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**BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA**

Order Instituting Rulemaking to  
Develop an Electricity Integrated  
Resource Planning Framework and to  
Coordinate and Refine Long-Term  
Procurement Planning Requirements.

Rulemaking 16-02-007

**ADMINISTRATIVE LAW JUDGE'S RULING  
FINALIZING BASELINE FOR PURPOSES OF  
PROCUREMENT REQUIRED BY DECISION 19-11-016**

**Summary**

This ruling and its attachments constitute the final baseline, against which incremental electricity resource procurement required by Decision (D.) 19-11-016 will be measured.<sup>1</sup> No further modifications to this baseline list are expected.

**1. Background**

Decision 19-11-016 (hereafter, "Decision"), Ordering Paragraph 6, required Commission staff to publish a draft baseline resource list, for purposes of determining whether procurement required by the Decision counts as incremental to the baseline. Commission staff published a draft baseline list on December 2, 2019, and served notice to the service list for this proceeding of the posting of the draft baseline list.

By the provisions of Ordering Paragraph 6 of the Decision, parties were invited to comment on the baseline list published by staff. The following parties filed timely comments by December 9, 2019: Alliance for Retail Energy Markets

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<sup>1</sup> See Decision at 83, Ordering Paragraph 6.

(AReM); California Energy Storage Association (CESA); California Independent System Operator (CAISO); Calpine Corporation (Calpine); Cogeneration Association of California (CAC); Middle River Power, LLC (MRP); Pacific Gas and Electric Company (PG&E); San Diego Gas & Electric Company (SDG&E); and Southern California Edison Company (SCE).

The Decision delegated to the assigned Administrative Law Judge to finalize the baseline resource list via a ruling. This ruling, along with its attachments, serves that purpose.

## **2. Summary of Comments from Parties**

This section of the ruling summarizes the issues raised by parties in their comments.

AReM pointed out that the staff draft list contained some resources that are not located within the CAISO balancing area. AReM asked if there are other such resources that were not included in the baseline list whether they would be considered imports, subject to the import limits included in the Decision.

AReM also noted that there were some duplicates on the draft list and asked whether these are errors. Finally, AReM sought clarity on whether resources showing nameplate capacity of zero could be procured and counted as incremental according to the Decision (assuming they have actual physical capacity).

CESA sought clarity about resources that are listed in the baseline but have contracts expiring before 2022. CESA also pointed out that there may be some confusion between the listing of nameplate capacity on the baseline list and the net qualifying capacity (NQC) of the resource, in terms of what capacity could be counted as incremental according to the Decision.

CAISO, in its comments, asked that the baseline list be reconciled with the NQC list that they publish. CAISO also noted that there were several different naming conventions for Resource IDs on the list, and that some data is outdated. CAISO also suggested listing specific resources as imports. Finally, CAISO included a list of retirements and “cancellations” that should be included in the baseline list.

Calpine’s comments mainly noted that the nameplate capacity is different from the September NQC, which is the capacity that would qualify under the provisions of the Decision, and sought clarification for how the reconciliation would take place.

CAC’s comments reiterated its points, made several times in this proceeding, about the need for a retention program for combined heat and power (CHP). CAC also pointed out that some of the listed CHP nameplate capacities are actually NQC values. CAC also argued that some of the resources on the list that have been mothballed should be eligible to be counted as incremental.

MRP suggested that the term “incremental” as used in the Decision, and by extension this ruling, be defined at least qualitatively, to reduce confusion about what capacity counts toward fulfillment of the Decision’s requirements.

PG&E’s comments indicated some confusion about how to treat storage resources where Resource IDs might not be specific. PG&E also pointed out that there are some discrepancies between the Resource IDs on the baseline list and the CAISO’s NQC list. In addition, in an effort to ensure equitable treatment across all load-serving entities (LSEs), PG&E sought to have all resources with contract execution dates prior to 2019 included in the baseline list.

SDG&E's comments indicated concern that the nameplate capacities listed were often actually net dependable capacity (NDC) as determined by the CAISO. SDG&E also sought to determine how a unit with expanded capacity could be counted as incremental. SDG&E also noted several inaccuracies and a long list of corrections in an appendix to their comments. Finally, SDG&E argued that the list should include mothballed units but not retired units.

SCE's comments included reference to specific plants, indicating that the Puente plant should be removed from the list, Moss Landing should be added, several pumped hydro resources should be added. SCE also included a list of its own specific contracts that should be added. Finally, SCE requested clarity for how to define "incremental" resources with respect to demand response, citing several improvements that have been made by the Commission in this area since the integrated distributed energy resource (IDER) decision and policy referenced in the Decision.

