



COM/LR1/mef 12/11/2020

**FILED**  
12/11/20  
10:56 AM

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

Order Instituting Rulemaking to Oversee the Resource Adequacy Program, Consider Program Refinements, and Establish Forward Resource Adequacy Procurement Obligations.

Rulemaking 19-11-009

**ASSIGNED COMMISSIONER'S AMENDED  
TRACK 3B AND TRACK 4 SCOPING MEMO AND RULING**

This Amended Scoping Memo and Ruling amends the previously issued Scoping Memo and Ruling in this proceeding to modify the scope and schedule of Track 3B and designate the scope and schedule of Track 4. Except as expressly set forth in this Amended Scoping Memo and Ruling, the terms of the previously issued Scoping Memo and Ruling remain unchanged.

**1. Background**

The Assigned Commissioner's Scoping Memo and Ruling (Scoping Memo), issued on January 22, 2020, divided the proceeding into Tracks 1, 2, 3, and 4. The Scoping Memo stated that Track 4 "will consider the 2022 program year requirements for System and Flexible [Resource Adequacy (RA)], and the 2022-2024 Local RA requirements."<sup>1</sup> Track 4 would also include "[o]ther modifications and refinements to the Commission's RA program, as identified in proposals by parties or Energy Division...."<sup>2</sup> The Scoping Memo

---

<sup>1</sup> Scoping Memo at 8.

<sup>2</sup> *Id.*

stated that the schedule and scope for Track 4 would be established in a later Scoping Memo.

On July 7, 2020, the assigned Commissioner issued the Amended Track 3.A and Track 3.B Scoping Memo and Ruling that set forth the schedule and scope of Track 3.B. Track 3.A issues were addressed in Decision (D). 20-12-006.

## **2. Track 3B**

### **2.1. Track 3B Issues and Calendar**

In the July 7, 2020 Amended Scoping Memo, the following issues were designated as Track 3B:

1. Examination of the broader RA capacity structure to address energy attributes and hourly capacity requirements, given the increasing penetration of use-limited resources, greater reliance on preferred resources, rolling off of a significant amount of long-term tolling contracts held by utilities, and material increases in energy and capacity prices experienced in California over the past years.
2. Other structural changes or refinements to the RA program identified during Track 1 or Track 2, including:
  - a. Incentives for load-serving entities that are deficient in year-ahead RA filings, as discussed in D.20-06-031.
  - b. Multi-year system and flexible RA requirements, as stated in D.20-06-002.
  - c. Refinements to the [Maximum Cumulative Capacity (MCC)] buckets adopted in D.20-06-031.
3. Other time-sensitive issues identified by Energy Division or by parties.

A September 23, 2020, Administrative Law Judge (ALJ) Ruling modified the Track 3B schedule, as follows:

<b>TRACK 3B CALENDAR</b>	
<b>Event</b>	<b>Date</b>
Workshop on draft Track 3B proposals submitted August 7, 2020	November 2020
Revised Track 3B proposals due	December 18, 2020
Comments on revised Track 3B proposals due	January 15, 2021
Workshop on revised Track 3B proposal	February 2021
Second revised Track 3B proposals and comments on additional process due	March 9, 2021
Proposed decision on Track 3B and Track 4	May 2021

## **2.2. Modified Track 3B Issues**

After consideration of the number of issues scoped in Track 3B, as well as Track 4, prior to a June 2021 decision, it is necessary to adjust the scope of Track 3B and divide Track 3B into two sub-tracks to separate the larger structural changes that may require additional process following the June 2021 decision, from other interim changes.

The January 22, 2020 Scoping Memo deemed some Track 3 issues to be “more complex and somewhat less time-sensitive structural changes and refinements to the RA program.”<sup>3</sup> In this Amended Scoping Memo and Ruling (Amended Scoping Memo), these structural changes are designated as Track 3B.2. Track 3B.2 issues will be addressed in a June 2021 decision, as specified below, and further implementation details will be addressed in a future decision. Other issues previously scoped as Track 3B will be designated as Track 3B.1.

