates Office Opening Brief at 4.

<sup>28</sup> SCE Reply Brief at 1.

<sup>29</sup> SCE Reply Brief at 2.

<sup>31</sup> Quantitative benefits include 1) resource adequacy benefit, 2) net day-ahead, real-time energy benefit, 3) ancillary services value benefit, 4) renewable energy credit benefit. Quantitative costs

In order to evaluate SCE's compliance with the Commission's procurement authority in D.13-02-015, we consider the protracted nature of the SCE's procurement process in the Moorpark sub-area. As a starting point, we note SCE complied with the requirements of D.13-02-015 OP 11 when it filed A.14-11-016, which was one application requesting Commission approval for all offers SCE accepted in the 2013 LCR RFO. The ~12 MW local capacity which SCE ultimately contracted through the Commission's partial approval of the 2013 LCR RFO, along with the CEC's suspension of the Puente Power Project's certification, made literal compliance with D.13-02-015 OP 11 impractical.

SCE solicited additional resources in the Moorpark sub-area in conformance with Energy Division staff approval and Commission Resolutions. The Commission's Energy Division approved SCE's modified procurement plan in the Moorpark sub-area on February 7, 2018. In Resolution E-4937, the Commission also approved SCE's plan to conduct a competitive solicitation to procure energy storage resources which could meet both the LCR need in the Moorpark sub-area as well as Senate Bill 801's requirement to procure a minimum of 20 MW of cost-effective energy storage to help address system operational limitations caused by the partial shutdown of the Aliso Canyon natural gas storage facility. Resolution E-4937 also directed SCE to file for approval of the selected offers using a Tier 3 advice letter. Therefore, we are not persuaded that SCE's procurement of resources through separate solicitations, or approval through multiple applications and advice letters, renders the instant application out of conformance with the procurement authority in D.13-02-015. Accordingly, we find SCE's LCR RFP for 278 MW of local capacity is consistent

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include 1) contract payments 2) debt equivalence costs and 3) transmission upgrade costs. (Exhibit SCE-01a at 42-44.)

with the remaining 203-278 MW procurement authorized by the Commission in D.13-02-015.

The Commission also finds SCE's offer evaluation process reasonable. SCE assessed the offers in the 2018 LCR RFP using a least-cost best-fit methodology, which includes assessment of the costs and benefits of both quantitative<sup>31</sup> and qualitative<sup>32</sup> factors. The least-cost best-fit methodology considered key Commission objectives related to affordability, disadvantaged communities and the loading order. Accordingly, the Commission finds the process SCE used to develop eligibility requirements in the 2018 LCR RFP reasonable.

## **5. The Strata Saticoy Contract**

SCE selected the Strata Saticoy contract through the 2018 LCR RFP, which is a contract for a 100 MW/400 MWh IFOM ES system. The Strata Saticoy project is located in Oxnard California, as shown in Attachment A, Figure 3. It will interconnect with the Santa Clara A-System, and can address the Santa Clara LCR contingency sub-area issue but not the Goleta N-2 resiliency issue.<sup>33</sup> SCE provided confidential testimony showing the Strata Saticoy contract "had a favorable commercial online date of December 2020, had a high viability ranking, and was competitively priced."<sup>34</sup>

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<sup>31</sup> Quantitative benefits include 1) resource adequacy benefit, 2) net day-ahead, real-time energy benefit, 3) ancillary services value benefit, 4) renewable energy credit benefit. Quantitative costs include 1) contract payments 2) debt equivalence costs and 3) transmission upgrade costs. (Exhibit SCE-01a at 42-44.)

<sup>32</sup> Qualitative factors include 1) project viability, 2) location of project in disadvantaged community, 3) preferred resource and 4) contribution to the Santa Barbara/Goleta area resiliency objective. (Exhibit SCE-01 at 45-46.)

<sup>33</sup> Exhibit SCE-01 at 16.

<sup>34</sup> SCE Opening Brief at 14.

