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BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of Pacific Gas and Electric Company (U39E) for Approval and Recovery of Oakland Clean Energy Initiative Preferred Portfolio Procurement Costs.

Application 20-04-013

ASSIGNED COMMISSIONER'S SCOPING MEMO AND RULING

This Scoping Memo and Ruling sets forth the issues, need for hearing, schedule, category, and other matters necessary to scope this proceeding pursuant to Public Utilities Code Section 1701.1. and Article 7 of the Commission's Rules of Practice and Procedure.

1. Procedural Background

Pacific Gas and Electric Company (PG&E) filed Application (A.) 20-04-013 for *Approval and Recovery of Oakland Clean Energy Initiative Preferred Portfolio Procurement Costs* (Application) on April 15, 2020. The Application seeks Commission approval to procure a portfolio of energy storage resources and to recover costs associated with those resources. The Application calls these resources the Oakland Clean Energy Initiative (OCEI) Preferred Portfolio Procurement (PPP).

Seven parties filed protests to the Application. The Northern California Power Agency (NCPA) filed a protest on May 15, 2020 and the Public Advocates Office (Cal Advocates), the Alliance for Retail Energy Markets and Direct Access Customer Coalition (AReM/DACC), Alameda Municipal Power (AMP), the California Efficiency+ Demand Council (Council), the Center for Energy

Efficiency and Renewable Technologies (CEERT), and Shell Energy North America (Shell Energy) filed protests on May 18, 2020. East Bay Community Energy (EBCE), the California Energy Storage Alliance (CESA) and Sierra Club filed responses to the Application on May 18, 2020. The California Large Energy Consumers Association (CLECA) and Vistra Energy Corp./Dynegy Marketing and Trade, LLC (Vistra) filed motions for party status on June 16, 2020, which the assigned Administrative Law Judge (ALJ) granted on June 17, 2020.

A Prehearing Conference (PHC) was held on June 18, 2020 to discuss the issues of law and fact, determine the need for hearing, set the schedule for resolving the matter, and address other matters as necessary. PG&E submitted supplemental testimony to the Application on June 18, 2020. On June 23, 2020, AMP filed a post-PHC statement.

After considering the seven Application protests, three Application responses, discussion at the PHC, PG&E's Supplemental Testimony, and AMP's post-PHC statement, I have determined the issues and initial schedule of the proceeding to be set forth in this scoping memo.

2. Issues

The issues to be determined are:

1. Should the Commission approve the two Local Area Reliability Service (LARS) Agreements resulting from the OCEI Request for Offers (RFO) for energy storage locational attributes at the Oakland C and Oakland L substations?
2. Will the portfolio of projects proposed by PG&E meet the local sub area reliability need in the areas served by the Oakland C and Oakland L substations, effectively addressing the need identified by the California Independent System Operator (CAISO), as amended most recently in the CAISO's 2019-2020 Transmission Plan? In its review, the Commission may consider the following

factors and other relevant information that arises during the course of the proceeding:

- a. For how long will PG&E's proposed OCEI portfolio of projects meet the identified local sub area reliability need?
- b. Are the LARS Agreements' 10-year contract term lengths supported by need beyond 2024? Are the LARS Agreements a bridge to or a component of a strategy to meet long-term reliability needs, and is this a reasonable approach?
- c. Does or will the PG&E and AMP Operating Agreement provide PG&E the rights to undertake the load shifting transactions contemplated by PG&E as part of its Application? When considering this, the Commission may consider the following factors and other relevant information that arises during the course of the proceeding:
 - i. Whether an AMP load shifting obligation is necessary for the OCEI solution to address the identified reliability need? If so, how much load shifting is necessary and what are the peak loading conditions and various contingency events that could trigger OCEI reliance on an AMP load shifting obligation?
 - ii. What does or will PG&E's bilateral Operating Agreement with AMP provide for with respect to a load shifting obligation?
 - iii. Has the CAISO evaluated and approved the proposed transferring of AMP load between the identified substations for the OCEI project?
 - iv. How might the absence of the contemplated AMP load shift capability affect the benefits ratepayers receive from the proposed LARS contracts?
 - v. Will there be additional costs to PG&E to secure a load shift obligation from AMP? If so, what are

these costs, and will they accrue to PG&E ratepayers?