### **3. Discussion**

In response to the comments from parties summarized above, Commission staff have made several revisions to the baseline resources list, as described further in this section.

Minor corrections and updates are described in this section first, followed by more substantive and policy-oriented issues. One important clarification is that the purpose of publishing this baseline list is to identify the resources that will not be considered incremental and therefore will not count towards the reliability procurement for which each LSE is responsible based on the Decision. The list is not intended to replicate the analysis that was used to develop the total amount of additional reliability procurement specified in the Decision. That analysis was provided in the June 20, 2019 Administrative Law Judge Ruling, as

further refined and described in the Decision. Responses to the staff draft baseline list from December 2, 2019, were not intended as an opportunity to revisit the direction given in the Decision, but rather as a comment on staff's implementation of the Decision's direction.

As pointed out by some parties, there are some duplicates in the baseline list, because different data sources were combined to form the list. Some duplicates remain in the final list, to ensure that there is no confusion about whether the resource is in the baseline, and because there is no apparent harm in having duplicate information.

Next, the capacity (in megawatts (MW)) values for NDC and NQC for resources itemized in the baseline list have been updated to values in the 2019 vintages of the CAISO's Master Control Area Generating Capability List and the Commission's most recent NQC List for Resource Adequacy compliance<sup>2</sup> to the extent possible, for purposes of clearly separating baseline amounts of NDC MW or NQC MW from any new improvements to the same resource that increase the NDC or NQC. Blanks indicate the resource was not found on 2019 vintage lists, possibly because of name changes, mothballing/retirement, or the resource is still under development and therefore would not yet have a CAISO resource ID.

The specific resources suggested to be added by SCE in its comments have been added. The Puente power plant has not been deleted, though we acknowledge that the plant has not been built. Having it listed in the baseline should not cause any harm; if it were to be built in the future, the need for it would have been known well before the formation of this baseline list. In

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<sup>2</sup> Available at: <https://www.cpuc.ca.gov/WorkArea/DownloadAsset.aspx?id=6442463337>.

general, the baseline list does not attempt to address the impact of resources that are listed in the baseline but may suffer contract failure.

Commission staff also scrubbed the list for any inaccuracies noted by parties, and made those amendments as necessary.

The remainder of this discussion section addresses the more complex concerns raised by parties in their comments.

With respect to the distinctions between nameplate MW, NDC, and NQC, Commission staff originally listed resources with their nameplate capacities (or in some cases NDC) in the draft baseline list, with the sole goal of making it possible to identify the units precisely. The listed nameplate capacities, in the draft baseline list, were not originally intended as a basis for determining incrementality for purposes of modifications to existing units, but rather to indicate those units that could not be counted as incremental, unless they were physically modified to increase their capacity.

However, in response to comments from parties, the September NQC values for each unit on the baseline resources list have been added, for additional clarity, and to be used in determining incremental capacity in such cases where existing units are physically modified.

MRP also raised a reasonable point in its comments, asking for a narrative definition of what “incremental” means for purposes of fulfilling the obligations in the Decision. While the following definition may not describe every particular instance that an LSE may want to propose to count for purposes of fulfilling the Decision’s obligations, a basic definition of incremental resources is as follows:

- New resources, if they are not included in the baseline resource list in Attachment A or Attachment B to this ruling, must be newly built (first in service after January 1, 2017), and must have a new Resource ID not listed in Attachment A or B.

To be eligible as incremental, the new resource may not have been delivering power to any off-taker prior to January 1, 2017. The new resource's qualifying capacity is defined, as stated in the Decision, by its September NQC value.

- For existing resources, if the resource has an increase in its nameplate capacity after June 1, 2019, the new capacity, represented by its increased September NQC value, may be counted as incremental, provided that engineering evidence of an upgrade or a repower to the generator or the storage plant can be shown. Corrections of accounting errors or changes to deliverability status do not qualify.

Mothballed or retired units, contrary to the suggestion of some parties, are not being removed from the baseline list. Those units are still considered existing units, according to the terms of the Decision, and therefore would not be counted as incremental for purposes of fulfilling the Decision's requirements. They may be returned to service for other reasons, but still will not count for purposes of the incremental obligations in the Decision.

