



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

FILED
08/06/21
01:28 PM

Order Instituting Rulemaking to Establish
Policies, Processes, and Rules to Ensure
Reliable Electric Service in California in the
Event of an Extreme Weather Event in 2021.

Rulemaking 20-11-003

**COMMENTS OF SOUTHERN CALIFORNIA EDISON COMPANY (U 338-E) ON
EMAIL RULING SEEKING RESPONSES REGARDING A PROPOSED AMENDED
SCOPE AND SCHEDULE TO ADDRESS RELIABILITY ISSUES IN 2022 AND 2023**

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Dated: **August 6, 2021**

COMMENTS OF SOUTHERN CALIFORNIA EDISON COMPANY (U 338-E) ON EMAIL RULING SEEKING RESPONSES REGARDING A PROPOSED AMENDED SCOPE AND SCHEDULE TO ADDRESS RELIABILITY ISSUES IN 2022 AND 2023

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Pursuant to Administrative Law Judge Stevens’ *Email Ruling Seeking Responses Regarding a Proposed Amended Scope and Schedule to Address Reliability Issues in 2022 and 2023*, dated August 2, 2021 (“Ruling”), Southern California Edison Company (“SCE”) respectfully submits these comments to the California Public Utilities Commission (“Commission”).

I.

INTRODUCTION

SCE remains firmly committed to partnering with the state to achieve California’s 2030 and 2045 decarbonization goals while providing safe, affordable, and reliable electric service. SCE is pleased with the release of Governor Newsom’s *California’s Electricity System of the Future* document and the associated Emergency Proclamation,¹ which together underscore the state’s commitment to a clean energy future and the need for immediate action for California’s near-term summer needs, to rapidly deploy new clean energy and storage projects, and to start a

¹ See Governor Gavin Newsom, *California’s Electricity System of the Future*, July 2021, available at: <https://www.gov.ca.gov/wp-content/uploads/2021/07/Electricity-System-of-the-Future-7.30.21.pdf>; Governor Gavin Newsom, Proclamation of a State of Emergency, July 30, 2021 (“Emergency Proclamation”), available at: <https://www.gov.ca.gov/wp-content/uploads/2021/07/Energy-Emergency-Proc-7-30-21.pdf>.

new state-funded demand response (“DR”) program. SCE stands ready to work with the Commission to help implement the Governor’s directives.

The Ruling proposes an amended scope for this Emergency Reliability proceeding, including several issues related to increasing supply of peak and net peak resources in 2022 and 2023 and reducing peak and net peak demand in 2022 and 2023. The Ruling also proposes an expedited schedule for resolving these issues with guidance for party proposals and staff proposals released in mid-August 2021, testimony and briefs due in September 2021, a proposed decision by October 29, 2021, and a final decision by November 18, 2021. As discussed below, SCE recommends some adjustments to the scope and schedule to prioritize those actions that are mostly likely to produce meaningful near-term reliability benefits and avoid duplication of efforts with ongoing proceedings, processes, and mechanisms. This prioritization is critical given the many actions already being taken to address summer reliability and the extremely expedited schedule for this portion of the proceeding.

With respect to the supply-side issues in the proposed amended scope, SCE has concerns with expedited consideration of additional supply-side procurement for summer 2023 given the Emergency Proclamation’s focus on 2021 and 2022, the lack of a demonstrated reliability need in 2023 in past system analyses conducted in the Integrated Resource Planning (“IRP”) proceeding, and the significant amount of procurement already being conducted by load-serving entities (“LSEs”) that is expected to come online by summer 2023 – at least 5,300 MW based on existing IRP procurement requirements. The Commission should avoid duplicating need analyses, procurement authorizations, or processes to consider changes to the planning reserve margin (“PRM”) and Resource Adequacy (“RA”) requirements that are already ongoing in the IRP, RA, or other proceedings. The Commission has also already authorized the investor-owned utilities (“IOUs”) to procure incremental capacity for summer 2021 and summer 2022 in this proceeding. As such, several of the issues in the proposed amended scope have already been addressed or are being considered by the Commission in other venues. To the extent the Commission does consider additional supply-side procurement in this proceeding, it should

include consideration of new utility-owned storage and enhancements to existing utility-owned resources as potential options to meet those procurement needs.

Regarding the demand-side issues in the proposed amended scope, the Commission should postpone the due date of SCE's 2023-2027 DR Portfolio Application and authorize bridge year funding for 2023 in this proceeding to avoid duplicative and inefficient consideration of SCE's 2023 DR portfolio in two different venues. SCE also recommends that the Commission not include Flex Alert or rate structures in the amended scope of this proceeding.

Finally, the Commission should bifurcate the schedule for supply-side and demand-side issues and provide an additional month in the schedule for addressing actions to reduce peak and net demand to allow SCE and the other IOUs sufficient time to support implementation of Governor Newsom's state-funded DR program for this year.

