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Ratesetting

TO PARTIES OF RECORD IN RULEMAKING 18-07-003:

This is the proposed decision of Administrative Law Judges Manisha Lakhanpal and Carolyn Sisto. 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 January 13, 2022 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).

/s/ ANNE E. SIMON

Anne E. Simon

Chief Administrative Law Judge

AES:lil

Attachment

Decision **PROPOSED DECISION OF ALJS LAKHANPAL AND SISTO**
(Mailed 12/10/2021)

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking to Continue
Implementation and Administration, and
Consider Further Development, of California
Renewables Portfolio Standard Program.

Rulemaking 18-07-003

**DECISION ON 2021 RENEWABLES PORTFOLIO
STANDARD PROCUREMENT PLANS**

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APPENDIX A - Required Updates in Final 2021 RPS Plans.

DECISION ON 2021 RENEWABLES PORTFOLIO STANDARD PROCUREMENT PLANS

Summary

Today's Decision adopts, with modifications, the draft 2021 Renewables Portfolio Standard Procurement Plans (RPS Plans) of the following retail sellers:¹

1. The large Investor-Owned Utilities (IOU) the Commission regulates: Pacific Gas and Electric Company (PG&E), Southern California Edison Company (SCE), and San Diego Gas & Electric Company (SDG&E).
2. The Small and Multi-jurisdictional Utilities (SMJU) under our jurisdiction: Bear Valley Electric Company (BVES or Bear Valley) and Liberty Utilities (CalPeco Electric), LLC (Liberty). PacifiCorp, d/b/a Pacific Power (PacifiCorp) is required to file an Integrated Resource Plan and an "On-Year supplement" that provides additional information relevant to the RPS program.
3. Community Choice Aggregators (CCA): Apple Valley Choice Energy; City of Baldwin Park; Central Coast Community Energy;² City of Palmdale; City of Pomona; City of Santa Barbara; Clean Energy Alliance; Clean Power Alliance; CleanPowerSF; Desert Community Energy; East Bay Community Energy; King City Community Power; Lancaster Choice Energy; Marin Clean Energy; Orange County Power Authority; Peninsula Clean Energy; Pico Rivera Innovative Municipal Energy; Pioneer Community Energy; Rancho Mirage Energy Authority; Redwood Coast Energy Authority; San Diego Community Power; San Jacinto Power; San José Clean Energy; Silicon Valley

¹ "Retail sellers" are defined in Public Utilities Code Section 399.12(j), and include electrical corporations, community choice aggregators (CCAs) and energy service providers (ESPs). CCAs and ESPs are required to "participate in the [RPS] program subject to the same terms and conditions applicable to an electrical corporation." All further statutory references are to the Public Utilities Code unless otherwise specified.

² Name changed from Monterey Bay Community Power.

Clean Energy Authority; Solana Energy Alliance; Sonoma Clean Power; and Valley Clean Energy Alliance.

4. Electric Service Providers (ESP): 3 Phases Renewables; Calpine Energy Solutions; Calpine PowerAmerica-CA, LLC; Commercial Energy of California; Constellation NewEnergy, Inc; Direct Energy Business; EDF Industrial Power Services (CA), LLC; Pilot Power Group, Inc.; Shell Energy; and The Regents of the University of California.

Final Plans are due no later than 30 days following the California Public Utilities Commission (CPUC or Commission) issuance of this Decision. This Decision orders the following:

Large Investor-Owned Utilities:

PG&E

- PG&E is not required to conduct an RPS solicitation to buy incremental RPS-eligible products during the 2021 RPS Plan.
- PG&E is allowed to hold up to three Renewable Energy Credit (REC) sales solicitations in 2022 for short-term deliveries and is authorized to modify its REC sales framework and price floor to sell short-term contracts solely for deliveries in 2022.
- PG&E's draft 2021 RPS Plan is approved with modifications that directs PG&E to update sections related to its Renewable Net Short (RNS) spreadsheet, coordination with the Integrated Resources Planning (IRP) Proceeding, and mid-term reliability procurement obligations.
- PG&E is authorized to submit a Tier 2 Advice Letter proposing Voluntary Allocation renewable energy credit pro forma contracts within 10 days of submission of its Final 2021 RPS Plan, and Market Offer pro forma contracts within 45 days of submission of Final 2021 RPS Plans.

SCE

- SCE is authorized to procure up to 1,600 gigawatt-hours (GWh) annually of new RPS resources through long-term contracts for Compliance Period 5 (2025-2027), for a total of 9,600 GWh of new RPS resources.
- SCE is authorized to hold RPS sales in 2022 so long as it meets its long-term RPS compliance obligations; and to update its pro forma REC sales agreements.
- SCE's draft 2021 RPS Plan is approved with modifications. It is directed to correct inaccuracies between its RNS and Cost Quantification spreadsheets and provide detailed explanations about what is triggering its anticipated increase in RPS costs.

SDG&E

- SDG&E's draft 2021 RPS Plan is approved with modifications related to sections addressing the legislative impacts on SDG&E's RPS procurement planning and its risk assessment related to compliance planning.
- SDG&E is directed to ensure its RNS and Project Development Status Update spreadsheets are aligned in its Final 2021 RPS Plan and to provide a more comprehensive discussion about its risk assessment and whether projects in development impact its compliance risk.
- SDG&E is authorized to have the option to hold an RPS procurement solicitation in the 2021 RPS Plan cycle but is required to identify a volumetric cap on the amount of new eligible renewable resources it intends to procure, based on its evaluation of the impacts of recent legislation and Commission decisions on its RPS position.
- SDG&E's REC Sales Framework provided in Appendix 13 of its 2021 Draft RPS Plan is approved.

Small and Multijurisdictional Utilities:

- Bear Valley Electric Service's Plan is approved with the following modifications: (1) it shall update its Plan to

better illustrate its planning for portfolio diversity and reliability, including consideration of advanced emerging technologies; (2) un-redact portions of its RNS spreadsheet so that all information except for its forecasts for 2021-2023 is publicly accessible; and (3) discuss how specific locational aspects as required in Section 399.13(a)(8) will apply the best-fit criteria, pursuant to Section 399.13(a)(9) when Bear Valley evaluates bids in future Requests for Proposals (RFPs).

- Liberty is authorized to implement a long-term procurement strategy to procure Portfolio Content Category 3 RECs up to three years in advance and to otherwise meet RPS compliance through its existing, utility-owned Luning and Turquoise solar resources and banked RECs. Liberty is directed to provide additional supporting information about its planning for portfolio diversity and reliability and to align its RNS and Cost Quantification spreadsheets in its Final 2021 RPS Plan.
- PacifiCorp's on-year 2021 supplement is accepted and deemed final. PacifiCorp is directed to update the following information in its 2023 on-year filing: (1) further discussion of alignment between its integrated resource planning and RPS compliance planning; (2) consideration of local and regional policies and other parameters and/or risks that could impact its RPS compliance; and (3) align its RNS, Cost Quantification, and Minimum Margin of Procurement spreadsheets when filing its 2023 on-year filing.

Community Choice Aggregators and Energy Service Providers:

- 28 CCAs and 10 ESPs filed Draft 2021 RPS Plans. The significant issues to consider in the Final RPS Plans are participation in the Voluntary Allocation Market Offer (VAMO) process, mid-term reliability, and the RPS planning process to meet the 65 percent long-term contracting requirements.
- Most of the CCAs and ESPs did not provide information on whether and to what extent they would participate in

the Power Charge Indifference Adjustment (PCIA) VAMO process. The Final 2021 RPS Plans shall provide supporting information on the four portfolio optimization strategies on a retail seller's VAMO participation.

- Last year we projected that CCAs need additional RPS procurement starting in 2021. Together, the CCAs executed enough renewable energy contracts to exceed their forecasted need in 2021 as they plan to serve 60,000 GWh of retail load in 2022. With an increased footprint, about 50 percent of the CCAs already meet the 65 percent long-term contract requirement for the current compliance period (2021-2024).
- We expect the CCAs and ESPs to provide a well-supported analysis while considering the impact of the mid-term reliability Decision 21-06-035 on their portfolio optimization and risk assessment to support their procurement strategies and compliance needs.

This proceeding remains open.

1. Background

California's Renewables Portfolio Standard (RPS) program was established in 2002 by Senate Bill (SB) 1078 (Sher, 2002) with the initial requirement that renewable resources must serve 20 percent of retail electricity sales by 2017. The program was accelerated in 2015 with SB 350 (de León, 2015), which mandated a 50 percent RPS by 2030. SB 350 includes interim annual RPS targets with three-year compliance periods and requires 65 percent of RPS procurement to be derived from long-term contracts of 10 or more years. In 2018, SB 100 (de León, 2018) was signed into law, which again increases and accelerates the RPS procurement to 60 percent by 2030 and sets the goal for all the State's electricity to come from carbon-free resources by 2045.

In Decision (D.) 12-11-016, the California Public Utilities Commission (CPUC or Commission) refined the (RPS) procurement process as part of its

implementation SB 2 (1X) (Simitian, Stats. 2011, ch.1). In prior decisions, the Commission had set forth the process for filing and evaluating the RPS Procurement Plans (Plans) of electrical corporations and other retail sellers. The statutory definition of “retail seller” includes small and large electrical corporations, Community Choice Aggregators (CCAs), and Electric Service Providers (ESPs).³

On March 30, 2021, an Assigned Commissioner and Assigned Administrative Law Judge’s (ALJ’s) Ruling (2021 ACR) was issued identifying issues and schedule of review for 2021 RPS Procurement Plans. Revised ALJ rulings were issued on April 2, 2021, and April 21, 2021, to correct a typographical error, allow reply comments on the 2021 RPS Plans, and allow PacifiCorp to file its “On-Year Supplement” at a later date.

On May 7, 2021, we approved East Bay Community Energy’s request to extend the date to file all the RPS Plans from June 1, 2021, to July 1, 2021, thereby modifying the proceeding schedule.

Following the Commission’s adoption of D.21-05-035 in Rulemaking (R.) 17-06-026 (*Order Instituting Rulemaking to Review, Revise, and Consider Alternatives to the Power Charge Indifference Adjustment*), we issued an ALJ ruling on May 26, 2021, seeking additional information from the Investor-Owned Utilities (IOUs) in their RPS Plans.

On July 22, 2021, an ALJ ruling granted additional time to the retail sellers to update their RPS Plans pursuant to the requirements adopted in D.21-05-030 on the Power Charge Indifference Adjustment (PCIA).

³ Pub. Util. Code §§ 399.12(f) & 218.

Comments on the proposed plans and Staff Proposal on revising the RPS citation program were due on July 30, 2021. Reply comments on draft RPS Plans and motions requesting evidentiary hearings were due on August 9, 2021. Motions to update RPS Plans were due on September 13, 2021.

All RPS Plans were filed on time. Comments on the Plans were filed by the American Clean Power- California, the California Wind Energy Association (CalWEA), Green Power Institute (GPI), the Public Advocates Office at the California Public Utilities Commission (Cal Advocates), and Joint Comments of Marin Clean Energy, City of Lancaster, City of Baldwin Park, City of Pomona, City of Santa Barbara, City of Rancho Mirage, Apple Valley Choice Energy, City of Pico Rivera, City of San Jacinto, Central Coast Community Energy, Sonoma Clean Power Authority.

Reply comments were filed by San Diego Gas & Electric Company, Pacific Gas and Electric Company, Southern California Edison Company, GPI, California Choice Energy Authority, and Joint Reply Comments of City of Rancho Mirage, City of Lancaster, Apple Valley Choice Energy, City of Baldwin Park, City of Pomona, Marin Clean Energy, City of Santa Barbara, City of Pico Rivera, Peninsula Clean Energy Authority, City of San Jacinto, and Sonoma Clean Power Authority.

On August 6, 2021, the City of Commerce filed a Motion for exemption from RPS Procurement Plan Filing Requirements.

2. Issues Before the Commission

In this Decision, the Commission decides if retail sellers provide the information required by statute and the 2021 ACR in their draft 2021 RPS Plans and dispose of any requests or proposals specific to each retail seller.

To help retail sellers organize the submission of comprehensive RPS Plans, the 2021 ACR listed specific issues to address and guidance on managing the information, including quantitative analysis and narratives supporting the retail seller's assessment of its portfolio's future procurement decisions.

The issues mandated by statute and the 2021 ACR reviewed in this Decision are as follows:

1. Assessment of RPS Portfolio Supplies and Demand
2. Project Development Status Update
3. Potential Compliance Delays
4. Risk Assessment
5. Renewable Net Short Calculation (RNS)
6. Minimum Margin of Procurement (MMoP)
7. Bid Solicitation Protocol
8. Safety Considerations
9. Consideration of Price Adjustments Mechanisms
10. Curtailment Frequency, Forecasting, Costs
11. Cost Quantification
12. Coordination with the Integrated Resources Planning (IRP) Proceeding

We reviewed the draft 2021 RPS Plans for completeness, accuracy, and compliance. Based on the guidance in the 2021 ACR, we also examined the draft Plans for:

1. Compliance with Table 1 of the 2021 ACR, which required all RPS Plans to be accompanied by a Checklist;
2. Description of the retail seller's overall plan for procuring RPS resources to satisfy the RPS program requirements while minimizing cost and maximizing value to customers, as well as demonstrating how retail sellers comply with direction for RPS planning in SB 350, SB 100, and SB 901

- (Dodd, Stats. 2018, ch.626). This includes, but is not limited to, any plans for building retail seller-owned resources, investing in renewable resources, and engaging in the sales of RPS eligible resources.
3. Consistency of information in the RPS Plan.
 4. Thoroughly describing and addressing procurement and sales of RPS eligible resources to demonstrate reliability and alignment with the State's policy goals. The 2021 ACR required responses that provide summaries and detailed descriptions necessary to understand how a retail seller's planning and procurement strategies address state goals and satisfy statutory requirements.
 5. All retail sellers should follow the format and numbering convention in Table 1 of the 2021 ACR.

3. Organization of the Decision

This Decision evaluates each Draft 2021 RPS Plan for compliance with the 2021 ACR. As a forward-looking document, the Commission expected each retail seller's Draft 2021 RPS Plan to explain its planning for current and future years, with significant focus and details on how procurement efforts in 2022 will impact a retail seller's long-term procurement requirements for current and upcoming compliance periods.

First, in Section 4, we discuss our findings on the Assessment of RPS Portfolio Supplies and Demand, including Portfolio Optimization, PCIA Coordination, Long-term Contracting, and Portfolio Diversity and Reliability as it has an overarching impact across all retail sellers.

Then we discuss our findings on the draft Plans of the IOUs: PG&E, SCE, SDG&E, and the Small and Multijurisdictional Utilities (SMJUs). We provide disposition on specific IOU and SMJU requests and modifications to file the final 2021 RPS Plans separately in Section 5. The Decision then addresses the CCAs' and ESPs' draft 2021 RPS Plans and any specific requests in Section 6 and Section

7, respectively. Due to the commonality of issues between CCAs and ESPs, this Decision gives guidance on the required modification for topic areas identified in Table 1 of the ACR for these two retail seller types.

Appendix A summarizes the required RPS Plan updates for each retail seller pursuant to this Decision.

4. Assessment of RPS Portfolio Supplies and Demand

We discuss our findings and give guidance to all retail sellers in this section.

4.1. Portfolio Optimization

Pursuant to Section 399.13(a)(6)(A), this Decision requires the retail sellers, identified in this section, to provide an expanded analysis of how they are planning to optimize their portfolios as described by Section 5.4 of the 2021 ACR. The analysis should also include how the retail seller is planning to coordinate efforts across CPUC programs, including, but not limited to, the IRP and PCIA proceedings.

We find that CCAs and ESPs have an inconsistent understanding of the requirements to supplement their plans on Portfolio Optimization. Some CCAs and ESPs argue that their portfolio does not impact IOU ratepayer costs and does not contribute to over-generation; therefore, they did not provide supporting information about portfolio optimization. The majority of CCAs employed four strategies; namely, (1) joint solicitations, (2) short-term purchases from retail sellers, (3) sales solicitations, and (4) optimizing existing procurement by evaluating options to increase the output of existing generating facilities through upgrades or by adding new capacity, but they used boilerplate language to describe their approach without any real insight into their planning process.

In the Final 2021 RPS Plans, retail sellers identified in Table 1 should not only list their portfolio optimization strategies but also provide supporting information on how the strategies will be implemented successfully. For instance, a retail seller should supplement the narrative with specific details on what kind of joint solicitations they have explored or offered to the RPS sellers. Retail sellers can and should describe their short-term purchases to the extent that the attributes of these resources or terms of the contracts contribute to optimizing their portfolios. Similarly, retail sellers can explain in further detail their past, current, or planned sales solicitations in terms of how it optimizes their portfolio.