Parties unanimously support approval of the Strata Saticoy contract. The Public Advocates Office recommends approval of the contract as cost-effective in terms of the offer's net present value when compared to 1) other offers in the 2018 LCR RFP,<sup>35</sup> 2) other energy storage contracts executed by SCE, and 3) energy storage contracts with similar characteristics.<sup>36</sup> CEERT supports Commission approval of the contract, and urges the Commission to act expeditiously in approving the application in order to help avoid the extended backstop procurement of the Ormond Beach generating facility by the CAISO at prices above the current revenue requirements for the resources contained in SCE's applications.<sup>37</sup>

Upon review, we find the Strata Saticoy contract will enhance the safe and reliable operation of SCE's electrical service because it helps meet the local capacity need in the Santa Clara Sub-area. We also find the price, terms and conditions of the Strata Saticoy contract reasonable.

## **6. Consideration of Disadvantaged Communities in the 2018 LCR RFP**

SCE encountered strong community opposition to its selection of the 262 MW Puente Power Project in the 2013 LCR RFO,<sup>38</sup> due to the environmental burden of the GFG power plant on the surrounding disadvantaged communities (DACs). In the 2018 LCR RFP, SCE actively sought resources that were not GFG projects and sought offers for preferred resources located in DACs. SCE defined

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<sup>35</sup> Public Advocates Office excluded offers selected in the ACES 2 RFO from its comparison.

<sup>36</sup> Exhibit CalAdv-1 2-3 to 2-8.

<sup>37</sup> CEERT Opening Brief at 3.

<sup>38</sup> Exhibit SCE-01 at 32.

DACs as census tracts that “either (1) scored at or above the 75% percentile in the Cal Enviroscreen 3.0 on a statewide basis or (2) are one of the 22 census tracts that scored in the highest percent of CalEnviroscreen’s pollution burden, but do not have an overall score.”<sup>39</sup>

As part of the RFP, SCE also conducted outreach to the community in Santa Barbara and Ventura counties, engaging with government officials, government staff, local university staff, and local non-profits.<sup>40</sup> SCE summarized its insight from community outreach as follows:

It was clear that community stakeholders were, and are, concerned about electrical grid resiliency and clean energy resources for their communities. Specifically, there is strong opposition to GFG and concern about the lack of solar development in the local area.<sup>41</sup>

When evaluating offers, SCE considered the location of projects in DACs as a qualitative factor in its least-cost best-fit evaluation of offers.<sup>42</sup> The Independent Evaluator also considered the location of projects in DACs as part of its independent evaluation of offers.<sup>43</sup> Ultimately, SCE selected the Strata Saticoy contract for approval in the 2018 LCR RFP, a preferred resource which is not located in a DAC.

Although the City of Oxnard strongly opposed approval of the Puente Power Project, the City of Oxnard was “pleased that SCE selected a battery project and that [GFG] is no longer being proposed to meet the local capacity

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<sup>39</sup> SCE Opening Brief at 18-19.

<sup>40</sup> Exhibit SCE-01 at 32-34.

<sup>41</sup> Exhibit SCE-01 at 33.

<sup>42</sup> Exhibit SCE-01 at 36.

<sup>43</sup> Exhibit SCE-02 at C-42.



requirements in the Moorpark subarea.”<sup>44</sup> Sierra Club and California Environmental Justice Alliance -- who also opposed Commission approval of the Puente Power Project on environmental and environmental justice grounds -- expressed support for adoption of the Strata Saticoy project.<sup>45</sup>

Upon review, we find the 2018 LCR RFP adequately considered disadvantaged communities because 1) SCE actively sought to site preferred resources in DACs, 2) SCE and the independent evaluator both considered siting in DACs as a qualitative factor in their least cost best fit analysis of offers, and 3) no GFGs offers were ultimately selected through the 2018 LCR RFP requiring further consideration of environmental burden on DACs.