- vi. Should the Commission consider any other relevant factors in reaching its determination?
 - d. Are the energy storage resources in the OCEI portfolio necessary to ensure system reliability and not just local or sub area reliability?
3. Given the recent increase in the Greater Bay Area local requirements (reflected in the 2021 CAISO technical Local Capacity Resource study), does PG&E now have projected need for Resource Adequacy (RA) in the Greater Bay Area over the course of the 10-year LARS contract? How do the LARS agreements differ from procurement of RA? Could additional RA procurement in the Greater Bay Area change the proposed value of the OCEI PPP solution? Would an alternative procurement have additional ratepayer cost advantages?
 4. Are the costs of the LARS Agreements reasonable and should PG&E be authorized to recover the costs, subject to review of PG&E's administration of the contract? In its review, the Commission may consider the following factors and other relevant information that arises during the course of the proceeding:
 - a. Will, and to what extent, does the OCEI solution supplement or replace in its entirety the reliability benefits currently provided by the Dynegy Oakland Power Plant, including the RA credits currently supplied through the existing reliability-must-run (RMR) contract?
 - b. To determine the comprehensive cost efficiency of the proposed solution to the Oakland Power Plant retirement, should the cost of the EBCE RA agreements associated with the OCEI energy storage projects be considered alongside the cost of the LARS agreements?

- c. Will the LARS contracts eliminate all ratepayer costs associated with the current RMR contract, considering the cost of any necessary RA capacity replacement?
 - d. Should any PG&E current or projected RA costs in the greater Bay Area over the 10-year LARS contract period be considered as part of RMR replacement costs?
 - e. How should the LARS product be valued, and does it provide reasonable value, commensurate with the cost of the product, to PG&E and its ratepayers?
 - f. Are PG&E's proposed LARS Agreement costs more cost-effective than alternative solutions?
5. Do the LARS Agreements comply with relevant Public Utility Code Sections, Commission decisions, and state policy goals?
 - a. Are the LARS Agreements required to comply with Sections 2835 and 2836.6 regarding energy storage contracts and Decision (D.) 18-01-003 regarding multiple use application rules and D.16-09-007, and if so, do they?
 - b. Does PG&E's proposed cost recovery mechanism, the Cost Allocation Mechanism (CAM), comply with Section 365.1(c)?
 - c. Will the OCEI have a positive impact on greenhouse gas and criteria pollutant emissions?
6. Was the RFO selection process properly and reasonably conducted?
 - a. Have potential safety risks been adequately reduced, managed, and addressed?
 - b. Is the project timeline provided by PG&E feasible?
7. Should the Commission authorize PG&E to recover the procurement costs associated with the OCEI preferred resources in rates through the CAM, or some other mechanism, for the full term of the respective agreements?

- a. In its review, the Commission may consider how the benefits of the LARS procurement should be allocated.

3. Need for Evidentiary Hearing

This Commission preliminarily determined that evidentiary hearings may be needed. After reviewing the protests, PHC and post-PHC statements, I have determined that issue 2.c. is a contested material issue of fact. There may be other contested material issues of fact. Accordingly, evidentiary hearing may be needed and the proceeding schedule provides for this.

4. Settlement Conference

Prior to evidentiary hearings, the Applicant shall schedule a settlement conference in the proceeding with notice of the settlement meeting served on each party. The settlement conference may be in person or via teleconference. Participation in the settlement conference is not mandatory for the non-applicant parties but participation is required for the Applicant. The Commission encourages parties to participate.