We have identified the portfolio optimization sections provided by Silicon Valley Clean Energy and San Jose Clean Energy in draft 2021 RPS Plans to serve as the best examples of robust analysis and supporting information for retail sellers when developing their Final 2021 RPS Plans.

4.2. Voluntary Allocation and Market Offer (VAMO)

In D.21-05-030 (the VAMO Decision), we authorized a new VAMO process for RPS contracts subject to PCIA, among other things. IOUs were directed to offer PCIA-eligible retail sellers voluntary allocations of PCIA-eligible resources and then sell any unallocated resources through a market offer process.

The IOUs' draft 2021 RPS Plans provided preliminary forecasts of PCIA REC allocations subject to the VAMO Decision in each electrical corporation's RNS calculations. PG&E forecasted supply positions that reflect the assumption of PG&E retaining 100 percent of the bundled customer share of the expected RPS-eligible generation subject to VAMO. SCE did not provide any explanation to support its assumptions in preliminary forecasts of PCIA REC allocations. It only provided an updated forecast of PCIA REC allocations in its

draft 2021 RPS Plan update, but without any supporting analysis. SDG&E provided supporting evidence with three alternative scenarios to illustrate the potential impacts of load departure and VAMO.

Most of the CCAs and ESPs state that they are still reviewing their portfolios to decide whether and to what extent they would participate in the PCIA VAMO process.

In the absence of supporting information explaining the retail sellers' VAMO participation, the Final RPS Plans of the CCAs and ESPs would be deficient.⁴ The retail sellers will begin engaging in the VAMO process in Q1 2022. Therefore, we direct each of the CCAs and ESPs to update their Final 2021 Plans to describe whether they plan to participate in the VAMO process and purchase RECs in the IOUs' Market Offer. We find merit in GPI's comments that all retail sellers' RPS plans may require substantive procurement planning revisions based on VAMO transfers in 2022 and beyond until VAMO transfers stabilize.⁵

Further, the uncertainty surrounding retail sellers' VAMO participation makes it difficult for utilities to determine their Renewable Net Short. As discussed further in Section 5, *infra*, the IOUs have modeled the assumption that all CCAs and ESPs will fully take their voluntary allocations. We find this assumption appropriate and address its impact on each of the large IOUs' 2021 RPS Plans below.

⁴ Retail sellers should include each of the following in their RPS Plans: (1) Joint solicitations, (2) short-term purchases from retail sellers, (3) sales solicitations, and (4) strategies to optimize existing procurement by evaluating options to increase the output of existing generating facilities through upgrades or by adding new capacity.

⁵ GPI Comments on the 2021 Draft RPS Plans, in R.18-07-003, at 6.

PG&E requests to submit a Tier 2 Advice Letter proposing a pro forma Voluntary Allocation RPS contract within 10 days of submitting its Final 2021 RPS Plan, and a Market Offer RPS contract within 45 days of submitting its Final 2021 RPS Plan. While SCE initially proposed an Advice Letter schedule that deviated slightly from PG&E's,⁶ SCE and SDG&E later filed comments supporting PG&E's proposed Advice Letter schedule.⁷ The Advice Letter filings will allow retail sellers to review the pro forma contracts before executing their contracts for their respective voluntary allocations and provide a standardized process for all VAMO transactions. Thus, we grant the IOUs' request to submit a Tier 2 Advice Letter proposing Voluntary Allocation REC pro forma contracts within 10 days of submitting their Final 2021 RPS Plans and Market Offer pro forma contracts within 45 days of submission of Final 2021 RPS Plans.

4.3. Issuing a Request for Information

Pursuant to the VAMO Decision and May 26, 2021, ALJ Ruling directing the IOUs to file and serve portfolio optimization information in their draft 2021 RPS Plans, the IOUs provided clear and complete details on issuing Requests for Information (RFIs). The RFI will seek input on contract assignments and contract modifications to reduce excess and/or uneconomic resources in the IOUs' RPS portfolios. We find that the IOUs' RFI Plans, as provided in their draft 2021 RPS Plans, comply with Ordering Paragraph 6 of the VAMO Decision and approve each IOUs' proposed RFI Plans, as summarized below.

PG&E proposes to modify the contract framework that would allow it to terminate eligible contracts with no coordinated off-taker in which sellers

⁶ SCE's Motion to Update its Draft 2021 RPS Plan, filed September 13, 2021.

⁷ Filed September 28, 2021.

propose a buyout to PG&E.⁸ PG&E concurrently proposes contract assignments structured as contract termination with a known off-taker, followed by a buy-out at a price offered by the seller. PG&E will seek Commission approval through Tier 3 Advice Letter as authorized by the VAMO Decision. PG&E proposes to issue an RFI within 30 days of its Final 2021 RPS Plan being approved and target execution for contract terminations in Q3-Q4 of 2022.

SCE proposes to initiate its RFI process during 2022 to gauge interest in contract assignments and contract terminations with eligible sellers. SCE will seek Commission approval through Tier 3 Advice Letter or Application. Within 30 days of approval of its Final 2021 RPS Plan, SCE will notify sellers of its RFI and anticipates filing its Tier 3 Advice Letter for approval of assignments and contract terminations in the second half of 2022.

SDG&E proposes contract assignments and contract modifications for its RFI Plan beginning January 2022 in advance of the Voluntary Allocation. SDG&E anticipates that the negotiation period for assignments and contract modifications involving retail sellers, counterparties and SDG&E, will take place between March and May 2022, in time for SDG&E to incorporate requests for allocation approval and market offer requests in its draft 2022 RPS Plan.

4.4. Mid-Term Reliability

D.21-06-035 (Mid-Term Reliability Decision), as adopted in the IRP proceeding (R.16-02-007) in June 2021, establishes a procurement target of 11,500 megawatts (MW) of new net qualifying capacity (NQC) coming online in 2023-2026, all from zero-emitting generation resources and/or energy

⁸ Off-taker is defined as a retail seller contracting party.

storage, including RPS-eligible resources. Each retail seller is assigned a procurement responsibility based on its share of peak demand.

Since the Commission issued the mid-term reliability Decision at the same time as the Draft 2021 RPS Plans were due, we understand that some details could be missing from the draft Plans. In draft 2021 RPS Plans, the IOUs have included their mid-term reliability obligations but omitted a planning scenario and/or analysis to forecast the mid-term reliability Decision's impact on RPS compliance requirements.

However, we find that most CCAs and ESPs failed to provide a narrative on procurement obligations ordered in the mid-term reliability Decision and how future procurement would impact their RPS portfolio.

In their Final 2021 RPS Plans, retail sellers identified in the table below must analyze the impacts of mid-term reliability capacity requirements, including how mid-term reliability procurement is reflected in quantitative assessments in their RPS procurement planning.

Table 1: Portfolio Optimization, VAMO, and Mid-Term Reliability

Retail Seller	Commission Finding
PG&E	Discussion should explain how mid-term reliability procurement obligations impact RPS compliance requirements and how they are included in the quantitative assessment.
SCE	Discussion should describe PCIA REC allocation forecast and how Risk Assessment accounts for VAMO uncertainties. Discussion should explain how mid-term reliability procurement obligations impact RPS compliance requirements and how they are included in the quantitative assessment.
SDG&E	Discussion should explain how mid-term reliability procurement obligations impact RPS compliance requirements and how they are included in the quantitative assessment.
Bear Valley Electric Service	Discussion should explain how mid-term reliability procurement obligations impact RPS compliance requirements and how they are included in the quantitative assessment.

Liberty Utilities	Discussion should explain how mid-term reliability procurement obligations impact RPS compliance requirements and how they are included in the quantitative assessment.
CCAs	
Apple Valley Choice Energy, City of Baldwin Park, City of Palmdale, City of Pomona, City of Santa Barbara, Clean Energy Alliance, Clean Power Alliance, Desert Community Energy, Lancaster Choice Energy, Marin Clean Energy, Orange County Power Authority, Peninsula Clean Energy, Pico Rivera Innovative Municipal Energy, Pioneer Community Energy, Rancho Mirage Energy Authority, Redwood Coast Energy Authority, San Diego Community Power, San Jacinto Power, Sonoma Clean Power Authority	Discussion should explain how mid-term reliability procurement obligations impact RPS compliance requirements and how they are included in the quantitative assessment.
Central Coast Community Energy, CleanPowerSF, East Bay Community Energy, King City Community Power, Valley Clean Energy Alliance	Discussion should include a description of VAMO and its resulting impacts on RPS portfolio. Discussion should explain how mid-term reliability procurement obligations impact RPS compliance requirements and how they are included in the quantitative assessment.
ESPs	
3 Phases Renewables, Calpine PowerAmerica, Commercial Energy, Pilot Power Group, Shell Energy North America, The Regents of the University of California	Discussion should include a description of VAMO and its resulting impacts on RPS portfolio. Discussion should explain how mid-term reliability procurement obligations impact RPS compliance requirements and how they are included in the quantitative assessment.
Calpine Energy Solutions, Constellation NewEnergy, Direct Energy Business, EDF Industrial Power Services	Discussion should explain how mid-term reliability procurement obligations impact RPS compliance requirements and how they are included in the quantitative assessment.

4.5. Long-Term Procurement

Senate Bill 350 (Statutes of 2015, Chapter 547) increased the RPS long-term contracting requirement such that 65% of all procurement used for RPS compliance must be through contracts with terms of 10 years or longer. The 65% long-term requirement becomes effective for all retail sellers in the 2021 – 2024 compliance period, though some elected for early compliance in the 2017 – 2020

compliance period. Prudent long-term contracting assessments should be used to inform a retail seller's RPS procurement planning and procurement decisions for current and future compliance periods.

Our assessment of the Draft 2021 RPS Plans' compliance with the long-term procurement requirements for retail sellers is as shown below:

Table 2: Forecasted Long-Term Contracting Positions of Retail Sellers for 2021-2024 Compliance Period

<u>Current Contracts Forecasted to Meet 65% Long-Term Contract Requirement</u>	<u>Contracted above 5% of RPS Contracts as Long-Term Contracts but Less Than 65%</u>	<u>No Long-Term Contracts or Less Than 5% Long-Term Contracts</u>
PG&E	Apple Valley Choice Energy	City of Palmdale
SCE	Clean Energy Alliance	City of Santa Barbara
SDG&E	Clean Power Alliance	Orange County Power Authority
BVES	Desert Community Energy	
Liberty	East Bay Community Energy	
PacifiCorp	Peninsula Clean Energy	
Central Coast Community Energy	Pioneer Community Energy	
City of Baldwin Park	San Diego Community Power	
City of Pomona	Silicon Valley Clean Energy	
CleanPowerSF	3 Phases Renewables	
King City Community Power	Calpine Energy Solutions	
Lancaster Choice Energy	Calpine Power America	
Marin Clean Energy	Commercial Energy of CA	
Pico Rivera Innovative Municipal Energy	Constellation New Energy	
Rancho Mirage Energy Authority	EDF Industrial Power Services	
Redwood Coast Energy Authority	Pilot Power Group	
San Jacinto Power		
San José Clean Energy		
Solana Energy Alliance		
Sonoma Clean Power		
Valley Clean Energy		
Direct Energy Business		
Shell Energy North America		
UC Regents		

The Commission encourages early planning on long-term procurement to hedge for delays in project development for new renewable build and potential project performance issues. Inadequate long-term procurement planning can impact the risk profile of a retail seller's portfolio and the State achieving its renewable goals. The vast majority of existing renewable energy procurement for IOUs and SMJUs is derived from long-term contracts. In

comparison, some CCAs and ESPs have not yet procured enough RPS energy from long-term contracts to meet the 65% requirement.

The Commission directed retail sellers to provide a detailed plan for how they will meet the long-term contracting requirement and conduct risk assessments in their RPS Procurement Plans. The expectation set in the 2021 ACR was that both narratives would consider the risk, such as failure to construct a project or delayed construction, resulting in electricity not being delivered as required by the contract. Effective procurement planning should inform retail sellers' procurement decisions while minimizing compliance risks and the effects of potential project delays.

The 2021 Draft RPS Procurement Plans demonstrate that some retail sellers are prudently procuring new renewables with sufficient lead-time to allow for potential delays in project development, but others are not. Failure to meet the long-term requirement will result in a retail seller failing to meet overall RPS requirements. Thus, inadequate procurement planning may cause retail sellers not to meet the State's needs, resulting in negative implications for the reliability of the power system and financial penalties that could significantly impact a retail seller's viability and cost ratepayers.

The Commission expects a discussion on how the retail seller's current and planned RPS portfolios will comply with the long-term contracting rules, and a quantitative assessment of retail sellers' long-term RPS position. All Final 2021 RPS Plans must include a timeline for how retail sellers will ramp up to the 65% long-term procurement requirement, if they have not already met it, and detail how they will continue to meet the long-term procurement requirement in the future.

We have identified the long-term procurement sections provided by SCE, CleanPowerSF, and Central Coast Community Energy as examples to serve as the best examples for long-term procurement planning. In their Final 2021 RPS Plans, the retail sellers identified in Table 3 shall update their long-term procurement sections to include a quantitative assessment of their long-term RPS positions.

Table 3: Long-Term Procurement

Retail Seller	Commission Finding
PacifiCorp	Must provide a quantitative assessment of LT position for current and future compliance periods.
City of Palmdale	Must provide a quantitative assessment of LT position for current and future compliance periods.
City of Santa Barbara	Must provide a quantitative assessment of LT position for current and future compliance periods.
East Bay Community Energy	Provide an update on new contracts executed as a result of the recent solicitation.
Marin Clean Energy	Must provide a quantitative assessment of LT position for current and future compliance periods.
Orange County Power Authority	Provide an update on new contracts executed as a result of the recent solicitation.
Sonoma Clean Power	Must provide a quantitative assessment of LT position for current and future compliance periods. Provide update on how LT position is impacted by terminated contract.
3 Phases Renewables	Must provide a quantitative assessment of LT position for current and future compliance periods.
Calpine Power America	Must provide a quantitative assessment of LT position for current and future compliance periods.
Commercial Energy of CA	Must provide a quantitative assessment of LT position for current and future compliance periods.
Pilot Power Group	Must provide a quantitative assessment of LT position for current and future compliance periods.
Shell Energy North America	Must provide a quantitative assessment of LT position for current and future compliance periods.
UC Regents	Must provide a quantitative assessment of LT position for current and future compliance periods.

4.6. Portfolio Diversity and Reliability

Under Section 399.13(a)(6)(A), retail sellers are required to discuss portfolio diversity and reliability and how their decisions contribute to grid reliability. Pursuant to the 2021 ACR, Section 5.4, the retail sellers' "written

description should ... address issues of renewable integration, new resource development risks, under-utilization of existing RPS-eligible generation, increases in transportation electrification, and maximizing ratepayer value.” Today we find that most of the CCA and ESP RPS Plans had no or limited supporting information on the impact of transportation electrification load on their portfolio diversity and reliability. Later in this section, we identify the CCAs and ESPs required to provide a more detailed discussion on the diversity in portfolio planning and reliability analysis that meets the criteria set forth in the ACR for Final 2021 RPS Plan submissions.

Regarding a retail seller’s role in planning for future load conditions, GPI states that the three IOUs may serve less than half of California load by 2022, indicating a need for CCAs and ESPs to take active steps towards including transportation electrification load forecasting in their RPS procurement plans.⁹ We agree with GPI that transportation electrification forecasting is included in the Integrated Energy Policy Report forecast, which serves as the basis for the IRP system-wide capacity expansion and reliability modeling. However, each retail seller must address local transportation electrification adoption trends while planning for portfolio diversity and renewable resource procurement to meet incremental RPS requirements. It is therefore increasingly important for CCAs and ESPs to develop forecasts and load profiles with transportation electrification scenarios for RPS planning purposes given that the RPS-eligible share of total procurement is required to grow to 60% by 2030, pursuant to SB

⁹ GPI Comments on the 2021 Draft RPS Plans, in R.18-07-003, at 8-9.

100, and that transportation electrification will be a significant contributor to retail sellers' incremental load growth.¹⁰

In their Final 2021 RPS Plans, retail sellers are required to provide the specific information sought in the 2021 ACR regarding portfolio diversity and reliability, including the issues explicitly presented to them. We have identified portfolio diversity and reliability sections provided by East Bay Community Energy, Peninsula Clean Energy, Valley Clean Energy, and Direct Energy Business to serve as the best examples for retail sellers when developing their Final 2021 RPS Plans.

In their Final 2021 RPS Plans, retail sellers shall update their portfolio diversity and reliability assessments to address the Commission findings in Table 4.

¹⁰ See Section 399.11(a) and Executive Order N-79-20, which directs that all new vehicles sold in California must be zero-emission by 2035.