## **7. Cost Allocation Mechanism Treatment**

SCE proposes to record the costs for the Strata Saticoy 100 MW/ 400 MWh IFOM ES contract in the New System Generation (NSG) sub-account of the existing LCR Products Balancing Account (LCRPBA). SCE proposes to transfer the balance of the NSG sub-account component of the LCRPBA to the New System Generation Balancing Account (NSGBA) each month. The costs and revenues associated with the LCR contract will be balanced in the NSGBA, and included in the NSG rates in the following year.

SCE estimates the following bill impact for bundled average rates from approval of the Strata Saticoy contract, as shown in the table below:<sup>46</sup>

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<sup>44</sup> City of Oxnard Response to Application at 1.

<sup>45</sup> Sierra Club and California Environmental Justice Alliance Joint Response to Application at 1-2.

<sup>46</sup> Application at 4.

**PROPOSED DECISION**

<b>Customer Group</b>	<b>Current Rates (¢/kWh)</b>	<b>Proposed Rates (¢/kWh)</b>	<b>% Change over current</b>
Residential	18.13	18.14	0.1%
Lighting- Small and Medium Power	16.66	16.67	0.1%
Large Power	11.92	11.93	0.1%
Agricultural and Pumping	13.20	13.21	0.0%
Street and Area Lighting	18.51	18.52	0.0%
Standby	10.10	10.10	0.1%
<hr/>	<hr/>	<hr/>	<hr/>
Total	15.92	15.93	0.1%

	<b>Current</b>	<b>Proposed</b>	<b>% Change</b>
Non-California Alternative Rates for Energy (CARE) residential bill	\$110.04	\$110.10	0.1%
CARE residential bill	\$74.21	\$74.25	0.1%

No parties opposed SCE's proposed cost allocation mechanism treatment. Upon review, we find SCE's rate treatment, costs recovery and cost allocation mechanism treatment reasonable.

**8. Santa Clara Sub-Area LCR Need Met Through 2018 LCR RFP and ACES 2 RFO Portfolio of Resources**

SCE conducted the 2018 LCR RFP concurrently with the ACES 2 RFO,<sup>47</sup> and encouraged bidders in the 2018 LCR RFP to bid into the ACES 2 RFO. SCE selected the Strata Saticoy 100 MW/400 MWh IFOM energy storage contract through the 2018 LCR RFP and selected six energy storage contracts through the ACES 2 RFO, as summarized in the table below.

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<sup>47</sup> In Resolution E-4937, the Commission ordered SCE to procure 95 MW of energy storage pursuant to Senate Bill 801 (Stern, 2017).

Bidder	Project	Resource Type	Capacity (MW)	LCR Need
Stra	Saticoy	ES-Resource Adequacy (RA) Only	100	Santa Clara
Swell	SC/G	Behind-the-meter-Demand Response	14	Santa Clara and Goleta
E.ON	Painter	ES-RA Only	10	Goleta
Able Grid	Silverstran	ES-RA Only	11	Santa Clara
Ormat	Vallecito	ES-RA Only	10	Goleta
AltaGas	Goleta	ES-RA Only	40	Goleta
Enel	Hollister	ES-RA Only	10	Goleta

Together, the projects will provide a “total 162 MW LCR Capacity / 195 Contract Capacity (power) and 647 LCR MWh/Contract 780 MWh (energy).”<sup>48</sup> The projects selected contain a 10 MW buffer to ensure the Moorpark subarea’s capacity and energy needs are met even in the event one of the selected projects fails to perform.<sup>49</sup> The CAISO reviewed the portfolio of contracts selected in the 2018 LCR and ACES 2 RFO and determined they would meet the Santa Clara sub-area LCR need.<sup>50</sup>

SCE submitted the ACES 2 RFO contracts for approval to the Commission’s Energy Division as Advice Letter (AL) 4002-E on May 23, 2019. Draft Resolution E-5033, issued October 1, 2019, proposed approval of the ACES 2 RFO contracts, which the Commission is currently considering for approval on the December 5, 2019 agenda.

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<sup>48</sup> Exhibit SCE-01 at 56.

<sup>49</sup> *Id.*

<sup>50</sup> Exhibit SCE-02 at F-156 to F-157.