Similarly, in response to the comments of PG&E, new resources are not being defined by their contract execution dates, but rather by their online dates, if they are not already reflected in the baseline resource list. The main source for the baseline list, for both renewables and non-renewable generation, was the workbook titled "42 MMT [million metric ton] Core Portfolio updated to 2017 IEPR [Integrated Energy Policy Report] demand forecast,"<sup>3</sup> which was used as the basis of the modeling leading to the Preferred System Portfolio adopted in D.19-04-040.

While the timing of the development of this source data may result in some uneven treatment between similarly situated resources of different types of

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<sup>3</sup> Available at: <https://www.cpuc.ca.gov/General.aspx?id=6442451973>.

LSEs, it is impossible at this stage to go back and recreate a perfect baseline list from the past based on information that Commission did not possess at the time of conducting the original analysis that led to D.19-04-040 and subsequently the Decision. Therefore, no further modifications have been made to account for resources that may have been contracted in the very recent past but are not reflected on the baseline resource list. If resources are not on the baseline list, and came online since January 1, 2017, they may be claimed as incremental for purposes of the Decision's requirements.

For storage resources, all storage projects being used to fulfill the requirements of Assembly Bill 2514 and the Commission's subsequent storage requirements, filed with the Commission prior to June 1, 2019, and expected to be online during 2022 (as projected at the time of filing), are included in the baseline. This is consistent with the direction of the Decision; a few minor updates have been made to the data based on individual comments.

All of the baseline renewable, non-renewable, and storage resources considered in the baseline for purposes of the Decision accounting are listed in Attachment A to this ruling.

As noted by SCE, demand response resources are not explicitly listed, and the draft baseline list instructions published by Commission staff may have created confusion as to how demand response and other demand-side resources can qualify as incremental by referring to the 2018-2022 funding cycle. For purposes of clarity, this ruling is not revising the requirements of the Decision with respect to demand response or demand-side resource incrementality requirements. The Decision requires the use of D.16-12-036 as a starting point for incrementality principles for demand-side resources. SCE is correct that its Advice Letter 3620-E and resulting Resolution E-4889, as well as



Advice Letters 3904-E and 4108-E, further detail approaches to implementing D.16-12-036. SCE should utilize its subsequent matrix, represented in Appendix A to its December 9, 2019 comments. The other utilities, to the extent they have Advice Letters and Resolutions addressing this topic, should utilize any subsequent guidance that flowed from D.16-12-036 principles. Other LSEs should also look to the matrix provided by SCE as Appendix A to its December 9, 2019 comments as a guide to their procurement and method of demonstrating incrementality of demand-side resources.

Finally, with respect to questions about imported power that may qualify to meet the requirements in the Decision, Commission staff have added a tab in the Excel workbook to list all of the specified imports on the CAISO's Master Control Area Generating Capability List. Those resources, represented in Attachment B of this ruling, must be accompanied by a maximum import capability (MIC) allocation, in order to qualify to be counted. The imports may qualify according to the requirements of the Decision, which limit each LSE to counting imports for no more than 20 percent of its capacity, and utilizing contracts of at least three years in length.

**IT IS RULED** that:

1. As required by Ordering Paragraph 6 of Decision 19-11-016, the baseline resource list is finalized and adopted as Attachments A and B to this ruling.
2. Load serving entities conducting electricity resource procurement as indicated in Decision 19-11-016 may not use resources at the capacity levels listed in the Attachment A to this ruling to demonstrate incremental procurement to satisfy the capacity procurement requirements.
3. Resources that qualify as incremental according to the provisions of Decision 19-11-016 are generally defined as follows:

- (a) New resources, if they are not included in the baseline resource list in Attachment A or Attachment B to this ruling, must be newly built (first in service after January 1, 2017) and must have a new Resource ID not listed in Attachments A or B. To be eligible as incremental, the new resource may not have been delivering power to any off-taker prior to January 1, 2017. The new resource's qualifying capacity is defined by its September net qualifying capacity (NQC) value.
- (b) For existing resources, if the resource has an increase in its nameplate capacity after June 1, 2019, the new capacity, represented by its increased September NQC value, may be counted as incremental, provided that engineering evidence of an upgrade or a repower to the generator or the storage plant can be shown. Corrections of accounting errors or changes to deliverability status do not qualify.

4. Imports from the resources listed in Attachment B to this ruling may qualify as incremental capacity, according to the rules laid out in Decision 19-11-016 for import capacity, which limit the percentage for each load-serving entity and to 20 percent and specify a minimum contract length of three years.

Dated January 3, 2020, at San Francisco, California.

/s/ JULIE A. FITCH  
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Julie A. Fitch  
Administrative Law Judge