Table 4: Portfolio Diversity & Reliability

Retail Seller	Commission Finding
SCE, BVES, Liberty	Insufficient description of how increases in transportation electrification are incorporated into its reliability assessments.
3 Phases Renewables, Calpine PowerAmerica, Commercial Energy, Constellation NewEnergy, EDF Industrial Power Services, Shell, UC Regents, Pilot Power Group	Insufficient description of how increases in transportation electrification are incorporated into its reliability assessments.
Apple Valley Choice Energy, Central Coast Community Energy, City of Baldwin Park, City of Palmdale, City of Pomona, City of Santa Barbara, Clean Energy Alliance, Desert Community Energy, King City Clean Power, Lancaster Choice Energy, Marin Clean Energy, Orange County Power Authority, Pioneer, Pico Rivera Innovative Municipal Energy, Redwood Coast Energy Authority, Rancho Mirage Energy Authority, Solana Energy Alliance, San Diego Clean Power, San Jacinto Power, San Jose Clean Energy, Silicon Valley Clean Energy, Sonoma Clean Power Authority	Insufficient description of how increases in transportation electrification are incorporated into its reliability assessments.

5. Investor-Owned Utilities' 2021 RPS Plans

The three large IOUs - PG&E, SCE, and SDG&E - report RPS progress at or above the program procurement requirements, including a target of 33% RPS by 2020. For 2020, these IOUs reported the following percentages of their electric load from RPS -eligible resources: PG&E 33%, SCE 34%, and SDG&E 39%.¹¹ None of the three large IOUs conducted a 2020 annual RPS procurement solicitation.

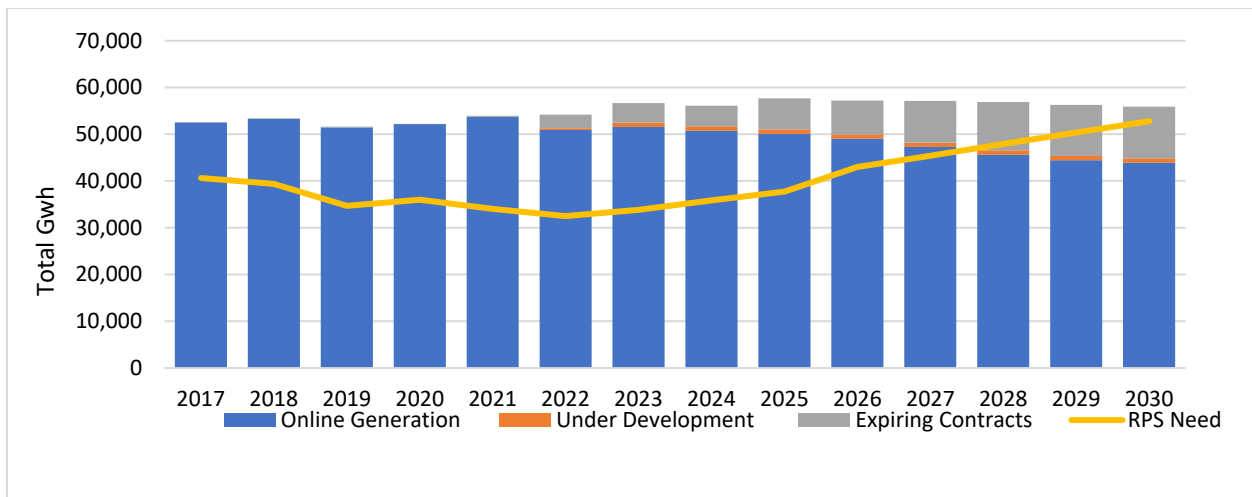
Figure 1 summarizes the large IOUs' actual and forecasted progress toward meeting the 60 percent RPS mandate by 2030. Based on the IOUs' RNS reporting,¹² we expect a need for additional procurement starting in 2028

¹¹ Section 399.11(a).

¹² See the 2014 Administrative Law Judge Ruling on Renewable Net Short (RNS) for definitions of RNS Components of Online Generation, Under Development, and Expiring Contracts: <https://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M091/K331/91331194.PDF>.

collectively; however, the first year of the collective projected shortfall is extended by several years through the forecasted use of excess renewable energy credits (RECs) that have been or will be “banked” as excess procurement.¹³ Moreover, the IOUs’ share of retail sales is expected to decrease from approximately 150,000 gigawatt-hours (GWh) in 2017 to 82,000 GWh in 2023, primarily due to CCA proliferation.¹⁴ This change, and the associated shift in compliance obligations from IOUs to CCAs, explains how the IOUs’ RPS position increases even though their procurement level remains relatively stable.

Figure I: Aggregated IOU Progress Towards 60% RPS



5.1. PG&E's Draft 2021 RPS Plan

We approve PG&E’s draft 2021 RPS Plan, with modifications.

Specifically, we approve (a) PG&E’s request not to procure RPS-eligible energy in the 2021 Plan Cycle and (b) PG&E’s RPS Sales Framework with the proposal to target issuing three, with a minimum of one, solicitations per year

¹³ See D.17-06-026 Section 3.1.5 for a detailed discussion on excess procurement of RECs which can be applied in later compliance periods. The RECs carried forward are colloquially referred to as the “Bank.”

¹⁴ IOUs’ Aggregated Renewable Net Short Calculations, Draft 2021 RPS Procurement Plans.

and an updated pro forma sales agreement. We direct PG&E to update the sections related to RNS, coordination with the IRP Proceeding, and coordination with its mid-term reliability procurement requirements.

5.1.1. PG&E's near term RPS needs and projection to not hold a voluntary RPS Procurement Solicitation in this cycle

PG&E projects that it does not need to hold an RPS procurement solicitation as part of its 2021 RPS Plan cycle. In its draft 2021 RPS Plan, PG&E reflects the impact of the maximum potential RPS sales allowed under its proposed RPS sales framework for its modeling and analysis, which indicates PG&E will need to procure additional RPS-eligible resources starting in 2028.¹⁵

PG&E's RPS portfolio consists of over 7,000 MW of projects that are either online or under development.¹⁶ While PG&E is projecting no procurement needs in this cycle, it asserts that its forecasted RPS need is subject to considerable uncertainty arising from several factors. These factors include the recent implementation of the VAMO Decision concerning portfolio optimization of its PCIA-eligible RPS portfolio, expected increases in customers switching to service from a CCA, any future legislative direction to increase RPS procurement, and procurement under the Mid-Term Reliability Decision, authorizing 11,500 MW of new resource procurement.

PG&E states that based on a conservative modeling estimate of 100 percent of its departed load accepting their RPS allocation through the VAMO process, it would be physically short of RPS generation. We find that the impact of allocating its entire eligible RPS portfolio by PCIA-vintaged load share

¹⁵ PG&E Draft 2021 RPS Plan at 5.

¹⁶ PG&E Draft 2021 RPS Plan at 15.

can be significant, with PG&E having to draw on its Excess Procurement Bank¹⁷ after its voluntary allocation with a physical procurement need in 2029.¹⁸ It further states that, depending on the actual sales volumes executed if its RPS Sales Framework is adopted, PG&E's procurement need could potentially move up to 2028 from 2029.¹⁹

To remain compliant and serve its bundled customers through the 2028 timeframe, PG&E proposes that the use of its excess procurement bank be allowed to meet its RPS compliance obligation even if significant quantities of RPS-eligible energy are allocated to departing load as a result of mandated portfolio optimization activities.²⁰ In such a circumstance, PG&E suggests its existing excess procurement bank, which PG&E's bundled customers already paid for through rates established in the annual Energy Resource Recovery Account forecast proceeding, can be used to meet RPS compliance through 2028 or 2029. However, following that timeframe, and potentially before, PG&E may need to procure additional RPS resources to remain compliant.

Specifically, PG&E contends that it may request authorization to hold a solicitation to procure RPS-eligible energy for the sole purpose of meeting its RPS compliance obligation in a future RPS Plan cycle after uncertainties relevant to VAMO implementation and IRP procurement are resolved. PG&E adds that, as part of an all-source procurement, it issued a Request for Offers in response to

¹⁷ Excess Procurement Bank refers to the amount of excess RPS procurement above compliance requirements that can be applied to future compliance periods. *See* D.17-06-026, Section 3.1.5 for an explanation of the Excess Procurement rules for the RPS program.

¹⁸ PG&E Draft 2021 RPS Plan at 15-16.

¹⁹ PG&E Draft 2021 RPS Plan at 17.

²⁰ PG&E Draft 2021 RPS Plan at 15.

the VAMO Decision on June 18, 2021, which may result in the procurement of RPS-eligible resources.²¹

We find it reasonable to approve PG&E's proposal to not conduct a voluntary RPS solicitation to buy incremental RPS-eligible products during the 2021 RPS Plan cycle, given its proposed sales framework assumptions and current RPS compliance position, upcoming IRP's mid-term reliability procurement, VAMO implementation, and Excess Procurement Bank size.

5.1.2. PG&E's RPS Sales Framework, Plan to Sell RPS Volumes, and Updated Sales Pro Forma

PG&E plans to issue at least one solicitation for short-term sales of RPS products during the 2021 RPS Plan cycle. PG&E states that it anticipates selling short-term products, which PG&E defines as contracts of one year or less in duration.

PG&E's assessment of short-term sales opportunities is based on its updated RPS Sales Framework. PG&E asserts that the excess RPS energy sales in 2022 can provide near-term cost savings for bundled and departing load customers without risking compliance with RPS requirements earlier in the decade. It states that it plans to manage its RPS portfolio to meet the needs of its bundled customers through continued offers to sell RPS volumes during the 2021 RPS Plan cycle.

We have reviewed PG&E's proposal to sell short-term contracts with deliveries in 2022 and the associated price floor and find PG&E's proposals are consistent with the previously approved RPS sales framework and solicitation limits. While PG&E summarizes that it will target three solicitations, it also

²¹ PG&E Draft 2021 RPS Plan at 78.

footnotes that it may hold more than three solicitations.²² According to PG&E, the price will be the sole quantitative evaluation criterion consistent with prior years. PG&E's qualitative evaluation will include the counterparty's financial strength, proposed contract modifications (strong preference for standardized agreements), and other factors.²³ We approve PG&E's proposed REC sales framework and price floor to sell short-term contracts solely for deliveries in 2022.

In addition to its sales solicitation request, PG&E also proposes to update its pro-forma contract, including (1) removing or modifying terms that are no longer relevant (*e.g.*, definitions or bankruptcy terms), (2) adding previously requested counterparty modifications that have been granted by PG&E and approved by the Commission from previously executed transactions (*e.g.*, language in representations, warranties, and covenants), and (3) adding or modifying language for clarity and accuracy.²⁴ PG&E reserves the right to decline any bids if they suspect market manipulation, subject to Commission review.

PG&E's proposal is reasonable, and the Commission authorizes PG&E to file a Tier 1 Advice Letter for CPUC approval of its executed short-term sales agreements, consistent with D.14-11-042.

²² See Footnote 71, PG&E Draft RPS Plan at 80.

²³ PG&E Draft 2021 RPS Plan Appendix G1 -7.

²⁴ PG&E Draft 2021 RPS Plan at 81.

5.1.3. Updated information needed on Cost Quantification and RNS, IRP Coordination and Mid-term Reliability for the Final 2021 RPS Plan

Upon reviewing PG&E's RPS Plan, we find that its cost quantification data does not match with its RNS worksheets. PG&E presents the costs of RPS-eligible procurement consistent with Table 3 of the ACR, and PG&E also provided historical (2018-2020) and forecasted (2021-2030) data. While PG&E's supporting information on cost quantification is acceptable, we find data mismatches. For example, PG&E's "Total Eligible RPS Procurement" numbers in the cost quantification spreadsheet do not match its RNS numbers for 2022-2030. The total RPS eligible procurement in Row 51 of PG&E's cost quantification spreadsheet should match Total RPS Eligible Procurement in Row F of PG&E's RNS calculations. PG&E should update the cost quantification spreadsheet or explain the difference between the two sets of numbers, detailing the same thing.²⁵

Regarding RPS and IRP coordination, PG&E states that while it is not proposing any RPS procurement in 2022, additional procurement is a direct result of the assumptions for implementing the Mid-Term Reliability Decision. PG&E notes that resources that will be procured as directed in the Mid-Term Reliability Decision will likely be RPS-eligible. Adopting the VAMO Decision also impacts PG&E's RPS sales assumption relative to the 2020 IRP filing RPS and its 2021 Draft RPS Plan. In Table 4 of its Draft 2021 RPS Plan, PG&E provides additional comparisons between this RPS Plan and PG&E's September 1, 2020, IRP filing. PG&E states that in its 2020 IRP filing, it noted the

²⁵ PG&E Draft 2021 RPS Plan Appendix D.1, Row 51 (Cost Quantification) and Appendix C.1., Row F (Renewable Net Short).

potential impact of the VAMO process on its bundled RPS position. PG&E assumes it will retain its bundled customer share of RPS resources, which decreases PG&E's net RPS position creating a physical short, which is when PG&E plans to fill it with banked RECs through 2029. PG&E did not show the impact of VAMO in its IRP or Draft 2021 RPS Plan filings because the VAMO Decision was recently issued.²⁶ Given that the Mid-Term Reliability Decision was approved in June 2021, we expect it will impact PG&E's portfolio and possibly add more RPS-eligible resources.²⁷ Therefore, PG&E should update its Final 2021 RPS Plan with the most relevant and up-to-date IRP coordination and mid-term reliability assessments.

5.2. SCE Draft 2021 RPS Plan

We approve SCE's draft plan with the modifications described below. Specifically, SCE is authorized to procure up to 1,600 GWh annually of new RPS resources through long-term contracts for Compliance Period 5 (2025-2027), for a total of 9,600 GWh of new RPS resources; to hold RPS sales so long as it maintains a high level of meeting long-term compliance with the RPS mandates; and to update its pro forma REC sales agreements.

5.2.1. SCE's Forecasted Short RPS Position and Proposed Procurement Solicitation

SCE forecasts a short RPS position starting as soon as 2025, based largely on PCIA allocation assumptions and the load returning from customers that were previously serviced by Western Community Energy (WCE). WCE filed for bankruptcy in March 2021, returned its customers to SCE, who now receive service from SCE. Further, SCE noted that the Mid-Term Reliability Decision

²⁶ PG&E Draft 2021 RPS Plan, at 99-100.

²⁷ *Ibid.* at 100.

requires it to procure incremental clean energy resources above its needs for RPS compliance in compliance period 5. SCE states it will need to procure up to 1,600 GWh annually beginning in 2022.²⁸ SCE further states the procurement directed in the Mid-Term Reliability Decision may meet some or even all its need for new eligible renewable resources in Compliance Period 5.

Cal Advocates suggests that SCE's procurement request is premature because the utility can meet IRP-related procurement needs through the IRP procurement process, and the VAMO-related REC sales quantity is unknown in the current RPS Plan period.²⁹ However, SCE has not held a new solicitation for eligible renewable resources since 2015. It specifically proposes to hold its first RPS solicitation in over six years in 2022, to better understand the current market and prepare for future years when its need for incremental eligible resources is greater. This would enable SCE to take advantage of any attractive contracting opportunities that may exist at this time.³⁰

SCE notes that it used a Monte Carlo simulation to evaluate the estimated amount of load departing to new direct access and CCA service starting in 2023 to avoid any potential over-procurement of additional resources. Further, it notes that it will not require sellers to bid the pre-paid economic curtailment option with the curtailment cap. Instead, it proposes to retain the right to curtail at its discretion, but SCE would pay for curtailments directly related to its own marketing decisions.³¹ CalWEA argues that all retail sellers should analyze curtailment impacts on a resource-differentiated basis and consider portfolio

²⁸ SCE Draft RPS Plan Update dated September 13, 2021, at 2.

²⁹ Cal Advocates reply to IOUs' Draft 2021 RPS Plan at 4-5.

³⁰ SCE Draft RPS Plan at 4.

³¹ *Ibid* at 76.

diversity as a mitigation measure for curtailment. We find this argument holds merit and direct SCE and other retail sellers considering procurement in their 2021 RPS Plans to analyze curtailment impacts and consider portfolio diversity as a mitigation measure for curtailment either in each separate RFP or comprehensively in their portfolio diversity updates prescribed in Section 4.6 above.

Because the utility projects a net short position as soon as 2025, SCE is authorized to hold a solicitation for new eligible renewable energy resources in 2022, as requested.

SCE was exempt from providing a Project Development Status Update (PDSU) spreadsheet but provided an update on five small projects (all three MW or less) as Appendix B to its draft 2021 RPS Plan. This discussion stated the projects are two biogas and two solar facilities, but SCE did not provide the information in an Excel spreadsheet format as required by the PDSU template and did not provide any narrative description of the projects. SCE also failed to include commercial operation dates or transmission status information regarding these five projects.