Public Advocates Office urges the Commission to make approval of the Strata Saticoy contract contingent on the approval of the ACES 2 RFO contracts.<sup>51</sup> Public Advocates Office's recommendation is based on SCE's submission of the ACES 2 RFO and the Strata Saticoy contracts as a portfolio of resources that, combined, would meet CAISO's eight-hour duration requirement of 602 MWh for local capacity on a peak load day.<sup>52</sup>

Upon consideration, we decline to make approval of the Strata Saticoy contract contingent upon approval of the ACES 2 RFO contracts. The Strata Saticoy contract adds value to SCE's customers as a cost-effective resource which contributes to local reliability needs in the Santa Clara sub-area independent of the ACES 2 RFO contracts.

The Public Advocates Office also urges the Commission to find that no further procurement is required pursuant to D.13-02-015 in the event the Commission approves both the Strata Saticoy contract and the ACES 2 RFO contracts.<sup>53</sup> Public Advocates Office suggests that any remaining need should be authorized through the Integrated Resources Plan (IRP) proceeding. CEERT, on the other hand, argues additional procurement of resources in the Moorpark sub-area is not material to approval of the Strata Saticoy contract, and "made moot by the ongoing procurement track in the [IRP] proceeding, Rulemaking 16-02-007."<sup>54</sup> SCE opines it is premature for the Commission to find

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<sup>51</sup> Public Advocates Office Opening Brief at 5.

<sup>52</sup> Exhibit CalAdv-1 at 1-7.

<sup>53</sup> Public Advocates Office Opening Brief at 6.

<sup>54</sup> CEERT Opening Brief at 4.

LCR need under D.13-02-015 is met until the CAISO confirms it through additional LCR Technical Studies.<sup>55</sup>

In this decision, we determine that SCE's procurement of the Strata Saticoy contract is reasonable and within the authorization of D.13-02-015. This decision declines to foreclose SCE's ability to procure additional resources in the event contracted resources fail to perform or the CAISO determines additional LCR need remains.

#### **9. Other Procedural Matters**

All rulings by the assigned Commissioner and assigned Administrative Law Judge (ALJ) are affirmed herein; and all motions not specifically addressed herein or previously addressed by the assigned Commissioner or ALJ, are denied.

#### **10. Change in Determination of Need for Hearing**

In Resolution ALJ 176-3437, dated May 16, 2019, the Commission preliminarily categorized this application as ratesetting as defined in Rule 1.3 and anticipated that this proceeding would reasonably require hearings. A prehearing conference was held on June 25, 2019, and a scoping memo indicating that hearings may be necessary was issued on July 10, 2019. However, the parties thereafter agreed that evidentiary hearings were not necessary. Given that no hearings were held in the current proceeding, we change our preliminary and scoping memo determination regarding hearings to no hearings necessary.

#### **11. Comments on Proposed Decision**

The proposed decision of ALJ Kline in this matter was mailed to the parties in accordance with Section 311 of the Public Utilities Code and comments

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<sup>55</sup> SCE Reply Brief at 5-6.

were allowed under Rule 14.3 of the Commission's Rules of Practice and Procedure. Comments were filed on (date), and reply comments were filed on (date) by (names).

## **12. Assignment of Proceeding**

Genevieve Shiroma is the assigned Commissioner and Zita Kline is the assigned ALJ in this proceeding.

### **Findings of Fact**

1. SCE has a 102-124 MW local capacity requirement and an energy requirement of 602 MWh in the Santa Clara sub-area by 2021.
2. SCE solicited for 278 MW of local capacity in the Moorpark sub-area through the 2018 LCR RFP.
3. SCE solicited for small (less than 55 MW) GFG projects interconnected with the Goleta A-system, but expressed a preference for preferred resources and energy storage in the Santa Barbara/Goleta area.
4. SCE only considered offers for preferred resources and energy storage resources connecting to the Moorpark and Santa Clara 230/66kV A-bank substations.
5. SCE solicited for projects that provided incremental capacity and had a contract start date no later than March 1, 2021.
6. SCE assessed the offers using a least-cost best-fit evaluation process, which included assessment of the costs and benefits of both quantitative and qualitative factors.
7. SCE submitted the Strata Saticoy contract selected in the 2018 LCR RFP for approval by application.
8. The Strata Saticoy contract is for a 100 MW IFOM ES resource.