II.

SUPPLY-SIDE ISSUES REGARDING INCREASING PEAK AND NET PEAK RESOURCES IN 2022 AND 2023

The Ruling states the amended scoping ruling will initiate the process to ensure there is adequate supply to achieve electric system reliability in 2022 and 2023, including consideration of, among other issues, “[e]xpedited resource procurement,” “[u]pdates to resource adequacy requirements,” “[a]nalysis of need,” “[e]xpedited Integrated Resource Plan procurement,” and “[p]lanning reserve margin adjustment for 2023.”

As the Ruling notes, Governor Newsom issued the Emergency Proclamation to “free up energy supply to meet demand during extreme heat events and wildfires that are becoming more intense and to expedite deployment of clean energy resources *this year and next year*.”² The Emergency Proclamation directs the California Energy Commission (“CEC”), and requests that the Commission and the California Independent System Operator (“CAISO”) “work with the State's load serving entities on accelerating plans for the construction, procurement, and rapid

² Emphasis added.

deployment of new clean energy and storage projects to mitigate the risk of capacity shortages and increase the availability of carbon-free energy at all times of day.”³ The directives in the Emergency Proclamation are focused on 2021 and 2022, and do not specifically address 2023.

LSEs are already procuring a substantial amount of resources expected to be online by summer 2023 under existing procurement authorizations in the IRP proceeding, including 3,300 MW pursuant to Decision (“D.”) 19-11-016 to be online by August 1, 2023⁴ and an additional 2,000 MW to be online by August 1, 2023 that was recently required in D.21-06-035.⁵ Under Commission staff’s stack analysis of CAISO system needs in the IRP proceeding, there was no reliability need in 2023 under any scenario⁶ and the once-through cooling units and Diablo Canyon will continue to operate in 2023. Indeed, in D.21-06-035, the Commission acknowledged parties’ concerns that a reliability need was not shown in 2023 and that a large amount of accelerated procurement for 2023 may increase costs and decrease procurement flexibility, and thus reduced the accelerated procurement required by August 1, 2023 from 3,000 MW in the proposed decision to 2,000 MW in the final decision.⁷ Based on the lack of any demonstrated system reliability need for summer 2023 in past analyses and the significant incremental capacity already expected to be online by summer 2023, SCE is concerned with the proposal to consider additional expedited procurement for summer 2023 in this proceeding, especially given the urgency for 2022 and the need to act on demand-side resources. Moreover, an accelerated schedule is not likely to allow for a robust analysis of system reliability needs for 2023 or to provide enough time for meaningful stakeholder feedback on that analysis.

³ Emergency Proclamation at Ordering Paragraph (“OP”) 2.

⁴ See D.19-11-016 at OP 3. Under D.19-11-016, 50 percent of this procurement is required to be online by August 1, 2021 and 75 percent by August 1, 2022. See *id.*

⁵ See D.21-06-035 at OP 1. In D.21-06-035, the Commission also required LSEs to procure an additional 6,000 MW to be online by June 1, 2024, an additional 1,500 MW online by June 1, 2025, and an additional 2,000 MW online by June 1, 2026. See *id.*

⁶ See *id.* at 21, 25.

⁷ See *id.* at 24-25, 82.

Additionally, Commission staff, in coordination with the CEC, is already conducting additional system need analysis in preparation for the IRP Preferred System Portfolio decision. Moreover, Commission staff is conducting a loss of load expectation study that could inform future changes to the PRM and increased RA requirements for 2023 in the RA proceeding.⁸ The Commission should not duplicate those efforts in this proceeding, especially in light of the current scope and accelerated timelines.

Further, in this proceeding, the Commission has already established mechanisms for ongoing incremental procurement for summer 2022. In D.21-02-028, the Commission required the IOUs to contract for incremental capacity available to serve peak and net peak demand in the summer of 2021 on behalf of all benefitting customers, which could include procurement that met summer 2021 needs and future procurement needs.⁹ In accordance with that decision, SCE procured incremental capacity for summer 2021, some of which also provides incremental capacity in summer 2022 and summer 2023.¹⁰ In addition, in D.21-03-056, the Commission directed the IOUs to continue their procurement efforts and endeavor to meet and exceed their respective incremental procurement targets to achieve an “effective” increase in the PRM from 15 percent to 17.5 percent for the months of May through October 2021 and 2022.¹¹ The IOUs are encouraged to exceed their respective targets by up to 50 percent, known as the upper end target.¹² As such, there is already a process for procuring incremental capacity for summer 2022 on behalf of all benefitting customers and the Commission should be careful not to duplicate those efforts in this phase of the proceeding.

⁸ See D.21-06-029 at 19.

⁹ See D.21-02-028 at OP 1-3.

¹⁰ See SCE Advice 4415-E, approved effective March 18, 2021.

¹¹ See D.21-03-056 at OP 14, Attachment 1 at 20-22.