Therefore, we direct SCE to provide its PDSU information in the Excel template and include a narrative description of each project, including the projects' commercial operation dates and transmission status information.

5.2.2. SCE's Plan to Sell RPS Volumes and Proposals to Modify its Pro Forma Sales Agreements

Although SCE foresees the need to procure a significant amount of new renewable resources starting in 2022, it also holds a sizeable bank of RECs from

the prior generation and compliance periods.³² SCE requests the continued authority to hold RPS sales so long as it maintains a high level of confidence in meeting RPS compliance thresholds. SCE proposes to potentially sell PCC 1 and PCC 3 RECs and RECs and energy related to its Biofuel Renewable Auction Mechanism (BioRAM) contracts, as directed in D.18-12-003.³³ SCE states that, even with implementing the VAMO Decision and the sale of additional RECs in CP 4 (2021-2024), SCE will maintain confidence levels of 100% and 95% for meeting its RPS Compliance Period 4 and Compliance Period 5 targets, respectively.³⁴ Further, SCE notes that selling RECs during Compliance Period 4 at a higher price than it may be able to procure them in future years for Compliance Period 5 will “provide both rate stabilization”³⁵ We agree that “SCE’s overall approach appropriately balances the risks and costs of selling renewable energy products with the risks and costs of maintaining an RPS bank.” Therefore, we find SCE’s request to continue to engage in short-term REC sales to be reasonable. We confirm that SCE’s REC sales solicitation should provide buyers the option of whether to bid on RECs that are generated solely from BioRAM projects or RECs offered through general RPS sales.³⁶

SCE also proposed several modifications to its 2020 Pro Forma power purchase agreements (PPA) and its Attachment 1, and its 2020 Pro Forma

³² *Ibid* at 8.

³³ SCE Draft RPS Plan at 4.

³⁴ *Ibid* at 32.

³⁵ *Ibid* at 69. SCE estimates it has 19,413 GWh in its REC bank as of the start of 2021.

³⁶ The BioRAM program was developed to implement former Governor Jerry Brown’s October 30, 2015 Proclamation of a State of Emergency related to dead and dying trees throughout California forests. Resolution E-4770 initiated the BioRAM program and directed IOUs to procure at least 50 MW of eligible biofuel resources statewide, 20 MW of which was allocated to SCE.

Portfolio Content Category (PCC) 1 REC and PCC 3 REC Sales Agreements, as noted in Table I-1 of its draft 2021 Plan.³⁷ One of the contract modifications SCE proposed for its Pro Forma REC Sales Agreements would give the utility a unilateral right to waive Commission approval. SCE failed to explain the need for this contractual change, beyond suggesting that various layers of approval processes can create barriers and slow the contracting process. However, upon review of SCE's proposed modifications, the changes appear to simply clarify that non-IOU buyers do not require Commission approval of their contracts and that a subclause included in the Commission-adopted definition for "CPUC Approval" does not apply to all prospective Buyers.³⁸ Therefore, we find these clarifying modifications to SCE's Pro Forma REC Sales Agreements to be reasonable, based on this interpretation of its proposal and authorize SCE to implement its proposed changes.

Elsewhere in its plan, SCE states that bilaterally-negotiated REC sales agreements are subject to the same terms and pricing set forth in its proposed REC sales framework and would be subject to the Commission's Tier 3 Advice Letter approval process should a bilateral agreement deviate from its approved REC sales framework criteria. We find SCE's proposal to seek Commission approval of bilaterally-negotiated REC sales contracts reasonable and direct SCE

³⁷ The PCC and associated compliance requirements are established in Section 399.16(b)(1). PCC 1 relates to renewable resources for which first point of interconnection is with a California balancing authority, or that can be scheduled into a California balancing authority directly or dynamically; PCC 2 relates to renewable resources that do not meet the PCC 1 requirements but can provide incremental electricity that can be scheduled into a California balancing authority; and PCC 3 relates to renewable energy resources and/or unbundled renewable energy credits that are associated with products that do not meet the PCC 1 or PCC 2 requirements.

³⁸ The Commission adopted standard terms and conditions for RPS contracts in D.07-11-025, including the definition for "CPUC Approval," wherein subclause (a) would not be applicable to non-IOU Buyers.

to file a Tier 3 Advice Letter for each bilaterally-negotiated REC sales contract that deviates from its REC sales framework.

5.2.3. SCE RNS, Cost Quantification, and IRP Alignment

The executed REC sales SCE provided in the Cost Quantification portion of its Draft Plan do not match the megawatt-hours (MWh) reported in its RNS spreadsheet for 2020. SCE notes that it executed contracts to sell 5,611,592 MWh of REC sales in 2020, totaling a significant amount of revenue, but that does not match the figures included in SCE's RNS spreadsheet.

We also note that SCE is accounting for the return of customers from WCE to the IOU's customer base, and that it slightly reduced its projected REC sales volume to maintain a 100% confidence level in Compliance Period 4. However, SCE does not adequately explain why its RPS compliance costs are expected to increase in 2021 despite estimated REC sales of nearly 6.9 million MWh.

Further, although SCE notes that procurement conducted for its RPS mandates could also be eligible to meet the procurement targets established in the June 24, 2021, IRP Mid-Term Reliability Decision (D.21-05-030), it does not directly address how procurement for the two programs will align.

Finally, SCE did consider advanced emerging technologies that provide grid and reliability benefits in its draft 2021 RPS Plan.³⁹ However, SCE does not include any consideration of increased transportation electrification in its service territory, and how this will impact its RPS compliance.

Therefore, we direct SCE to, in its Final 2021 RPS Plan, correct the inaccuracies between its RNS and cost quantification spreadsheets and provide more details about what is triggering its anticipated increase in RPS costs. SCE

³⁹ *Ibid* at 28.

shall ensure its RNS spreadsheet matches the executed REC sales (in MWh) for 2020 and provide more details about its expected increase in RPS compliance costs in its final RPS plan. Further, SCE's final 2021 RPS Plan shall provide additional discussion on its internal coordination to address the utility's RPS and IRP requirements comprehensively, including how its mid-term IRP reliability procurement could impact SCE's RPS portfolio. SCE's final 2021 RPS Plan shall also include further discussion on whether and how the utility accounted for increased sales associated with transportation electrification and whether or how the state's electrification goals will impact its RPS compliance. Additional requirements related to SCE's portfolio optimization are included in Section 4 above.

5.3. SDG&E Draft 2021 RPS Plan

SDG&E's draft 2021 RPS Plan is approved with modifications related to sections addressing the legislative impacts on SDG&E's RPS procurement planning, its risk assessment related to RPS compliance planning, its MMoP, RNS, and cost quantification strategies, and its project development status update.

5.3.1. Legislative and Commission Decision Impacts on SDG&E's RPS Position and its 2022 Procurement Request

SDG&E's draft plan notes that the utility is impacted by requirements established in SB 350, SB 100, SB 901, AB 1088, and the Commission's own IRP and PCIA proceedings, but it did not explain how the mandates provided in the legislation and the Commission's decisions in related proceedings impact their RPS compliance and procurement planning. Instead, SDG&E encourages the Commission to use the RPS proceeding more holistically as a mechanism to implement the IRP plans. SDG&E notes that the IRP Mid-Term Reliability

Decision directed it to procure 361 MW of new resources, even though its 2020 IRP did not contemplate any resource need for SDG&E due to its long RPS position and anticipated departing load.⁴⁰ SDG&E states that the 361 MW it will procure to meet the mid-term reliability needs “may or may not include renewable resources,” but does not discuss whether or how it is internally coordinating planning across its reliability procurement and RPS procurement.⁴¹

SDG&E should include, in its final 2021 RPS Plan, a more detailed discussion of the how existing legislative mandates and Commission directives are affecting its RPS position and its RPS procurement planning. This discussion should consider whether mid-term reliability procurement could impact SDG&E’s RPS position, if at all. Therefore, we authorize SDG&E’s request to have the option to hold an RPS procurement solicitation in the 2021 RPS Plan cycle but require it to identify a volumetric cap of the amount of new eligible renewable resources it intends to procure, based on its evaluation of the impacts of recent legislation and Commission decisions on its RPS position.⁴² SDG&E’s final 2021 RPS Plan should also identify a specific cap on the amount of RPS eligible resources it will seek to procure during the 2021 RPS Plan cycle.

5.3.2. Changes to SDG&E’s REC Sales Framework and Request for Procurement Authority

SDG&E notes that no qualifying bids were filed during the REC sales solicitation held in the 2020 RPS Plan cycle and proposes changes to its REC sales framework to “increase the likelihood of successfully contracting with one or

⁴⁰ D.21-06-035.

⁴¹ SDG&E Draft RPS Plan Update dated September 13, 2021 at 56.

⁴² *Ibid* at 4.

more counterparties.”⁴³ SDG&E’s proposed framework does not concretely describe how it will provide increased flexibility for potential buyers, but does reiterate that “appropriate price thresholds of any potential sales opportunity will be dependent upon the results of SDG&E’s quantitative and qualitative evaluation at the time of the transaction, and its reasonableness will be determined by the Commission.”⁴⁴

Given the unknown impact of VAMO on SDG&E’s excess RPS procurement in 2022, SDG&E is granted an optional RPS sales authorization. Thus, we find it reasonable to approve the proposed changes to SDG&E’s REC Sales Framework provided in Appendix 13 of its 2021 Draft RPS Plan. SDG&E is authorized to:

1. Modify its short- and long-term procurement PPAs;
2. Utilize a new pro forma contract specific to BioRAM REC Sales that occur through a solicitation, which would be approved through a Tier 1 Advice Letter; and,
3. Modify its sales framework as described in Appendix 13.

When filing its 2022 RPS Plan, however, SDG&E shall provide a narrative on the success of its proposed changes to its REC Sales Framework, as described at a high-level in Appendix 13 of its Draft 2021 RPS Plan, in contracting with one or more counterparties.

SDG&E also requests to maintain its authority to procure eligible renewable resources in the near term, largely due to the length of time necessary to issue a solicitation, secure bids, and sign contracts.⁴⁵ Cal Advocates notes that

⁴³ *Ibid* at 4 and Confidential Appendix 13.

⁴⁴ SDG&E Draft RPS Plan Appendix 13 at 13-3.

⁴⁵ SDG&E Draft RPS Plan at page 19-20 and Appendix 13 at 1-2.

SDG&E identified “significant uncertainty regarding its future load departure” and that SDG&E’s RPS position going forward remains unknown until after the portfolio optimization process adopted in the VAMO Decision is completed next year, as described in Section 4 above.⁴⁶ We find SDG&E’s explanation of the lengthy timelines associated with eligible renewable energy procurement hold merit and note that SDG&E is only seeking approval for the option to procure additional resources, if necessary, following its compliance with the VAMO Decision. Therefore, we grant SDG&E authority to hold an RPS procurement solicitation in 2022 if necessary to maintain a reasonable forecast for compliance.

5.3.3. SDG&E Compliance Planning and Risk Assessment

SDG&E notes that its compliance risk is low because its RPS portfolio is entirely long-term contracts with facilities in operation.⁴⁷ This statement is at odds with SDG&E’s PDSU, which describes various projects that are in development, the utility’s RNS spreadsheet, and its MMoP and associated minimum margin scenarios. Further, SDG&E has excess redactions in its PDUS spreadsheet because project location is publicly accessible information, and SDG&E fails to describe how risks associated with its PDSU could impact its compliance planning. SDG&E is therefore directed to ensure its RNS and PDSU spreadsheets are aligned in its Final 2021 RPS Plan, and that its minimum margin scenarios are consistent with the narrative and inputs provided in its PDSU section (Section V of its RPS Plan). SDG&E shall also provide more comprehensive discussion about its qualitative risk assessment and why it chooses not to use modeling to evaluate compliance risk and include a narrative

⁴⁶ Cal Advocates’ Reply to IOU Draft 2021 RPS Plans at 6-7.

⁴⁷ SDG&E Draft 2021 RPS Plan at 42.

description of how or whether its PDSU could impact its compliance risk. SDG&E shall reference the Risk Assessment section of the ACR and better align Section VII of its final plan to the criteria adopted therein.

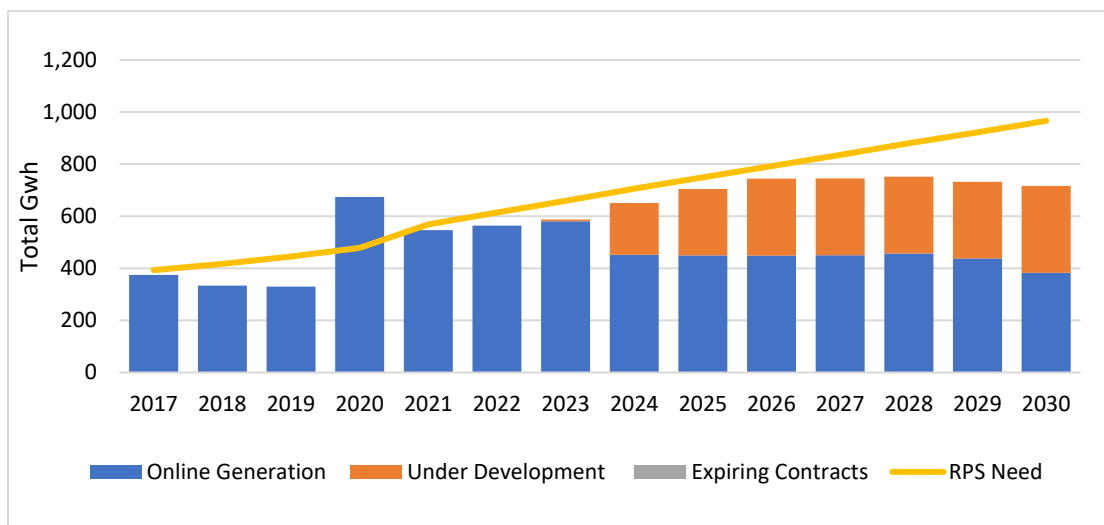
6. Small and Multijurisdictional Utilities

SMJUs make up a small share of California's energy market and are subject to RPS requirements.⁴⁸ The three SMJUs, Bear Valley Electric Company (BVES), PacifiCorp, and Liberty, collectively need more procurement beginning in 2021 to meet their respective RPS requirements (*See* Figure II).

The RPS procurement requirements for SMJUs are different from those for the large IOUs. The RPS statute allows these utilities to meet their RPS procurement obligations without regard to the Portfolio Balance Requirement and PCC targets established in Section 399.16.⁴⁹ The PCC limitations are designed to ensure that most renewable energy procurement takes the form of in-state generation, rather than pure compliance instruments such as unbundled RECs. Given their near-term need for RPS-compliant resources, the Commission continues to encourage SMJUs to consider early and timely procurement of resources rather than last-minute unbundled REC purchases.

⁴⁸ Their load is 1,500 GWh, or 1 percent of the total CPUC regulated retail load.

⁴⁹ Pub. Util. Code § 399.17(b). The PBR limitations in Section 399.16 are explained in D.11-12-052, §§ 3.5-3.7.

Figure II: Aggregated SMJU Progress Towards 60% RPS

In this section, we discuss the SMJUs’ draft 2021 RPS Plans and direct specific modifications to each, as necessary.

6.1. Bear Valley Electric Service Draft 2021 RPS Plan

The draft 2021 RPS Plan filed by Bear Valley Electric Service (BVES) is approved with the minor modifications described below related to its portfolio diversity, reliability planning, and risk assessments; redactions in its RNS and cost-quantification spreadsheets; and defining ‘best fit attributes’ for its portfolio in the least-cost, best-fit (LCBF) section.

6.1.1. BVES Portfolio Diversity, Reliability Planning, and Risk Assessments

BVES, as a small utility, can meet its full RPS compliance obligation using unbundled RECs and it does not need to build or contract with new resources. In its Draft 2021 RPS Plan, BVES states that it “has no plans to procure from advanced emerging technologies such as hybrid battery storage, offshore wind,

or other emerging technologies” as such technologies are unlikely to be cost effective compared to unbundled RECs.⁵⁰

BVES repeatedly mentions its effort to contract with a local solar plus storage facility throughout its Draft 2021 RPS Plan without discussing how it is considering including advanced or emerging technologies in its RPS portfolio.⁵¹ BVES withdrew a recent application to develop an 8 MW solar energy project, but states that it is still pursuing locations and developers for a solar and battery storage project “to help improve grid reliability and promote price stability.”⁵²

BVES notes that, at least for compliance reasons, it is not important that it procure from resources with any specific delivery or operational characteristics, because it is authorized to comply with unbundled RECs. It argues that it could procure bundled RPS power but it has not proven cost effective in the past. BVES also states its planned solar and storage project could offset its reliance on gas-powered generation, particularly for its resource adequacy requirements.⁵³ These are contradictory positions. BVES shall provide discussion about the operational characteristics it is seeking to obtain from its proposed hybrid solar plus storage project, including the contribution to its resource adequacy requirements. Further, BVES must include discussion about how transportation electrification is considered in its final 2021 RPS Plan, particularly as it relates to reliability planning and the portfolio diversity issues discussed in Section 4.6 above.