9. The Strata Saticoy contract has a commercial online date of December 2020, has a high viability ranking, and is competitively priced compared to other offers in the 2018 LCR RFP and similar energy storage projects.

10. The Strata Saticoy project will interconnect with the Santa Clara A-System.

11. The Strata Saticoy contract helps meet local capacity need in the Santa Clara sub-area, but not the Goleta sub-area.

12. The Strata Saticoy contract will enhance the reliable operation of SCE's electrical service and support the reliability of service in the Santa Clara sub-area.

13. The terms and conditions of the Strata Saticoy contract for IFOM ES are reasonable and consistent with D.13-02-015.

14. SCE actively sought resources that were not GFG projects and sought offers for preferred resources located in DACs.

15. For the purposes of the 2018 LCR RFP, SCE defined DACs as census tracts that either (1) scored at or above the 75% percentile in the Cal EnviroScreen 3.0 on a statewide basis or (2) are one of the 22 census tracts that scored in the highest percent of CalEnviroScreen's pollution burden, but do not have an overall score.

16. SCE conducted community outreach in Santa Barbara and Ventura counties before and during the 2018 LCR RFP, engaging with government officials and government staff, local university staff, and local non-profits.

17. SCE and the independent evaluator used the siting of projects in DACs as a qualitative factor in evaluating offers submitted in the 2018 LCR RFP.

18. SCE did not procure any GFG resources in DACs.

19. SCE will record the costs of the Strata Saticoy contract in the NSG sub-account of the LCRPBA, transferring the balance of the LCRPBA to the NSGBA each month.

20. Commission adoption of the Strata Saticoy contract is anticipated to increase bundled customer rates by 0.1% for both CARE and non-CARE customers.

21. SCE solicited for the 2018 LCR RFP concurrently with the ACES 2 RFO.

22. SCE encouraged bidders in the 2018 LCR RFP to also bid into the ACES 2 RFO.

23. The seven contracts selected through the 2018 LCR RFP and the ACES 2 RFO cumulatively provide a total of 162 MW of LCR Capacity/195 Contract Capacity (power) and 647 LCR MWh/Contract 780 MWh (energy).

24. The CAISO reviewed the portfolio of contracts selected in the 2018 LCR and ACES 2 RFO, and determined they would meet the Santa Clara sub-area LCR need.

25. SCE submitted six energy storage contracts for Commission approval through the ACES 2 RFO by AL 4002-E.

26. No evidentiary hearings are necessary in this proceeding.

### **Conclusions of Law**

1. Commission review of SCE's 2018 LCR RFP is under the reasonableness standard.

2. The burden of proof is on SCE to support its request by a preponderance of the evidence.

3. SCE substantially complied with the procurement directives in D.13-02-015.

4. The process SCE used to develop and evaluate offers in the 2018 LCR RFP is reasonable.

5. SCE should be authorized to allocate the benefits and costs of the contracts entered into as a result of the LCR RFP to all benefitting customers.



## PROPOSED DECISION

6. SCE's proposal to record the costs and benefits associated with the Strata Saticoy contract in the NSG sub-account of the existing LCRPBA is reasonable.

7. SCE's proposal to transfer the balance of the NSG sub-account component of the LCRPBA to the NSGBA each month is reasonable.

8. All rulings by the assigned Commissioner and assigned ALJ should be affirmed.

9. All motions not specifically addressed herein or previously addressed by the assigned Commissioner or ALJ should be denied.

10. The contract selected in the 2018 LCR RFP is reasonable and should be approved.

11. The determination of need for evidentiary hearings in this proceeding should be changed to no hearings necessary.

## O R D E R

### **IT IS ORDERED** that:

1. The contract presented by Southern California Edison Company is accepted and approved.

2. Southern California Edison Company shall allocate costs associated with the contract approved in this proceeding in the New System Generation (NSG) sub-account of the existing Local Capacity Requirements Products Balancing Account (LCRPBA). SCE shall transfer the balance of the NSG sub-account component of the LCRPBA to the NSG Balancing Account each month.