5. Schedule

The following schedule is adopted here and may be modified by the ALJ as required to promote the efficient and fair resolution of the Application:

Event	Date
Prehearing Conference	June 18, 2020
Intervenors’ prepared direct testimony served	August 17, 2020
Prepared rebuttal testimony served	August 31, 2020
Last date for required Settlement Conference	September 13, 2020
Report on any Settlement Agreement discussions Last date for Motion to strike testimony prior to Evidentiary Hearing	September 14, 2020

Evidentiary hearing	September 21, 2020
Last date to complete any Settlement Agreement discussions	September 30, 2020
Opening briefs	October 12, 2020
Reply briefs	October 26, 2020
Proposed decision	December, 2020
Commission decision	January 2021

The organization of prepared testimony and briefs must correlate to the identified issues.

The proceeding will stand submitted upon the filing of reply briefs unless the ALJ requires further evidence or argument. Based on this schedule, the proceeding will be resolved within 18 months as required by Public Utilities Code section 1701.5.

6. Alternative Dispute Resolution Program and Settlements

The Commission's Alternative Dispute Resolution (ADR) program offers mediation, early neutral evaluation, and facilitation services, and uses ALJs who have been trained as neutrals. At the parties' request, the assigned ALJ can refer this proceeding to the Commission's ADR Coordinator. Additional ADR information is available on the Commission's website.¹

Any settlement between parties, whether regarding all or some of the issues, shall comply with Article 12 of the Rules and shall be served in writing. Such settlements shall include a complete explanation of the settlement and a complete explanation of why it is reasonable in light of the whole record, consistent with the law and in the public interest. The proposing parties bear the

¹ See D.07-05-062, Appendix A, § IV.O.

burden of proof as to whether the settlement should be adopted by the Commission.

The schedule set forth in this Scoping Memo includes a date for the completion of settlement talks. No later than this date, the parties will submit to the assigned ALJ a status report of their efforts, identifying agreements reached and unresolved issues requiring hearing.

7. Category of Proceeding and Ex Parte Restrictions

This ruling confirms the Commission's preliminary determination² that this is a ratesetting proceeding. Accordingly, ex parte communications are restricted and must be reported pursuant to Article 8 of the Rules.

8. Public Outreach

Pursuant to Public Utilities Code Section 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 that is served on communities and business that subscribe to it and posted on the Commission's website.

9. Intervenor Compensation

Pursuant to Public Utility Code section 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 18, 2020, 30 days after the prehearing conference.

10. Response to Public Comments

Parties may, but are not required to, respond to written comments received from the public. Parties may do so by posting such response using the

² Resolution ALJ-3460 at 3.

“Add Public Comment” button on the “Public Comment” tab of the online docket card for the proceeding.

11. 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 866-836-7825 (TYY), or send an e-mail to public.advisor@cpuc.ca.gov.

12. Filing, Service, and Service List

The official service list has been created and is on the Commission’s website. Parties should confirm that their information on the service list is correct and serve notice of any errors on the Commission’s Process office, the service list, and the ALJ. Persons may become a party pursuant to Rule 1.4.

When serving any document, each party must ensure that it is using the current official service list on the Commission’s website.

This proceeding will follow the electronic service protocol set forth in Rule 1.10. All parties to this proceeding shall serve documents and pleadings using electronic mail, whenever possible, transmitted no later than 5:00 p.m., on the date scheduled for service to occur. Rule 1.10. requires service on the ALJ of both an electronic and a paper copy of filed or served documents. 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.

Persons who are not parties but wish to receive electronic service of documents filed in the proceeding may contact the Process Office at process_office@cpuc.ca.gov to request addition to the “Information Only” category of the official service list pursuant to Rule 1.9.(f).

13. 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 ALJ.

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.

14. Assignment of Proceeding

Commissioner Genevieve Shiroma is the Assigned Commissioner, and Cathleen A. Fogel is the assigned ALJ and 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 set forth above.
3. Evidentiary hearing may be needed.
4. The presiding officer is Administrative Law Judge Cathleen A. Fogel.

5. The category of the proceeding is ratesetting.

This order is effective today.

Dated July 14, 2020, at San Francisco, California.

/s/ GENEVIEVE SHIROMA

Genevieve Shiroma
Assigned Commissioner