⁵⁰ BVES 2021 Draft RPS Plan at 11.

⁵¹ *Ibid* at 10-11.

⁵² *Ibid* at 8. BVES withdrew its Application (A.) 19-03-008, which sought approval for the development of the 8 MW Bear Valley Solar Energy Project because the solar developer terminated the contract.

⁵³ *Ibid* at 8-10.

6.1.2. Issues related to BVES' RNS and Cost Quantification Worksheets

In its draft 2021 RPS Plan, BVES argues that the RNS template is tailored for the large IOUs, and states that its RNS template is based on contracted RPS procurement and retail sales numbers, which have “very low risk of contract failure and regulatory risks.”⁵⁴ BVES' RNS spreadsheet suggests it will only meet 4% of its portfolio with eligible renewable resources in 2024 and beyond. Further, BVES over-redacted its RNS spreadsheet, which should include details for each year unless they are confidential as defined in statute and pursuant to D.06-06-066, as modified by D.07-05-032, D.20-07-005, and D.21-11-029. Therefore, for BVES' final 2021 RPS Plan, it shall un-redact portions of its RNS spreadsheet aside from forecast information for 2021-2023. BVES incremental RPS contracts should meet the best fit and safety related considerations described in Section 6.1.3, *infra*.

6.1.3. Best Fit Attributes and RFP Considerations

BVES states that it evaluates bids for its RPS solicitations based on:

- 1) Market evaluation (whether the bid conforms with the RFP, the bid price and alignment with the pro forma contract; required equipment and its useful life, warranty, etc.);
- 2) Risk factors (whether the bidder can ensure operation by specific date; evaluation of any additional security, environmental, health, and/or safety issues);
- 3) Project variability (based on the performance and track record of the proposed technology; the financial viability, market experience, and regulatory expertise of the bidding developer within and outside of California; and the

⁵⁴ BVES Draft 2021 RPS Plan at 20.

developer's ability and forecasted cost(s) to construct interconnection facilities); and

- 4) Portfolio fit (including project size, project constraints, etc.).

Further, BVES states that it is likely to issue an RFP for unbundled REC in 2022 that and it will provide additional details about its criteria before it is issued. BVES does not, however, describe how its past and future RFPs evaluate resources located in specific communities, such as disadvantaged communities, or how the solicitations evaluate the 'best fit' criteria as required in the ACR.⁵⁵ Therefore, in its final 2021 RPS Plan, BVES shall include discussion of how its RFPs evaluate specific locational aspects as required in Section 399.13(a)(8) and how it will apply the best fit criteria, pursuant to Section 399.13(a)(9), when evaluating bids in future RFPs. At a minimum, BVES' should include information in its final 2021 RPS Plan describing how it will value and evaluate bids in its unbundled RECs RFP.

6.2. Liberty Draft 2021 RPS Plan

Liberty's draft 2021 RPS Plan is approved with the modifications adopted below. We approve Liberty's request to implement a long-term REC procurement strategy to procure PCC 3 RECs up to three years in advance, and to otherwise meet RPS compliance through its existing, utility-owned Luning and Turquoise solar resources and banked RECs.⁵⁶ Liberty's proposed RPS compliance hedging strategy is designed to offset any increase in the cost of PCC

⁵⁵ *Ibid* at 26.

⁵⁶ Liberty is excluded from the PCC requirements and can meet its RPS compliance exclusively with PCC 3 RECs if necessary. In its 2021 Draft RPS Plan, Liberty specifically proposes to, in a given year, be granted authority to buy up to 100% of the current year's RPS procurement obligation, 75% of the next years, 50% of the third year's, and 25% of the fourth year's.

3 RECs over time, until its Luning Solar facility expansion is online and generating power and RECs.

Liberty's Final 2021 RPS Plan must address the issues discussed below related to its portfolio diversity and reliability discussion; the alignment of its RNS and cost quantification spreadsheet values; the differentiation between its voluntary margin of over-procurement (VMoP) and MMoP; and its lessons learned related to compliance risk modeling. Further, in its Final 2021 RPS Plan, Liberty should provide additional discussion regarding its alternative compliance plan should its Luning Expansion project not receive Commission approval as proposed.

6.2.1. Liberty's Portfolio Diversity and Reliability Discussion

Liberty stated that it will address resource procurement decisions largely on its 25-year load forecasts that are optimized for cost, value, and risk for customers. Unlike other IOUs, Liberty does not have stable connections to California Independent System Operator's grid, and procures its reliability capacity and ancillary services through the NV Energy transmission tariff.⁵⁷ Although Liberty notes that its first microgrid deployment has allowed for some reliability improvements for one customer throughout wildfire season,⁵⁸ it does not specifically address several other issues required in the ACR: renewable integration, new resource development risks, under-utilization of RPS-eligible generation, and increases in transportation electrification. Liberty stated that it has no RPS-eligible projects under development but did not discuss compliance

⁵⁷ Liberty Draft RPS Plans at 15.

⁵⁸ *Ibid.*

risks factors that may arise if existing resources have reduced generation or Liberty faces unanticipated increases in retail sales.⁵⁹

Liberty suggests it can respond to any potential compliance delays with a combination of banked RECs and REC procurements, but it does not discuss how its portfolio optimization strategies align with its diversity and reliability planning efforts. Liberty states it intends to align its load curves, which will inform its future procurement, with reliability needs using battery storage and microgrid projects, but fails to connect how those projects could affect its RPS compliance efforts. Further, Liberty suggests that its expansion of the Luning Solar Project will support its future RPS compliance but does not provide a contingency strategy to remain in compliance if the project is not approved by the Commission as proposed.⁶⁰

Therefore, Liberty shall include further discussion of the following issues in its final 2021 RPS Plans:

- (a) How or whether Liberty's plans to incorporate battery storage and microgrids will support increased levels of renewable integration.
- (b) How Liberty could comply with its RPS requirements if its Luning Solar Project expansion is not approved as proposed in A.21-04-006.
- (c) How Liberty plans to comply with its RPS obligations if its existing renewable contracts have lower-than-expected generation or if it faces unexpected increases in retail sales.

⁵⁹ *Ibid.* at 16.

⁶⁰ *Ibid.* at 2. A.21-04-006 proposes a 60 MW expansion of the Luning Solar Project and the addition of a 240 MWh storage facility at the site.

- (d) How Liberty is forecasting and analyzing the impacts of increased transportation electrification when planning for RPS compliance.

6.2.2. Alignment of Liberty's RNS and Cost-Quantification Values

Liberty states that its RPS-eligible procurement in 2021 is forecasted to be made up largely of its utility-owned generation from its utility-owned Luning and Turquoise plants and five specific geothermal contracts.⁶¹ The reported generation from those two plants and Liberty's geothermal contracts, however, do not align with the MWh of generation Liberty reported in its RNS spreadsheet for 2021-2030. Liberty did not provide adequate details in its draft 2021 RPS Plan to determine whether its cost quantification or RNS values were incorrect, but Liberty is directed to ensure the values are aligned in its final 2021 RPS Plan.

Further, Liberty has not described its VMoP and did not clarify whether its RPS procurement plans accurately describe the differential between the MMoP and the VMoP. Liberty also over-redacted the RPS cost values reported in years 2018-2020 and forecasted costs for RPS years 2025-2030. Redactions are allowed in the current year (2021) and two years forward (2022-2023), but Liberty should not redact any RPS costs outside of the years 2021-2023 in its RNS spreadsheet. Therefore, Liberty is directed to ensure its cost quantification values and its RNS spreadsheet values align in its final 2021 RPS Plan, to clearly describe its VMoP, if relevant, and define how its procurement plan includes its MMoP. Liberty shall also ensure it only redacts information for 2021-2023 in its final 2021 RPS Plan RNS and cost quantification spreadsheets.

⁶¹ *Ibid* at 13, 23, and 24.

6.3. PacifiCorp Draft 2021 RPS Plan

PacifiCorp follows a different schedule from other retail sellers and is required to file its IRP and IRP supplement in accordance with the ACR.⁶² For 2021, PacifiCorp must file an on-year IRP supplement that provides information about its risk assessment as directed in Section 5 of the ACR.

PacifiCorp's on-year supplement, which was filed on October 1, 2021, and updated on October 4, 2021, provides an RPS compliance strategy that is similar to its off-year supplement filed in 2020, but PacifiCorp has provided additional information and aligned with the formatting requirements established in the ACR. PacifiCorp states that it intends to meet its RPS program requirements using existing eligible renewable energy and RECs procured within PacifiCorp's system, consistent with PacifiCorp's integrated system planning for its multi-state service territory and overall system operation, or RECs procured through solicitations seeking current-year vintage unbundled RECs in 2021 and future years.⁶³

PacifiCorp's on-year 2021 supplement is accepted and deemed final. We identify several issues detailed below that must be addressed in the future, related to PacifiCorp's (1) long-term procurement position and any associated potential compliance delays and (2) misalignment between its RNS and cost quantification spreadsheets that should be addressed in its 2023 on-year IRP supplemental filing. We also direct PacifiCorp to provide an update on its

⁶² D.08-05-029 directed how PacifiCorp is to comply with the annual RPS Plans requirements, including allowing filing of its IRP to count towards the requirement. That decision does not set a specific date for PacifiCorp's filing deadline, however, nor does D.11-04-030, which set an RPS Plans filing date for PacifiCorp's non-IRP years.

⁶³ PacifiCorp 2021 On-Year Supplement to its 2021 Integrated Resource Plan at 5.

MMoP in its 2022 off-year supplement, in accordance with the ACR and D.20-02-009.⁶⁴

6.3.1. PacifiCorp Compliance Planning, Long-Term Compliance, and Potential Compliance Delays

PacifiCorp did not include any information about local or regional policies and their impact on its RPS compliance planning in its 2021 on-year supplement. And while PacifiCorp provided notice that it complied with the 65% long-term procurement requirement early in the prior compliance period and states it will maintain the 65% long-term procurement threshold for the current compliance period, it did not provide a quantitative assessment of its long-term procurement position for the current and future compliance periods. PacifiCorp suggests that its compliance risk(s) are largely associated with government policies in California and Washington State and potential changes in load and transmission infrastructure availability. Its filing suggests these compliance risk(s) create uncertainty in predicting the scope, timing, and cost impact of compliance with emissions reduction and renewable energy policy targets.⁶⁵ Its filing, however, fails to connect its on-year IRP supplement with its long-term procurement compliance requirements. Therefore, PacifiCorp is directed to include the following discussion in its 2023 on-year IRP supplement:

1. Identification of any local or regional policies that require any incremental renewable energy procurement, and description of any associated impacts to PacifiCorp's California RPS compliance planning, or an explanation of why there are no impacts;

⁶⁴ D.20-02-009 adopted PacifiCorp's 2019 On-Year IRP Supplement and set specific requirements for its next on-year supplement.

⁶⁵ PacifiCorp 2021 On-Year Supplement to its 2021 Integrated Resource Plan at 338-349.

2. An assessment of any potential compliance delays that could impact its compliance with the 65% long-term procurement target in this or future compliance periods

6.3.2. Issues related to PacifiCorp's MMoP, RNS, and Cost Quantification

Ordering Paragraph 2 of D.20-02-009 directs PacifiCorp to explicitly address the MMoP requirement in its 2021 On-Year Supplement to its 2021 IRP filing, and to include a redline version comparing its discussion filed in 2021 with its 2019 on-year supplement. The ACR also establishes requirements associated with MMoP that PacifiCorp has not met with in its 2021 on-year supplement. Specifically, PacifiCorp's discussion should reflect individual RNS inputs and clearly distinguish between established statutory MMoP and VMoP.⁶⁶ It appears that PacifiCorp has confused VMoP with MMoP in its RNS, and it has reported a 10% VMoP. Therefore, in its 2022 off-year IRP supplement, PacifiCorp must ensure its MMoP is included in its risk-adjusted RPS procurement (row 13 of RNS), not VMoP (row 10 of RNS).

Further, PacifiCorp's RPS MWh reported in the RNS Section of its 2021 on-year supplemental filing do not match with the cost-quantification values provided for 2027. It is unclear whether the RNS or cost-quantification value is inaccurate but the two must align when PacifiCorp files its next on-year supplement in 2023. PacifiCorp shall provide narrative discussion comparing its filing this year, with the inaccuracies identified above, to clearly indicate and describe the prescribed corrections made in its next on-year supplemental IRP filing.

⁶⁶ Section 399.13(a)(5)(D).

7. CCAs and ESPs

The Decision approves the CCAs' and ESPs' draft 2021 RPS Plans with modifications.

The Commission reviewed 28 CCA and 10 ESP draft RPS Plans for completeness, accuracy of information, and compliance with the 2021 RPS Plans ACR. This section provides the Commission's disposition on CCAs and ESPs as the two retail seller types demonstrated comparable issues in draft 2021 RPS Plans. We have identified the draft 2021 RPS Plans that serve as the best examples for each issue discussed in the following subsections that can be referred to as retail sellers finalize their 2021 RPS Plans.

The CCA and ESP Draft 2021 RPS Plans were compliant on the following issues: Bid Solicitation Protocol, including Least-Cost Best-Fit Methodologies, Consideration of Price Adjustment Mechanisms, and Coordination with the IRP Proceeding.^{67,68}

7.1. Community Choice Aggregators (CCA)

This Decision reviews draft RPS Plans for 28 CCAs, including CCAs currently serving retail load or planning to start serving retail load in 2021 or 2022. Together the CCAs have executed enough renewable energy contracts to exceed their forecasted need in 2021 and plan to serve 60,000 GWh of retail load in 2022.

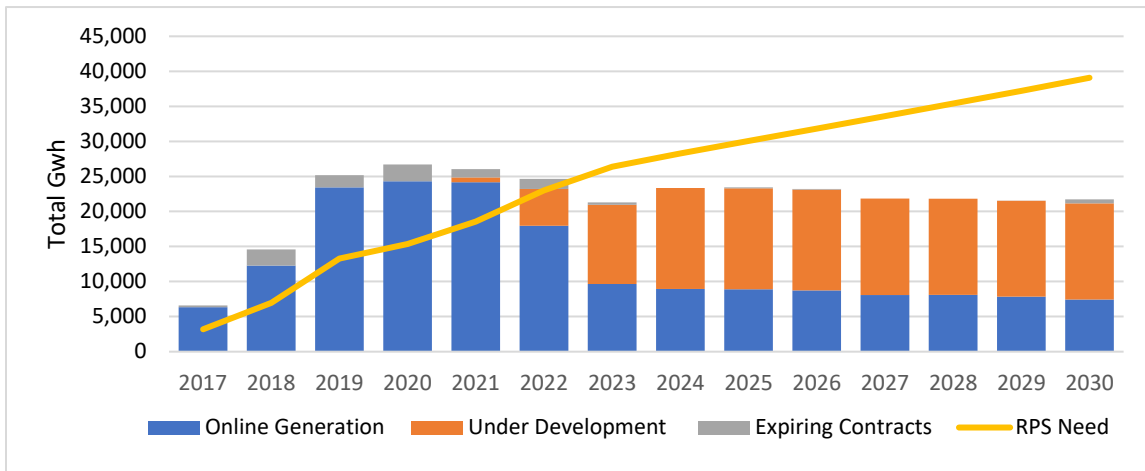
In D.21-01-005, we noted that the CCAs' share of retail sales is projected to grow from less than 10,000 GWh in 2016 to 62,000 GWh in 2023. Given updated

⁶⁷ 2021 ACR Sections 5.10, 5.12, and 5.15.

⁶⁸ LSEs' 2020 IRP filings are the most recent IRP filings and are reflected in draft 2021 RPS Plans. No updates to the Coordination with the IRP Proceeding section are expected until the next IRP filing.

information, we now find that projected CCA retail sales growth in 2023 has increased to 64,000 GWh.⁶⁹ Based on the CCAs’ RNS reporting, several CCAs are expected to need additional RPS procurement beginning in 2022.