3. All rulings on motions issued by the assigned Administrative Law Judge during the proceeding are adopted.

**PROPOSED DECISION**

4. All motions not specifically addressed in this decision or previously addressed by the assigned Commissioner or Administrative Law Judge are denied.

5. The determination made in the Assigned Commissioner's Scoping Memo and Ruling that hearing may be needed is changed to no hearings necessary.

6. Application 19-04-016 is closed.

This order is effective today.

Dated \_\_\_\_\_, at San Francisco, California.

# **ATTACHMENT A**

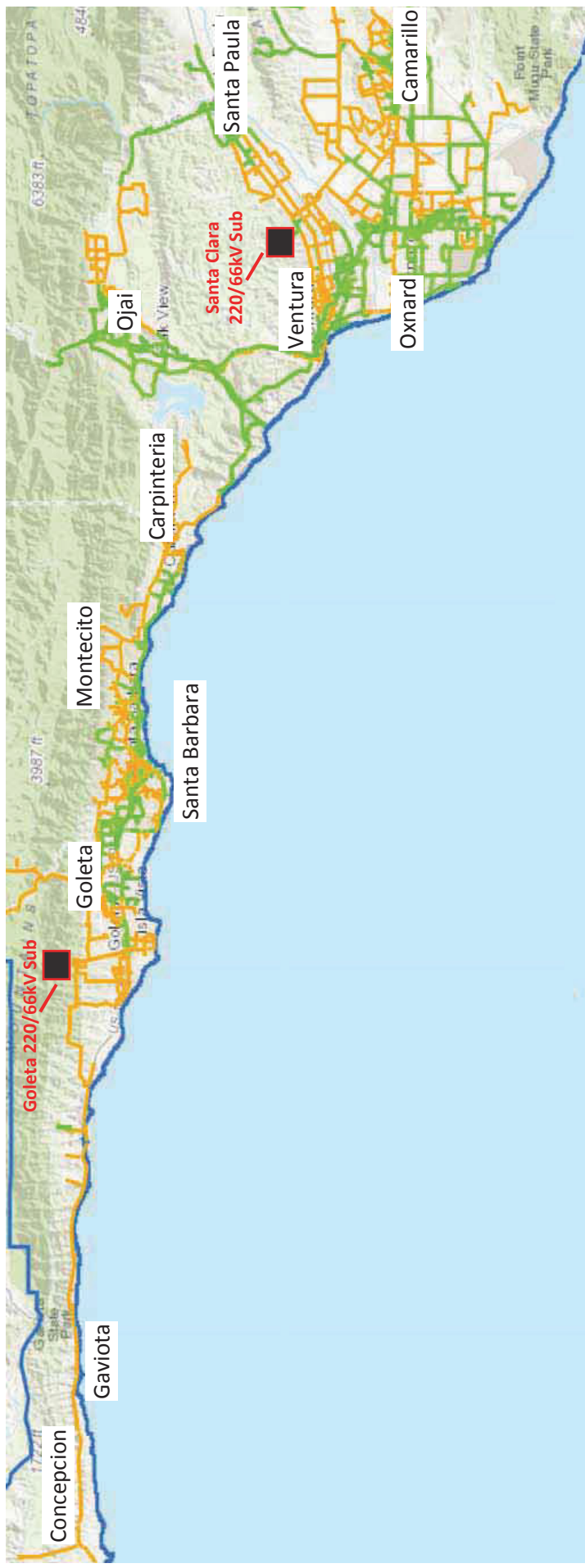


Figure A-1. Overview of 2018 LCR RFP Solicitation Area. (Exhibit SCE-02 at D-208.)