---

<sup>3</sup> Scoping Memo and Ruling at 7.

### **2.2.1. Track 3B.1 Scope**

As such, the scope of Track 3B.1 includes the following issues:

1. Incentives for load-serving entities that are deficient in year-ahead RA filings, as discussed in D.20-06-031.
2. Refinements to the MCC buckets adopted in D.20-06-031.
3. Other time-sensitive issues identified by Energy Division or by parties, which may include, but are not limited to, the August 7, 2020 proposals submitted into the proceeding (other than issues specifically designated as Track 3B.2).

### **2.2.2. Track 3B.2 Scope**

The scope of Track 3B.2 includes the following issues:

1. Examination of the broader RA capacity structure to address energy attributes and hourly capacity requirements, given the increasing penetration of use-limited resources, greater reliance on preferred resources, rolling off of a significant amount of long-term tolling contracts held by utilities, and material increases in energy and capacity prices experienced in California over the past years.
  - a. Specifically, address the direction the Commission intends to move in with respect to larger structural changes (e.g., capacity construct addressing energy attributes and reliance on resource use-limitations, forward energy requirement construct). Set forth the necessary milestones and additional details that must be determined in order to implement the adopted direction for a compliance year no earlier than 2023.
  - b. Multi-year system and flexible RA requirements, as stated in D.20-06-002.

We recognize that certain issues may be considered broader structural changes to the RA program that are now included in Track 3B.1, or that certain issues in Track 3B.1 may overlap with issues in Track 3B.2. In order to efficiently

manage the proceeding, however, it is necessary to designate the issues as outlined above.

**2.3. Track 3B.1 and 3B.2 Calendar**

The Track 3B.1 calendar will align with the Track 4 calendar, as set forth below:

<b>TRACK 3B.1 CALENDAR</b>	
<b>Event</b>	<b>Date</b>
Revised Track 3B.1 proposals due*	January 28, 2021
Workshops on revised Track 3B.1 proposals	Mid - late February 2021
Comments on Track 3B.1 proposals	March 12, 2021
Reply comments on Track 3B.1 proposals	March 26, 2021
Proposed Decision on Track 3B.1	May 2021

\* Parties need not resubmit their August 7, 2020 Track 3B proposals (now designated as Track 3B.1) unless a party is revising its Track 3B proposal.

The Track 3B.2 calendar is set forth below, as follows:

<b>TRACK 3B.2 CALENDAR</b>	
<b>Event</b>	<b>Date</b>
Revised Track 3B.2 proposals due*	December 18, 2020
Comments on Track 3B.2 proposals	January 15, 2021
Workshop on revised Track 3B.2 proposals	Early - mid February 2021
Second revised Track 3B.2 proposals due	February 26, 2021
Comments on Track 3B.2 proposals	March 12, 2021
Reply comments on Track 3B.2 proposals	March 23, 2021
Proposed Decision on Track 3B.2	May 2021

\* Parties need not resubmit their August 7, 2020 Track 3B proposals (now designated as Track 3B.2) unless a party is revising its Track 3B proposal.

In revised Track 3B.2 proposals, due December 18, 2020, parties may also comment on the Track 3B.2 schedule and process as provided in this Amended Scoping Memo.

### **3. Track 4**

#### **3.1. Track 4 Issues**

Track 4 consists of the Commission's consideration of system and flexible RA capacity requirements for the following year, and the local RA capacity requirements for the next three years. We also consider other time-sensitive refinements to the RA program. Track 4 is expected to conclude by the end of June 2021.