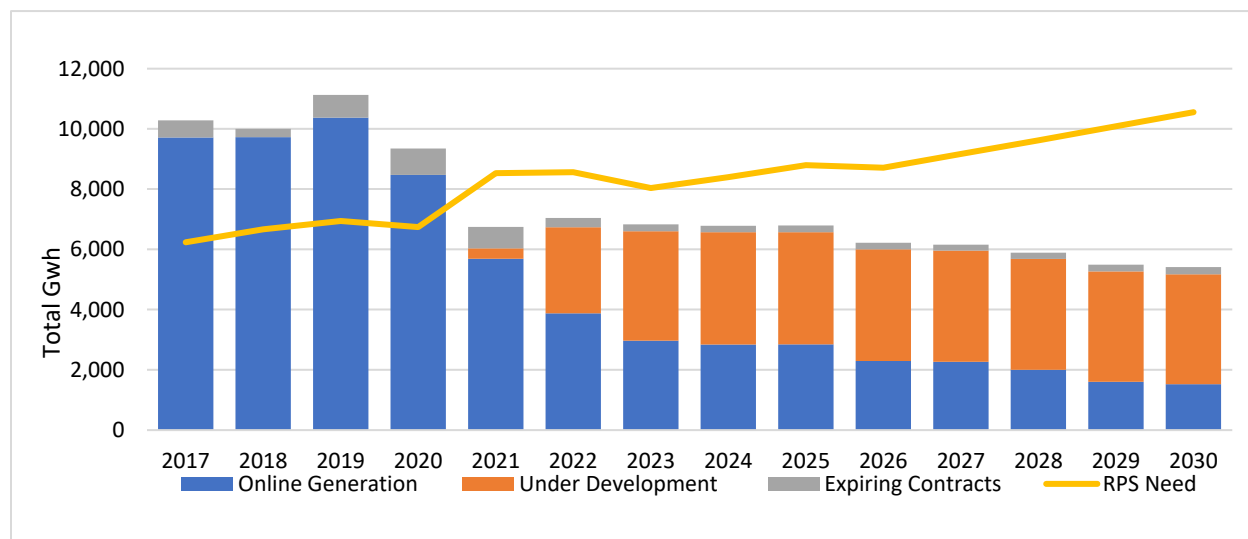
Figure III: Aggregated CCA Progress Towards 60% RPS



7.2. Energy Service Provider

This Decision reviews draft 2021 RPS Plans for 10 ESPs. Based on RNS reporting, the ESPs will collectively need additional procurement to meet RPS obligations beginning in 2021 (*See Figure IV*). The ESPs’ RPS need in the near term is a result of historically relying on short-term contracts to match their RPS obligation to their overall retail sales.

⁶⁹ Energy Division staff analysis of aggregated CCA 2021 RNS templates, as submitted in their draft 2021 RPS Plans.

Figure IV: Aggregated ESP Progress Towards 60% RPS

7.3. CCA and ESP Related Issues to Address in the Final 2021 RPS Plans

7.3.1. Project Development Status Update

Section 399.13 requires retail sellers to include a status update on the development schedule of all eligible renewable energy resources currently under contract in their RPS Plans. This information is important for the Commission to monitor retail sellers' ability to meet RPS compliance obligations. Additionally, the Commission is required to report RPS capacity additions and contracts signed for new RPS projects to the Legislature. Without the information in RPS Plans, the Commission cannot accurately report to the Legislature.

In their draft 2021 RPS Plans, most CCAs and ESPs include their respective PDSU spreadsheet, however some failed to use the correct format prescribed by the ACR, and many others only provided basic information on project development that is of limited use for RPS analyses.

Retail sellers' narrative should provide additional, more granular detail on the status of projects' development, beyond just the bare categories of the PDSU

attachment, including any significant deviations from preceding attachments. As such, the final RPS Plans should explain the reasons for any project delays, including but not limited to supply chain disruptions, interconnection issues, financing issues, or construction interruptions. Additionally, the required elements, such as “commercial online date” and “status of any required new transmission line or transmission upgrades for each facility,” were frequently omitted.

We have identified PDSU narratives provided in draft 2021 RPS Plans that can serve as the best examples for retail sellers to consult when developing their Final 2021 RPS Plan, and they include: Desert Community Energy, East Bay Community Energy, Pioneer Community Energy, and Direct Energy Business.

Retail sellers identified in the table below should update the PDSU section in their Final 2021 RPS Plans pursuant to the findings below.

Table 5: Project Development Status

Retail Seller (CCAs)	Commission Finding
Apple Valley Choice Energy	<ul style="list-style-type: none"> • Narrative does not describe projects • Commercial Online Date provided for only 1 of 2 projects • Missing transmission status information
Central Coast Community Energy	<ul style="list-style-type: none"> • Limited narrative description of project status • Missing transmission status information
City of Baldwin Park	<ul style="list-style-type: none"> • Limited narrative description of project status • Commercial Online Date not provided • Missing transmission status information
City of Pomona	<ul style="list-style-type: none"> • Narrative doesn't describe projects • Commercial Online Date not provided • Missing transmission status information
Clean Power Alliance of Southern California	<ul style="list-style-type: none"> • Limited narrative description of project status • Commercial Online Date not provided • Missing transmission status information
CleanPowerSF	<ul style="list-style-type: none"> • Limited narrative description of project status
Lancaster Choice Energy	<ul style="list-style-type: none"> • Narrative doesn't describe projects • Commercial Online Date provided for only 1 of 2 projects • Missing transmission status information
Marin Clean Energy	<ul style="list-style-type: none"> • Narrative does not describe projects

	<ul style="list-style-type: none"> • Commercial Online Date not provided • Missing transmission status information
Peninsula Clean Energy	<ul style="list-style-type: none"> • Missing transmission status information
Pico Rivera Innovative Municipal Energy	<ul style="list-style-type: none"> • Narrative doesn't describe projects • Commercial Online Date provided for only 1 of 2 projects • Missing transmission status information
Rancho Mirage Energy Authority	<ul style="list-style-type: none"> • Limited narrative description of project status • Commercial Online Date provided for only 1 of 2 projects • Missing transmission status information
Redwood Coast Energy Authority	<ul style="list-style-type: none"> • Commercial Online Date provided for only 1 of 8 projects • Missing transmission status information
San Diego Community Power	<ul style="list-style-type: none"> • Limited narrative description of project status • Missing transmission status information
San Jacinto Power	<ul style="list-style-type: none"> • Limited narrative description of project status • Commercial Online Date provided for only 1 of 2 projects • Missing transmission status information
San Jose Clean Energy	<ul style="list-style-type: none"> • Not all projects have transmission status information
Silicon Valley Clean Energy	<ul style="list-style-type: none"> • Limited narrative description of project status • Missing transmission status information
Sonoma Clean Power Authority	<ul style="list-style-type: none"> • Missing transmission status information
Valley Clean Energy Alliance	<ul style="list-style-type: none"> • Limited narrative description of project status
Retail Seller (ESPs)	Commission Finding
Calpine Energy Solutions	<ul style="list-style-type: none"> • Incomplete transmission status information
Calpine PowerAmerica	<ul style="list-style-type: none"> • Did not file an excel version of the procurement plan
Constellation NewEnergy	<ul style="list-style-type: none"> • Did not file an excel version of the procurement plan
Shell Energy North America	<ul style="list-style-type: none"> • Missing transmission status information • Did not fill in RPS contract ID field
The Regents of the University of California	<ul style="list-style-type: none"> • Narrative does not describe projects • Commercial Online Date not provided • Missing transmission status information

7.3.2. Risk Assessment and Potential Compliance Delays

This Decision requires retail sellers identified in this section to expand their risk assessments including analysis of any potential compliance delays on delivery of renewable energy. Section 399.13(a)(6)(F) requires an assessment of the risk that an eligible renewable energy resource will not be built, or that construction will be delayed or reduced in size, with the result that electricity will not be delivered as required by the contract.

In opening comments on the RPS Plans, GPI noted that quantitative risk assessments and modeling shortfalls persist amongst a subset of CCAs and

ESPs.⁷⁰ GPI believes that while relying on careful and proven developer selection and contract terms may decrease RPS compliance risk for CCAs, it cannot capture or prepare CCAs' RPS portfolios for stochastic influences such as weather. We agree with GPI that CCAs and ESPs should expand their modeling capabilities to inform procurement planning and risk. We remind retail sellers that the strategy of contracting with existing eligible renewable energy resources exclusively to minimize risk of project failure, construction delay, and other factors that may impact RPS compliance is not an adequate approach for assessing the potential risk that electricity will not be delivered as required by the contract. Retail sellers need to explain the rationale of contracting with an existing facility and how it mitigates potential risks that could disrupt deliveries from existing facilities that should be addressed

Retail sellers were directed to describe potential issues that could impact their RPS compliance including any related project development delays, reduced generation, and compliance delays. Retail sellers were asked to describe not only the potential issues that could impact their compliance position but also steps they are taking to minimize occurrence of these delays. Specifically, the Commission requested information on how delays will impact their RNS, progress towards long-term procurement requirement and procurement strategies.

The Commission expects this information so it can oversee retail sellers' procurement and planning strategies to ensure they are on track to meet their RPS obligations. Retail sellers should proactively address potential compliance delays to minimize the risk of these compliance issues occurring. In

⁷⁰ GPI Comments on the 2021 Draft RPS Plans, in R.18-07-003, at 14-15.

the Final 2021 RPS Plans, the retail sellers identified in the table below shall update their compliance delay sections to include impacts of reduced generation from RPS contracts and unanticipated increases in retail sales along with a discussion of how delays would impact its RPS net short and progress towards 65 percent long-term requirement, pursuant to the direction in the ACR.

Accordingly, retail sellers should incorporate a variety of considerations in their risk assessment that informs us about delays on expected RPS-eligible deliveries across retail sellers' portfolios, including developer, permitting, transmission development, supply chains, financing, lower than an expected generation, load departure/growth, variable generation, and resource availability.

We have identified PG&E, CleanPowerSF, Redwood Coast Energy Authority, and Sonoma Clean Power Authority's risk assessment and compliance delay assessment section in draft 2021 RPS Plans to serve as the best examples for retail sellers to consult with developing their Final 2021 RPS Plan.

The retail sellers identified below shall update their Final 2021 RPS Plans to address the Commission findings on risk assessment.

Table 6: Summary of Retail Sellers' Risk Assessments and Compliance Delay

Retail Seller (CCAs)	Commission Finding
Apple Valley Choice Energy	Discussion should explain the results of its contract-specific risk assessment with volumetric risk adjustments now that the retail seller has executed contracts for renewable resources.
City of Baldwin Park	
City of Pomona	
Lancaster Choice Energy	
Pico Rivera Innovative Municipal Energy	
Rancho Mirage Energy Authority	
San Jacinto Power	
Central Coast Community Energy	Discussion should consider how the retail seller's portfolio supports or undermines system reliability and overall system reliability impacts on renewable energy resource projects currently under contract.
Clean Power Alliance	
Silicon Valley Clean Energy	

East Bay Community Energy	Discussion should include lessons learned in assessing RPS portfolio risk.
King City Community Power	Discussion should consider how the retail seller's portfolio supports or undermines system reliability.
Peninsula Clean Energy	Risk assessment should include RPS portfolio-specific inputs and assumptions to their risk assessment models. Discussion should consider how risks could impact achieving the long-term procurement requirement and explain how the retail seller's portfolio supports or undermines system reliability and overall system reliability impacts on renewable energy resource projects currently under contract.
Retail Seller (ESPs)	Commission Finding
Calpine PowerAmerica	Assessment should consider impacts of reduced generation and unanticipated increases in retail sales. Discussion should address how any delays would impact its net short and progress towards 65% long-term requirement and lessons learned in assessing RPS portfolio risk.
Commercial Energy	Assessment should provide specific risk factors considered when assessing compliance risk, including lessons learned in assessing RPS portfolio risk, impacts of reduced generation and unanticipated increases in retail sales. Discussion should address how any delays would impact its net short and progress towards 65% long-term requirement.
EDF Industrial Power Services	Discussion should include lessons learned in assessing RPS portfolio risk.
Pilot Power Group	Assessment should consider impacts of reduced generation and unanticipated increases in retail sales. Discussion should consider how the retail seller's portfolio supports or undermines system reliability, address how any delays would impact its net short and progress towards 65% long-term requirement, and include lessons learned in assessing RPS portfolio risk.
Shell Energy North America	Assessment should consider impacts of reduced generation and unanticipated increases in retail sales. Discussion should consider how the retail seller's portfolio supports or undermines system reliability, address how any delays would impact its net short and progress towards 65% long-term requirement, and include lessons learned in assessing RPS portfolio risk.
The Regents of the University of California	Discussion should consider how the retail seller's portfolio supports or undermines system reliability and overall system reliability impacts on renewable energy resource projects currently under contract.

7.3.3. Minimum Margin of Procurement (MMoP)

We find that many draft 2021 RPS Plans did not clearly distinguish between MMoP and VMoP and/or correctly reflect MMoP in retail sellers' risk-adjusted RPS eligible procurement. The CCAs and ESPs, identified later in

this section, shall provide complete MMoP methodology and criteria for Final 2021 RPS Plan submissions.

The use of an MMoP is necessary to mitigate risk and ensure that retail sellers meet the State's climate and reliability goals, particularly as California moves toward aggressive long-term RPS contracting requirements that promote the development of new renewable generation resources. Section 399.13(a)(5)(D) requires that "an appropriate minimum margin of procurement above the minimum RPS procurement level is necessary to comply with the RPS to mitigate the risk that renewable projects planned or under contract are delayed or canceled." The Commission's 2014 RNS Ruling provides clear instructions on how retail sellers are to incorporate MMoP when developing risk-adjusted portfolios, and how additional RPS procurement above a risk-adjusted portfolio (VMoP) should be reported in retail sellers' RNS.

While the Commission allows retail sellers to devise their own MMoP methodology, retail sellers should clearly explain how their risk-informed methodology is included in their RNS as well as how it is consistent with that methodology in the MMoP narrative. Further, retail sellers should not report MMoP values in Row D of their RNS; rather, the need for additional procurement above a retail seller's risk-adjusted portfolio should be explained and supported by the VMoP reported in the quantitative analysis.

Retail sellers should clearly distinguish between established statutory MMoP and VMoP. Retail sellers should not have a VMoP in place of an MMoP but should only have a VMoP after establishing and quantifying an MMoP.

We have identified CleanPowerSF's and Desert Community Energy's approach to MMoP serve as the best examples for CCAs and ESPs to consult when developing Final 2021 RPS Plans.

The retail sellers identified below are required to modify the MMoP section of their Final 2021 Plans commensurate with the guidance provided in this section.

Table 7: Minimum Margin of Procurement

Retail Seller (CCAs)	Commission Finding
Central Coast Community Energy	Discussion should reflect RNS inputs and clearly distinguish between established statutory MMoP and VMoP.
City of Baldwin Park	
City of Palmdale	
City of Pomona	
City of Santa Barbara	
Clean Energy Alliance	
Clean Power Alliance	
East Bay Community Energy	
Lancaster Choice Energy	
Marin Clean Energy	
Pico Rivera Innovative Municipal Energy	
Pioneer Community Energy	
Rancho Mirage Energy Authority	
San Diego Community Power	
San Jacinto Power	
Silicon Valley Clean Energy Authority	
Peninsula Clean Energy	Establish a quantifiable MMoP with a supporting risk-informed methodology
Retail Seller (ESPs)	Commission Finding
Calpine Energy Solutions	Discussion should reflect RNS inputs and clearly distinguish between established statutory MMoP and VMoP.
Commercial Energy	
Calpine PowerAmerica	Describe MMoP methodology to support the proposed quantified MMoP in risk-adjusted portfolio

7.3.4. Safety Considerations

The 2021 ACR directed the retail sellers to describe how they incorporate safety considerations into their RPS planning and procurement decisions. The

2021 ACR provided relevant safety issues to address, including future land use impacts due to climate change (*e.g.*, sea level rise), Public Safety Power Shut-off (PSPS) events, wildfire risk mitigation, or a combination of these approaches to overall system and public safety.⁷¹

In the draft 2021 RPS Plans, most retail sellers provided sufficient detail to describe their active efforts at addressing safety considerations, while the remaining retail sellers acknowledged these considerations and stated that they would evaluate the risks in their future actions, whether through procurement, siting, decommissioning, etc. In all cases, the retail sellers fulfilled the obligations in the 2021 ACR to consider and provide their approach to safety in the RPS program.

CCAs and ESPs, noted that they do not own, operate or control any generation facilities and, as a result, their operations do not present any unique safety risks. Whereas last year many CCAs and ESPs relied on this fact as a full response to safety considerations in their RPS Plans, the draft 2021 RPS Plans show instances where retail sellers have addressed this by including language in procurement contracts that requires prudent electrical practices and applicable safety requirements, including compliance with laws and regulations relating to safety.⁷²

7.3.5. Curtailment Frequency, Forecasting, Costs

The 2021 ACR directed retail sellers to discuss curtailment in RPS Plans, including possible incidences of overgeneration impacting retail sellers'

⁷¹ 2021 ACR at 27-28.