# Single-Line Depiction of LCR-related Contingencies

**Goleta-located resources also meet LCR needs (Santa Clara contingency)**

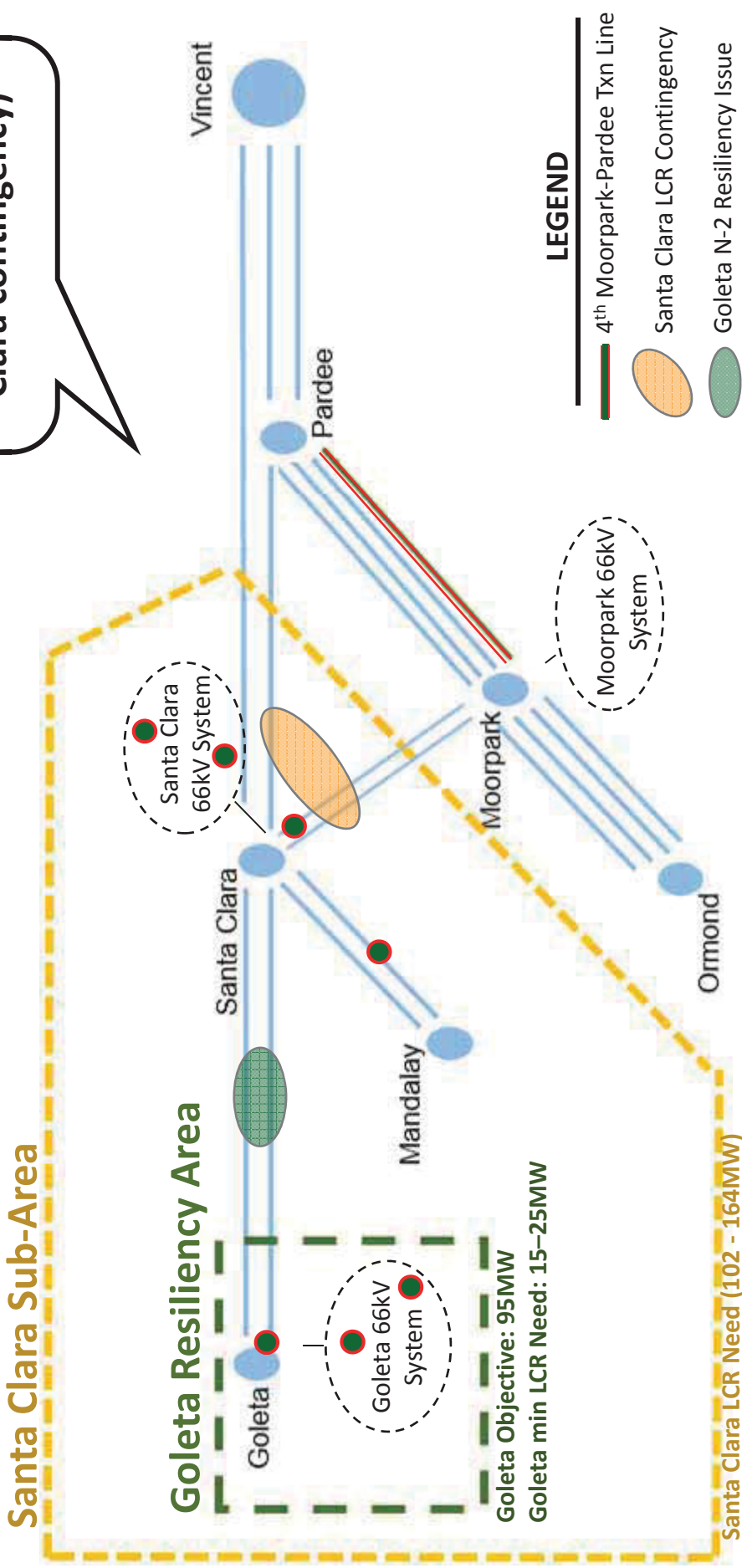


Figure A-2. Figure showing Moorpark, Santa Clara and Goleta sub-area nesting and LCR contingencies. (Exhibit SCE-02 at D-209.)