¹² See *id.*, Attachment 1 at 20-21. The decision clarifies that the upper end target is a “soft cap” for all resources, including non-RA resources such as DR programs authorized in the Emergency Reliability proceeding, but is a “hard cap” for incremental supply-side generation and in-front-of-the meter storage resources. See *id.*

Lastly, the Commission should consider new utility-owned storage and enhancements to existing utility-owned resources as an option for meeting any procurement need that is identified in this proceeding. These resources could be a promising option for meeting near-term supply-side procurement needs and they should be considered within the scope of this phase of the proceeding, along with processes to expedite the development of such utility-owned resources (e.g., eliminating the application requirement for utility-owned resources adopted in D.21-06-035).

III.

DEMAND-SIDE ISSUES REGARDING REDUCING PEAK AND NET PEAK DEMAND IN 2022 AND 2023

The Ruling also states the amended scoping ruling will initiate the process to ensure there is adequate demand management to achieve electric system reliability in 2022 and 2023, including consideration of, among other issues, “Flex Alert,” “Critical Peak Pricing,” “Emergency Load Reduction Program Pilot,” “[m]odifications to existing demand response programs,” “[o]ther opportunities to reduce demand,” and “[r]ate [s]tructures.”

If the Commission intends to evaluate proposals to decrease energy demand during peak and net peak demand hours in 2023 in this proceeding, including considering modifications to existing DR programs and other opportunities to reduce demand, SCE recommends the Commission postpone the due date of the 2023 DR Portfolio Application for six months, or until May 1, 2022. In D.17-12-003, the Commission directed SCE to file its 2023-2027 DR Portfolio Application by November 1, 2021.¹³ However, if this proceeding will be evaluating refinements and modifications to SCE’s DR portfolio for 2023, it would be duplicative and inefficient to evaluate refinements and modifications to SCE’s DR portfolio for 2023 in both this proceeding and SCE’s 2023-2027 DR Portfolio Application. Accordingly, it would be prudent for the Commission to authorize a bridge year for SCE’s 2023 DR portfolio in this proceeding, which

¹³ See D.17-12-003 at OP 61.

would also include the funding authorized in D.21-03-056, so that the Commission can evaluate SCE's 2023 DR proposals holistically in one proceeding and then evaluate SCE's 2024-2027 DR portfolio in a separate application.

Additionally, SCE recommends the Commission not include Flex Alert as part of the amended scope in the proceeding for further refinements and modifications. In D.21-03-056, the Commission required SCE to do a performance assessment during year two (2022) covering both process and impact of the Flex Alert campaign authorized in that decision.¹⁴ Since SCE has not yet conducted the performance assessment to evaluate the Flex Alert campaign, SCE suggests the Commission focus on new DR programs (i.e., Emergency Load Reduction Program Pilot and the Governor's DR program) and enhancements to existing programs to grow customer participation. Similarly, SCE does not recommend including rate structures as part of the amended scope of the proceeding. SCE's current time-of-use rate structures are already designed to discourage energy use during net peak hours and would be more appropriately considered in a rate design proceeding.

IV.

THE COMMISSION SHOULD BIFURCATE THE SCHEDULE FOR SUPPLY-SIDE ISSUES AND DEMAND-SIDE ISSUES

SCE is generally supportive of the aggressive schedule proposed in the Ruling. However, SCE suggests that the Commission bifurcate the schedule for supply- and demand-side issues so that consideration of actions to reduce peak and net peak demand for 2022 and 2023 can be postponed for one month to allow SCE and the other IOUs to support development and implementation of the state DR program to respond to extreme heat events in Governor Newsom's Emergency Proclamation as soon as possible. Under SCE's proposed amended schedule, issues related to increasing peak and net peak resources will remain on the aggressive schedule proposed in the Ruling. Issues related to reducing peak and net peak demand also

¹⁴ See D.21-03-056, Attachment 1 at 1.

remain on an expedited schedule, but the revised schedule will allow for more time to implement the state DR program before demand-side issues are considered in this proceeding. SCE has developed a proposed schedule, shown in the table below, reflecting activities identified in the Ruling.

Event	Ruling Schedule	Propose Schedule for Demand-Side Issues
Preliminary ruling issued	August 2, 2021	August 2, 2021
Scoping Ruling	Early 2 nd week of August	Early 2 nd week of August
Guidance to parties for party proposals	Early 2 nd week of August	Early 3 rd week of August
Staff proposals released to parties	August 16, 2021	August 23, 2021
Opening testimony	September 1, 2021	October 1, 2021
Reply testimony	September 10, 2021	October 12, 2021
Opening legal and policy briefs	September 20, 2021	October 19, 2021
Reply legal and policy briefs	September 27, 2021	October 25, 2021
Proposed Decision	October 29, 2021	November 26, 2021
Final Decision	November 18, 2021	December 16, 2021

Respectfully submitted,

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August 6, 2021