⁷² See, *e.g.*, Apple Valley Choice Energy (p. 52); Lancaster Choice Energy (p. 60); Shell Energy (p. 22).

portfolios.⁷³ As a growing number of retail sellers begin serving load, we need to understand their unique experiences related to economic curtailment.

Renewables continue to account for a greater percentage of load on the system, highlighting the need for retail sellers to demonstrate how their procurement planning addresses instances of overgeneration. In D.14-11-042, the Commission approved curtailment terms for the IOUs' pro forma contracts and required additional information about curtailment in their procurement planning to be included in annual RPS Procurement Plans and regular reporting to Procurement Review Groups. Other retail sellers, however, are not required to seek Commission approval for standard contract terms, including curtailment provisions, highlighting the importance of complete and in-depth assessments of curtailment, forecasting, and costs in retail sellers' RPS Plans.

We find RPS Plans submitted with no or limited curtailment assessment to be deficient and non-compliant with the 2021 ACR. We require the CCAs and ESPs, identified later in this section, to provide an expanded curtailment analysis that meets the criteria set forth in the 2021 ACR for Final 2021 RPS Plan submissions. The 2021 ACR required the retail sellers to specifically address the following issues:

- a) Factors having the most impact on the projected increases in incidences of overgeneration and negative market price hours;
- b) Written description of quantitative analysis of forecast of the number of hours per year of negative market pricing for the next 10 years;
- c) Experience, to date, with managing exposure to negative market prices and or lessons learned from other retail sellers in California;
- d) Direct costs incurred, to date, for incidences of overgeneration and associated negative market prices;

⁷³ The Commission ordered all retail sellers to analyze the impact of economic curtailment, overgeneration or oversupply events on their resource portfolios in their future Renewables Portfolio Standard Procurement Plans in D.12-12-042, OP 20.

- e) An overall strategy for managing the overall cost impact of increasing incidences of overgeneration and negative market prices

In Final 2021 RPS Plans, retail sellers are required to provide the specific information sought in the 2021 ACR, including the five challenges explicitly presented to them. It is not sufficient for retail sellers without generation facilities to shift their obligation to consider the impacts of curtailment to third-party generators. All retail sellers should describe any contract terms included in RPS contracts intended to reduce the likelihood of curtailment or protect against negative prices.

Draft 2021 RPS Plans that provide the best examples of robust curtailment analyses include PG&E, Marin Clean Energy, Peninsula Clean Energy, Redwood Coast Energy Authority, and San Jose Clean Energy.

We find that ESPs generally claimed that they are not responsible for curtailment events because they do not own the generation facilities. Though it is true that generators often take curtailment risk and pricing into account when contracting their generation, and that ESPs do not have operational control of the facility, ESPs should explain their approach to contractual terms with generators to protect them from the risk of curtailment.

In Final 2021 RPS Plans, retail sellers shall update their curtailment assessments to address the Commission findings in the table below.

Table 8: Curtailment Frequency

Retail Seller	Commission Finding
Clean Energy Alliance, East Bay Community Energy, King City Community Power, Lancaster Choice Energy, Pioneer Community Energy, Rancho Mirage Energy Authority	Insufficient description of quantitative analysis of forecast of the number of hours per year of negative market pricing for the next 10 years.
Central Coast Community Energy, Clean Energy Alliance, King City Community Power, Pico Rivera Innovative Municipal Energy, Solana Energy Alliance	Insufficient description of experience, to date, with managing exposure to negative market prices and or lessons learned from other retail sellers in California.
Apple Valley Choice Energy, Clean Energy Alliance, King City Community Power, Pico Rivera Innovative Municipal Energy	Insufficient description of strategy for managing the overall cost impact of increasing incidences of overgeneration and negative market prices
Clean Energy Alliance, East Bay Community Energy, King City Community Power, Lancaster Choice Energy, Solana Energy Alliance	Insufficient description of direct costs incurred, to date, for incidences of overgeneration and associated negative market prices.

7.3.6. Cost Quantification

This Decision requires retail sellers listed in this section below to provide complete and/or corrected information or explain discrepancies between the submitted RNS calculations and Cost Quantification sheets in their Final 2021 RPS Plans.

Pursuant to the 2021 ACR requirements, “All retail sellers must submit the native file versions of the required Microsoft Excel spreadsheets for the RNS calculations, Project Development Status Update, and Cost Quantification to Energy Division staff through the CPUC’s Secure File Transfer Protocol (FTP). This submission is in addition to including the required data in the retail sellers’ RPS Plan.”

We find seven CCAs, namely, City of Baldwin Park, City of Santa Barbara, Clean Energy Alliance, City of Pomona, Desert Community Energy, East Bay Community Energy, and San Diego Community Power, did not submit complete, correct Cost Quantification sheets. These retail sellers should review the table below to see the precise issue and make corrections accordingly. In some cases, cells were left empty where it appears likely that values would have been zero, however the retail seller should enter “0” instead to avoid confusion.

Additionally, we found numerous instances where equivalent metrics did not align between the cost quantification and RNS worksheets. Absent explanation, a given measure cannot have multiple values and be correct. The table below lists the retail sellers with data discrepancies. The retail sellers should review and correct or explain the differences in their Final 2021 RPS Plans.

Table 9: Cost Quantification

Retail Seller (CCAs)	Commission Finding
<p>Central Coast Community Energy</p>	<ul style="list-style-type: none"> • “Executed REC Sales” are not consistent between Cost Quantification and RNS sheets for 2019 • “Total RPS Eligible procurement” is not consistent between Cost Quantification and RNS sheets for 2022-2030
<p>City of Baldwin Park</p>	<ul style="list-style-type: none"> • Cost Quantification Table 1 is blank for 2018, 2019 • “Total RPS Eligible procurement” is not consistent between Cost Quantification and RNS sheets for 2021-2023
<p>City of Santa Barbara</p>	<ul style="list-style-type: none"> • Table 2 was omitted from the public RPS plan (Table 4 appears to have been duplicated)
<p>Clean Energy Alliance</p>	<ul style="list-style-type: none"> • Cost Quantification Table 1 is blank
<p>City of Pomona</p>	<ul style="list-style-type: none"> • Cost Quantification Table 1 is blank for 2018, 2019
<p>Desert Community Energy</p>	<ul style="list-style-type: none"> • Cost Quantification Table 1 is blank for 2018, 2019 • “Total RPS Eligible procurement” is not consistent between Cost Quantification and RNS sheets for 2020-2030.
<p>East Bay Community Energy</p>	<ul style="list-style-type: none"> • Did not use the final 2021 template – used an older version • “Total RPS Eligible procurement” is not consistent between Cost Quantification and RNS sheets for 2018-2030
<p>King City Community Power</p>	<ul style="list-style-type: none"> • “Total RPS Eligible procurement” is not consistent between Cost Quantification and RNS sheets in 2028

Peninsula Clean Energy	<ul style="list-style-type: none"> • “Total RPS Eligible procurement” is not consistent between Cost Quantification and RNS sheets for 2021-2030
Redwood Coast Energy Authority	<ul style="list-style-type: none"> • “Total RPS Eligible procurement” is not consistent between Cost Quantification and RNS sheets for 2021-2030
San Diego Community Power	<ul style="list-style-type: none"> • Cost Quantification Table 1 is blank
Sonoma Clean Power Authority	<ul style="list-style-type: none"> • “Total RPS Eligible procurement” is not consistent between Cost Quantification and RNS sheets for 2019-2020
Retail Seller (ESPs)	Commission Finding
3 Phases Renewables	<ul style="list-style-type: none"> • “Executed REC Sales” are not consistent between Cost Quantification and RNS sheets for 2018-2020 • “Total RPS Eligible procurement” is not consistent between Cost Quantification and RNS sheets for 2018-2019
Calpine Energy Solutions	<ul style="list-style-type: none"> • “Total RPS Eligible procurement” is not consistent between Cost Quantification and RNS sheets for 2018, 2020-2030
Calpine PowerAmerica	<ul style="list-style-type: none"> • “Total RPS Eligible procurement” is not consistent between Cost Quantification and RNS sheets for 2019
Commercial Energy	<ul style="list-style-type: none"> • “Total RPS Eligible procurement” is not consistent between Cost Quantification and RNS sheets for 2022-2030
Constellation NewEnergy	<ul style="list-style-type: none"> • “Executed REC Sales” are not consistent between Cost Quantification and RNS sheets for 2020
Pilot Power Group	<ul style="list-style-type: none"> • “Total RPS Eligible procurement” is not consistent between Cost Quantification and RNS sheets for 2028-2030
Shell Energy North America	<ul style="list-style-type: none"> • “Total RPS Eligible procurement” is not consistent between Cost Quantification and RNS sheets for 2022-2030
The Regents of the University of California	<ul style="list-style-type: none"> • “Total RPS Eligible procurement” is not consistent between Cost Quantification and RNS sheets for 2021-2030

7.4. CCA and ESP Requests

The Joint CCAs request that the Commission somehow provide retail sellers formal notice that their Final RPS Procurement Plan has been accepted, such as via a letter from the Director of Energy Division served on the service list for R.18-07-003 (or its successor).⁷⁴ The comments suggest that the current practice for the Commission’s decisions on RPS Procurement Plans is to take one of two possible actions on each retail seller’s draft RPS Plan: (1) the decision accepts and deems as final the retail seller’s draft RPS Procurement Plan; or (2) the decision directs the retail seller to submit a final RPS Plan that is updated

⁷⁴ Joint Comments filed by CCAs on 2021 RPS Plans on July 30, 2021, at 2-3.

to address specific issues identified in the decision. If a retail seller is directed by the Commission to submit a final RPS Plan, no formal notice is provided to that retail seller that its final RPS Plan has been accepted. Instead, these retail sellers must assume that if Energy Division staff does not request any further revisions to their final RPS Plan, that their RPS Plans have been accepted. The Joint CCA request is reasonable and removes the uncertainty of whether and when the Energy Division Staff complete the review. Therefore, Energy Division should set a process whereby they are able to inform a retail seller that its Final RPS Plan met the expectations of the Commission.

The second request from the Joint CCAs is regarding the RPS Procurement Plan development process.⁷⁵ The Joint CCAs recommend that the Commission seek input from the parties, early in the process, on both the new requirements for that year's RPS Procurement Plans as well as the overall schedule. We decline to adopt this recommendation in this decision. The RPS Plan requirements are well-established at this time, and we do not expect any substantial new filing requirements. If legislation requires new filing requirements, it is appropriate to have the flexibility to implement the legislation. Therefore, we do not see the significant value or need for additional party review at this time but will provide an opportunity for parties to comment prior to adopting significant new filing requirements.

8. Motions for Confidentiality and Motions for Exemption

The motions for confidentiality of retail sellers named in Table 10 are partially approved. The Commission reviewed draft 2021 RPS Plans to ensure retail sellers did not excessively redact information in the RNS calculations and

⁷⁵ Joint Comments filed by CCAs on 2021 RPS Plans on July 30, 2021, at 3-4.

Cost Quantification sheets. The decision orders retail sellers identified in the table below to correct their excess redactions in their Final 2021 RPS Plans.

The underlying principle of confidentiality pursuant to the 2021 ACR and D.06-06-066 is about making information publicly accessible to the greatest extent possible while protecting certain market-sensitive information. As such, the party seeking confidentiality protection for data in RPS Plans must make claims consistent with the confidentiality matrices in D.06-06-066, as amended. The party seeking confidentiality bears the burden of proof. R.05-06-040 directs the IOUs to use Appendix 1, the IOU Matrix, while ESPs and CCAs must use Appendix 2, the ESP Matrix.

We find some retail sellers have excessively redacted the information, thus disregarding prior Commission guidance. The table below lists retail sellers for whom CPUC review found unauthorized redactions. Final 2021 RPS plans must be revised to comply with the guidance in D.06-06-066, modified by D.21-11-029.

Table 10: Confidentiality Redactions and Commission Findings

Retail Seller	Commission Finding
Clean Power Alliance of Southern California	<ul style="list-style-type: none"> The Cost Quantification sheet Table 3 is inappropriately redacted in 2019.
CleanPowerSF	<ul style="list-style-type: none"> The Cost Quantification sheet Table 4 is inappropriately redacted in 2025-2029.
East Bay Community Energy	<ul style="list-style-type: none"> The Project online date is inappropriately redacted in the Plan body and Project Development Status Update attachment.
Calpine PowerAmerica	<ul style="list-style-type: none"> RNS variables A-Gb are inappropriately redacted in 2017-2018 and 2025-2030. The Cost Quantification sheet variable Retail Sales are inappropriately redacted in 2019 for Table 1, and 2025-2030 for Table 2. Table 3 is inappropriately redacted for 2018-2019, and Table 4 2025-2030. The project Online Date is inappropriately redacted in the Plan body.
EDF Industrial Power Services	<ul style="list-style-type: none"> The Motion to File Under Seal does not mention the footnotes on pages 6 and 47.

City of Commerce⁷⁶ and City of Montebello⁷⁷ filed a motion for exemption to file RPS Procurement Plans and future RPS compliance filings, respectively. We have reviewed the motions and approve them as they apply to filing draft and final RPS Plans. City of Commerce and City of Montebello did not serve load and plan to deregister as CCAs. Therefore we exempt them from filing Final RPS Plans and annual and final RPS compliance reports.

Solana Energy Alliance served load in 2021 and is requesting exemption from future RPS filing requirements.⁷⁸ We only partly approve Solana Energy Alliance's request. Solana Energy Alliance is exempt from filing its Final 2021 RPS Plan and future RPS Plans, but it is required to continue to submit and serve its annual RPS Compliance Reports and a Final RPS Compliance Report since it served load in 2021.

9. Comments on Proposed Decision

The proposed decision of the ALJs Lakhanpal and Sisto in this matter was mailed to the parties in accordance with Section 311 of the Public Utilities Code and comments were allowed under Rule 14.3 of the Commission's Rules of Practice and Procedure. Comments were filed on _____, and reply comments were filed on _____ by _____.

10. Assignment of Proceeding

Clifford Rechtschaffen is the assigned Commissioner and Manisha Lakhanpal and Carolyn Sisto are the assigned ALJs in this proceeding.

⁷⁶ City of Commerce's Motion for Exemption was filed on August 6, 2021.

⁷⁷ City of Montebello's Motion for Exemption filed on May 13, 2021.

⁷⁸ Solana Energy Alliance's Notice of CCA Deregistration and Motion for Waiver from Future RPS Compliance Requirements was filed on April 14, 2021.

Findings of Fact

1. All retail sellers filed their Draft 2021 RPS Plans on time.
2. Section 399.13(a)(6)(A) and Section 5.4 of the ACR require retail sellers to analyze an optimal mix of renewable energy resources, which results from coordinated planning with IRP and PCIA proceedings, among other Commission programs.
3. Retail sellers are required to provide supporting information regarding the implementation of their portfolio optimization strategies.
4. The Draft 2021 RPS Plans from Silicon Valley Clean Energy and San Jose Clean Energy are the best examples illustrating and describing portfolio optimization strategies for Final 2021 RPS Plans.
5. D.21-05-030 (PCIA Decision) directed the IOUs to offer PCIA-eligible retail sellers Voluntary Allocations of PCIA-eligible RPS resources and authorized IOUs to sell any unallocated PCIA-eligible RPS resources through a market offer process.
6. Retail sellers will begin engaging in the VAMO process in 2022.
7. It is uncertain whether any or all of the retail sellers eligible to participate in the VAMO process will seek their maximum Voluntary Allocation in 2022 or beyond.
8. The investor-owned utilities' RPS Sales Framework modeling assumes that all retail sellers will fully take their Voluntary Allocations in the VAMO process.
9. An advice letter filing will enable retail sellers to review the pro forma contracts before executing agreements for their respective voluntary allocations and provide a standardized process for all VAMO transactions.
10. Ordering Paragraph 6 of D.21-05-030 directed the IOUs to file and serve portfolio optimization information in their 2021 RPS Plans specifically related to

holding an RFI seeking information on contract assignments and/or modifications that could reduce any excess and/or uneconomic RPS eligible resources in the IOUs' portfolios.

11. The IOUs filed RFI plans in their draft 2021 RPS plans aligned with Ordering Paragraph 6 of D.21-05-030.

12. D.21-06-035 (Mid-term Reliability Decision) directed retail sellers to procure 11,500 MW of new NQC between 2023 and 2026 and assigned each retail seller a specific procurement responsibility based on its share of peak demand.

13. D.21-06-035 was issued at the same time Draft 2021 RPS Plans were due.

14. The IOUs have included their mid-term reliability obligations in their Draft 2021 RPS Plans but omitted a planning scenario and/or analysis to forecast the impact of D.21-06-035's requirements on RPS compliance requirements.