### *Strata Saticoy Project Site Map*

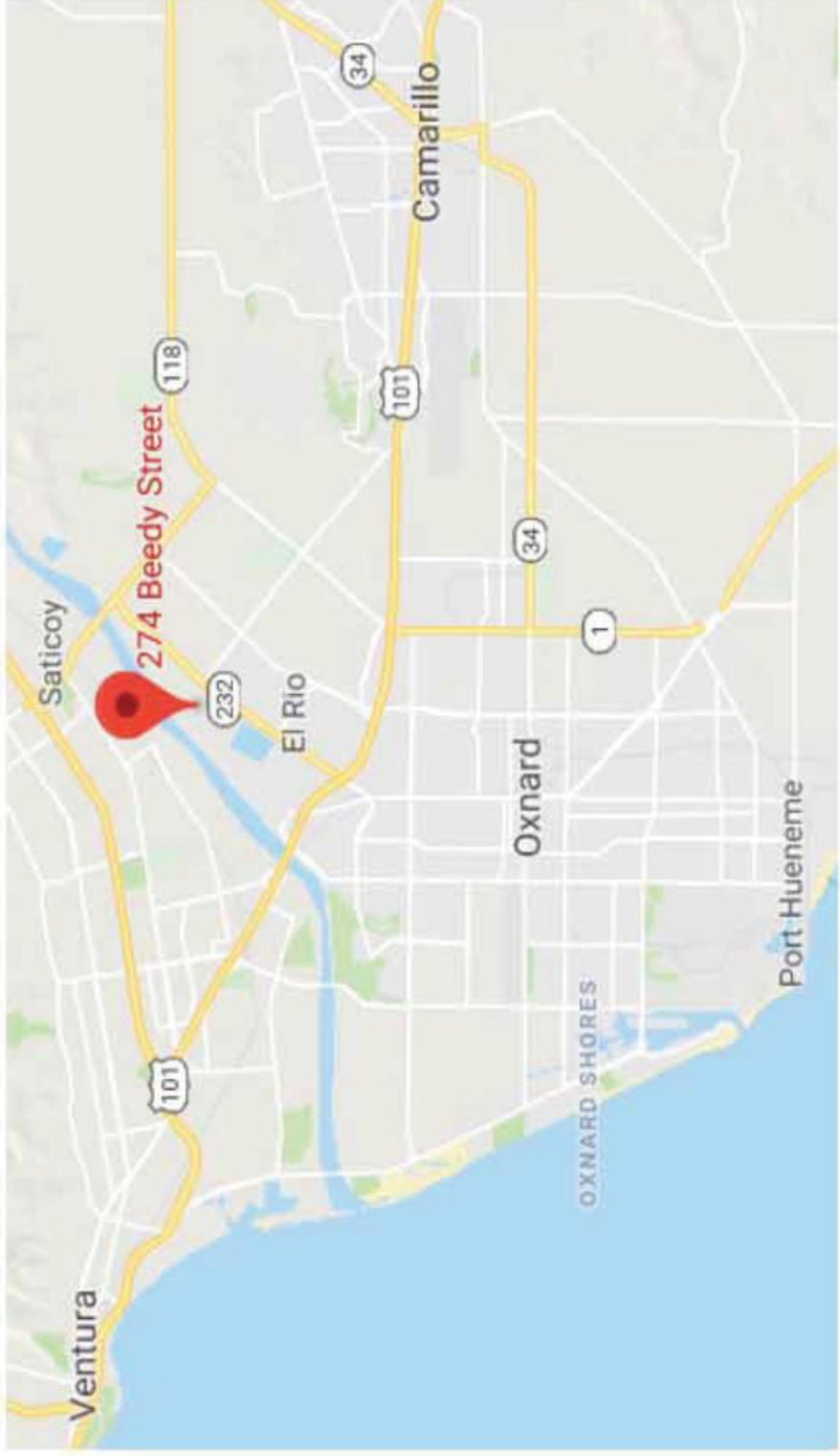


Figure A-3. Location of Strata Saticoy Project Site Map. (Exhibit SCE-01 at 58.)