The issues within the scope of Track 4 are as follows:

1. Adoption of the 2022-2024 Local Capacity Requirements (LCR).
  - a. The California Independent System Operator (CAISO) performs an annual LCR study, which is submitted into the RA proceeding and used to adopt local RA requirements for the next three compliance years. For Track 4, this will be for the 2022-2024 compliance years. The draft CAISO LCR study will be submitted to the Commission on approximately April 2, 2021 and the final LCR study will be submitted on approximately April 30, 2021. The schedule anticipates that the Commission will issue a decision by the end of June 2021 so that jurisdictional load-serving entities (LSEs) will have sufficient time to obtain the resources to meet their local RA procurement requirements for 2022-2024.
  - b. Evaluation of the CAISO's updated LCR reliability criteria. D.20-06-031 set forth a working group process to evaluate and provide recommendations on the following issues:

- i. Evaluation of the newly adopted CAISO reliability criteria in relation to NERC and WECC mandatory reliability standards;
  - ii. Interpretation and implementation of CAISO's reliability standards, mandatory NERC and WECC reliability standards, and the associated reliability benefits and costs;
  - iii. Benefits and costs of the change from the old reliability criteria "Option 2/Category C" to CAISO's newly adopted reliability criteria;
  - iv. Potential modifications to the current LCR timeline or processes to allow more meaningful vetting of the LCR study results;
  - v. Inclusion of energy storage limits in the LCR report and its implications on future resource procurement; and
  - vi. How best to address harmonize the Commission's and CAISO's local resource accounting rules.
2. Adoption of the 2022 Flexible Capacity Requirements (FCR).
  - a. Similar to the LCR process, the CAISO performs an annual FCR study, which is used to adopt flexible RA requirements for the following compliance year. The final FCR study will be submitted by approximately April 30, 2021. The schedule anticipates that the Commission will issue a decision by the end of June 2021 so that jurisdictional LSEs have sufficient time to obtain the resources to meet their flexible RA procurement requirements for 2022.
3. Adoption of 2022 System RA requirements. The Commission imposes a system requirement based on the California Energy Commission's (CEC) 1-in-2 monthly load forecast, plus 15 percent planning reserve margin. Absent any alternative proposals, this framework is expected to continue for the 2022 RA program year.

4. Other refinements to the RA program:
  - a. Capacity values for Behind-the-Meter (BTM) hybrid storage/solar resources. On November 24, 2020, a joint agency workshop was held between the Commission, CEC, and the CAISO, as directed by D.20-06-031. The workshop covered the steps necessary to establish capacity values for BTM hybrid storage/solar resources.
  - b. Demand Response Working Group Report on Load Impact Protocol and Qualifying Capacity recommendations, as directed in D.20-06-031.
  - c. Other time-sensitive issues identified by Energy Division or by parties in proposals.

**3.2. Track 4 Calendar**

The Track 4 calendar aligns with the Track 3B.1 calendar, as provided below. The calendar also includes the submission of the LCR Working Group Report, as directed in D.20-12-006.

<b>TRACK 4 CALENDAR - excluding LCR/FCR reports</b>	
Draft LCR Working Group Report and/or proposals due	January 22, 2021
Track 4 proposals due	January 28, 2021
Final LCR Working Group Report and/or proposals due	February 12, 2021
Workshop on Track 4 proposals	Mid - late February 2021
Comments on proposals and Working Group Report	March 12, 2021
Reply comments on proposals and Working Group Report	March 26, 2021
Proposed Decision on Track 4	May 2021



<b>TRACK 4 CALENDAR - including LCR/FCR reports</b>	
CAISO files draft 2021 LCR and FCR Reports	April 2, 2021
Comments on draft 2021 LCR and FCR Reports	April 12, 2021
CAISO files final 2021 LCR and FCR Reports	April 30, 2021
Comments on final 2021 LCR and FCR Reports	May 7, 2021
Reply comments on final 2021 LCR and FCR Reports	May 11, 2021

The assigned Commissioner or assigned ALJ may modify the schedule as necessary to promote the efficient management and fair resolution of this proceeding.

**IT IS RULED** that:

1. The scope of Track 3B.1, Track 3B.2, and Track 4 of this proceeding is set forth above.
2. The schedule for Track 3B.1, Track 3B.2, and Track 4 is set forth above.
3. Except as expressly set forth in this Amended Scoping Memo, the terms of the previously issued Scoping Memo and Ruling remain unchanged.

Dated December 11, 2020 at San Francisco, California.

/s/ LIANE M. RANDOLPH

Liane M. Randolph  
Assigned Commissioner