15. Most CCAs and ESPs did not provide a narrative on procurement obligations ordered in D.21-06-035 and how future procurements would impact their RPS portfolio.

16. Pursuant to SB 350, at least 65 percent of all RPS compliance procurement must be from contracts with terms of 10 years or longer, starting with the compliance period 2021-2024.

17. Some retail sellers opted to comply with SB 350's long-term contracting requirements in the 2017-2020 compliance period.

18. Inadequate long-term procurement planning can impact the risk profile of a retail seller's portfolio and the State achieving its renewable goals.

19. Failure to meet the long-term procurement requirement will result in a retail seller being out of compliance with overall RPS requirements.

20. All RPS Plans must include a timeline for how retail sellers will ramp up to 65 percent long-term procurement if they have not already executed enough

contracts to meet the requirement and how they will continue to meet the need in the future compliance periods.

21. Draft 2021 RPS Plans of SCE, CleanPowerSF, and Central Coast Community Energy provide the best example of robust analyses for long-term procurement planning pursuant to SB 350.

22. Section 399.13(a)(6)(A) requires retail sellers to discuss portfolio diversity and reliability and how their decisions contribute to grid reliability.

23. Section 5.4 of the ACR requires retail sellers to provide a written description of how they will address issues of renewable integration, new resource development risks, under-utilization of existing RPS-eligible generation, increases in transportation electrification, and maximizing ratepayer value.

24. Transportation electrification forecasting is included in the Integrated Energy Policy Report forecast, which serves as the basis for the IRP system-wide capacity expansion and reliability modeling.

25. Each retail seller's individual-level portfolio planning needs to address local transportation electrification adoption trends.

26. The portfolio diversity and reliability sections in the Draft 2021 RPS Plans filed by East Bay Community Energy, Peninsula Clean Energy, Valley Clean Energy, and Direct Energy Business serve as the best example for retail sellers when developing their Final 2021 RPS Plans.

27. PG&E does not project a need to procure additional RPS-eligible resources until 2028 or 2029.

28. Sales of excess RPS-eligible energy on a short-term (one year) basis can provide near-term cost savings without threatening an IOU's near-term RPS compliance.

29. PG&E's modified pro forma contract aligns with the Commission's prior directives related to terms and language.
30. PG&E's Cost Quantification data does not align with its RNS spreadsheet.
31. The adoption of D.21-05-030 impacts PG&E's RPS sales assumptions relative to the 2020 IRP and Draft 2021 RPS Plan filings.
32. WCE filed for bankruptcy in March 2021, returned its customers to SCE, who now receive service from SCE.
33. SCE has not held a new solicitation for eligible renewable resources since 2015.
34. SCE provided an update on five small facilities under development but did not follow the 2021 ACR template or provide adequate information about the facilities.
35. SCE holds a sizable bank of RECs from the prior generation and compliance periods.
36. The Commission adopted standard terms and conditions for RPS contracts in D.07-11-025, including the definition for "CPUC Approval," wherein subclause (a) would not be applicable to non-IOU buyers.
37. Bilaterally-negotiated REC sales agreements are subject to the same terms and pricing set forth in an IOUs' Commission-approved REC sales framework and are subject to the Commission's Tier 3 Advice Letter approval process if the terms deviate from the Commission-approved REC sales framework.
38. The executed REC sales SCE provided in the Cost Quantification portion of its Draft Plan do not match the MWh reported in its RNS spreadsheet for 2020.
39. Legislative and Commission mandates impact SDG&E's RPS compliance and procurement planning.
40. No qualifying bids were filed for SDG&E's 2020 REC sales solicitation.

41. The 2021 ACR adopted specific criteria for the Risk Assessment section of retail sellers' 2021 RPS Plans.

42. The three SMJUs, BVES, PacifiCorp, and Liberty, collectively need more procurement beginning in 2021 to meet their respective RPS requirements.

43. The three SMJUs are exempt from the PCC requirements established in Section 399.16 and may meet their RPS compliance using unbundled RECs.

44. BVES withdrew its A.19-03-008, which sought approval to develop the 8 MW Bear Valley Solar Energy Project because the solar developer terminated the contract.

45. Section 399.13(a)(8) requires retail sellers to evaluate specific locational aspects of bids in REC procurement RFPs, and Section 399.13(a)(9) establishes LCBF criteria for RFPs seeking to procure RECs.

46. Liberty's A.21-04-006 proposes a 60-MW expansion of the Luning Solar Project and the addition of a 240 MWh storage facility at the site.

47. PacifiCorp filed an "on-year" IRP supplement for its draft 2021 RPS Plan that provides information about its risk assessment as directed in Section 5 of the ACR.

48. Public Utilities Code Section 399.13 requires retail sellers to include a status update on the development schedule of all eligible renewable energy resources currently under contract in their RPS Plans.

49. The narrative on the status of projects under development provided in the Draft 2021 RPS Plans filed by Desert Community Energy, East Bay Community Energy, Pioneer Community Energy, and Direct Energy Business serve as the best examples for meeting the ACR criteria for retail sellers' final 2021 RPS Plans.

50. PG&E and Redwood Coast Energy Authority's compliance delay assessments as filed in their draft 2021 RPS Plans serve as the best example for meeting the ACR criteria for retail sellers' final 2021 RPS Plans.

51. Section 399.13(a)(6)(F) requires an assessment of the risk that an eligible renewable energy resource will not be built, or that construction will be delayed or reduced in size, with the result that electricity will not be delivered as required by the contract.

52. The risk assessment portions of the Draft 2021 RPS Plans filed by PG&E, CleanPowerSF, Redwood Coast Energy Authority, and Sonoma Clean Power Authority serve as the best example for retail sellers to consult when developing their final 2021 RPS plans.

53. Section 399.13(a)(5)(D) requires that "an appropriate minimum margin of procurement above the minimum RPS procurement level is necessary to comply with the renewables portfolio standard to mitigate the risk that renewable projects planned or under contract are delayed or canceled."

54. Retail sellers should clearly distinguish between the established, statutory MMoP and VMoP and should only have a VMoP after establishing and quantifying an MMoP.

55. CleanPowerSF and Desert Community Energy's approaches to MMoP serve as the best example for CCAs and ESPs to consult when developing Final 2021 RPS Plans.

56. Retail sellers' Draft 2021 RPS Plans provided sufficient information on relevant safety issues to address future land use, impacts of climate change (e.g., sea-level rise), PSPS events, wildfire risk mitigation, or a combination of these approaches to the overall system and public safety.

57. Renewables continue to account for a greater percentage of load on the system, highlighting the need for retail sellers to demonstrate how their procurement planning addresses instances of overgeneration.

58. RPS Plans submitted with no or limited curtailment assessment are deficient and non-compliant with the ACR and D.14-11-042, which approved curtailment terms for the IOUs' pro forma contracts and set reporting requirements for annual RPS Plans.

59. The best examples of robust curtailment analyses include draft plans of PG&E, Marin Clean Energy, Peninsula Clean Energy, Redwood Coast Energy Authority, and San Jose Clean Energy.

60. The ACR required all retail sellers to submit Microsoft Excel spreadsheets for the RNS calculations, Project Development Status Update, and Cost Quantification to Energy Division staff through the CPUC's Secure File Transfer Protocol.

61. The current practice for the Commission's decisions on RPS Procurement Plans is to (1) accept and deem as final the retail seller's draft RPS Procurement Plan; or (2) direct the retail seller to submit a final RPS Plan that is updated to address specific issues identified in the decision. No formal notice is provided to retail sellers to accept their final RPS Plans.

62. The Commission allows retail sellers to file certain information provided in their RPS Procurement Plans confidentially.

63. Retail Sellers identified in Table 10, Section 8, of this decision have over-redacted RPS information.

64. City of Commerce, City of Montebello have deregistered as CCAs and have not served load in 2021.

65. Solana Energy Alliance served load in 2021, but it has filed for deregistration and is requesting exemption from future RPS filing requirements.

Conclusions of Law

1. It is reasonable to require retail sellers to describe in their Final 2021 RPS Plans portfolio diversity, grid reliability, and RPS compliance planning based on coordination with IRP and PCIA proceedings, among other Commission programs pursuant to Section 399.13(a)(6)(A).

2. It is reasonable for the IOUs to conservatively assume that all retail sellers will maximize their VAMO allocations.

3. Each IOU must submit a Tier 2 advice letter proposing Voluntary Allocation REC pro forma contracts within 10 days of submitting its Final 2021 RPS Plan, and Market Offer pro forma contracts within 45 days of submission of Final 2021 RPS Plans.

4. The IOUs must file and serve portfolio optimization information in their final 2021 RPS Plans to comply with D.21-05-030.

5. Pursuant to SB 350, at least 65 percent of each retail sellers' RPS obligation must be met with contracts of 10 years or longer-term starting in Compliance Period 4 (2021-2024).

6. Retail sellers' Final 2021 RPS Plans must support transportation electrification needs in their service territory.

7. Some retail sellers have complied with SB 350's requirements to meet at least 65% of RPS procurement with contracts that have terms of 10 years or more.

8. It is reasonable for all retail sellers' RPS Plans to include a timeline to meet the SB 350 requirement to meet at least 65% of RPS procurement with long-term contracts.

9. The utilities should consider the impacts D.21-05-030 and D.21-06-035 when finalizing their 2021 RPS Plans, to ensure the PCIA, VAMO, and Mid-Term Reliability directives are incorporated in their projected RNS, cost quantification, and REC sales.

10. Based on PG&E's current stated RPS compliance positions, it is reasonable to approve its requests not to hold an RPS procurement solicitation in 2022.

11. It is reasonable to allow PG&E to hold up to three REC sales solicitations in 2022 for short-term deliveries and modify its REC sales framework and price floor to sell short-term contracts solely for deliveries in 2022.

12. It is reasonable for SCE to accommodate returning load from WCE and plan and procure to meet associated RPS compliance obligations.

13. It is reasonable for SDG&E to have the option to hold an RPS procurement solicitation in the 2021 RPS Plan cycle based on its evaluation of the impacts of recent legislation and Commission decisions on its RPS position.

14. Retail sellers' RNS spreadsheets should align with the cost-quantification portions of their Final 2021 RPS Plans.

15. It is reasonable to allow SCE to procure up to 1,600 GWh annually of new RPS resources through long-term contracts for Compliance Period 5 (2025-2027), for a total of 9,600 GWh of new RPS resources.

16. Retail sellers should meet the Risk Assessment criteria established in the ACR when filing their final 2021 RPS Plans.

17. It is reasonable to allow retail sellers to file certain sections of their 2021 RPS Plans confidentially.

18. Retail sellers should assess the electric delivery risk(s) associated with eligible renewable energy resources not being built and/or construction delays, pursuant to Section 399.13(a)(6)(F) and Section 399.13(a)(5)(D).

19. Retail sellers should clearly distinguish between the established, statutory MMoP and VMoP and should only have a VMoP after establishing and quantifying an MMoP.

20. IOUs' pro forma contracts and curtailment planning should be included in annual RPS Procurement Plans and regular reporting to Procurement Review Groups, pursuant to D.14-11-042.

21. Regarding Project Development Status, the Final 2021 RPS Plans should include "commercial online date" and "status of any required new transmission line or transmission upgrades" for each facility, and provide supporting data for any project delays, supply chain disruptions, interconnection issues, financing issues, construction interruptions.

22. All retail sellers should describe any contract terms included in RPS contracts intended to reduce the likelihood of curtailment or protect against negative prices.

23. It is reasonable for Energy Division to set a process to inform a retail seller that its Final RPS Plan met the expectations of the Commission.

24. Retail Sellers identified in Table 10 should file unredacted RPS information as specified in this decision.

25. It is reasonable to grant deregistered CCAs, such as the City of Commerce and City of Montebello, an exemption to file Final 2021 RPS Procurement Plans and future RPS compliance filings.

26. Solana Energy Alliance should file its Final 2021 RPS Plan and submit to Energy Division its annual Compliance Reports, as needed and it is reasonable to exempt it from filing a future RPS Procurement Plan until it plans to start serving load again.

O R D E R**IT IS ORDERED** that:

1. Pursuant to the authority provided in Public Utilities Code Section 399.13(a)(1), the draft 2021 Renewables Portfolio Standard Procurement Plans, including the related Solicitation Protocols, filed by Pacific Gas and Electric Company, Southern California Edison Company, and San Diego Gas & Electric Company are approved with modification.
2. Pacific Gas and Electric Company, Southern California Edison Company, and San Diego Gas & Electric Company, investor-owned-utilities (IOUs), shall each file Final 2021 Renewables Portfolio Standard (RPS) Procurement Plans, with the modifications required by this decision, within 30 days of the issuance date of this decision. Each IOU shall also file a redlined copy of their modified RPS Procurement Plans. The IOUs may issue solicitations to sell RPS volumes following the limitations of this decision 10 days after filing the final 2021 RPS Procurement Plans unless the Energy Division Director suspends their RPS Procurement Plan within the 10-day period.
3. Pacific Gas and Electric Company (PG&E) is authorized not to hold a voluntary 2021 Renewables Portfolio Standard (RPS) procurement solicitation. It shall indicate in its Final 2021 RPS Procurement Plans to be filed pursuant to the schedule adopted herein that it will seek permission from the Commission to procure any amounts, other than amounts separately mandated by the Commission (i.e., Feed-In Tariff during the time period covered by the 2021 solicitation cycle.) This authorization to not hold a solicitation only applies to the 2021 RPS solicitation cycle. PG&E may hold up to three Renewable Energy Credit sales solicitations in 2022 for short-term deliveries and is authorized to modify its RPS sales framework and price floor to sell short-term contracts solely

for deliveries in 2022. Deliveries may commence at any time after the Commission approves the contract and continue until the contract's term expiration. PG&E must seek Commission approval of short-term sales resulting from a solicitation or any bilateral transaction that both utilizes the pro forma sales agreement submitted with its 2021 RPS Procurement Plan, showing any necessary modifications, and is executed after PG&E receives bids for a sales solicitation resulting from its 2021 RPS Procurement Plan. Executions and requests for approval must be consistent with Decision (D.) 14-11-042's rules for expedited approval of short-term contracts and D.09-06-050's rules regarding bilateral contracts. PG&E may also engage in bilateral sales transactions that do not utilize the pro forma sales agreement submitted with its 2021 RPS Procurement Plan or that are not executed after PG&E receives bids for a sales solicitation resulting from its 2021 RPS Procurement Plan, subject to the Commission's review and approval as established in D.09-06-050. PG&E shall file a final 2021 RPS Procurement Plan with any updated solicitation materials.

4. Pacific Gas and Electric Company's (PG&E) Renewable Energy Credit sales framework included as Appendix H of its draft 2021 Renewables Portfolio Standard Procurement Plan is approved.

5. Pacific Gas and Electric Company shall correct or explain the reason for the cost quantification discrepancy between its Appendix D.1, Row 51 (Cost Quantification) and Appendix C.1., Row F (Renewable Net Short).

6. Pacific Gas and Electric Company shall file Tier 2 advice letters proposing Voluntary Allocation of renewable energy credit pro forma contracts within 10 days of submission of its Final 2021 Renewables Portfolio Standard Procurement Plan (RPS Plan) and Market Offer pro forma contracts within 45 days of submission of Final 2021 RPS Plan, respectively.

7. Southern California Edison Company is authorized to hold a solicitation for new eligible renewable energy resources in 2022.

8. In its Final 2021 Renewables Portfolio Standard Procurement Plan, Southern California Edison Company shall provide a narrative description of each project that describes the projects' commercial operation dates and transmission status information.

9. Southern California Edison Company may continue its short-term sales of Portfolio Content Category 1 and 3 Renewable Energy Credits (REC) and/or energy and RECs associated with its Bioenergy Renewable Auction Mechanism contracts.

10. The modifications Southern California Edison Company proposed for its pro forma sales contracts are adopted.

11. Southern California Edison Company shall seek Commission approval of bilaterally-negotiated Renewable Energy Credit (REC) sales contracts via a Tier 3 Advice Letter for each bilaterally-negotiated REC sales contract that deviates from its REC sales framework.

12. In its Final 2021 Renewables Portfolio Standard Procurement Plan, Southern California Edison Company (SCE) shall correct the inaccuracies between its Renewable Net Short (RNS) and Cost Quantification spreadsheets and provide more details about what is triggering its anticipated increase in costs for its compliance with the Renewable Portfolio Standard (RPS). SCE shall ensure its RNS spreadsheet matches the executed Renewable Energy Credit sales for 2020 and provide more details about its expected increase in RPS compliance costs in its Final 2021 RPS plan.

13. Southern California Edison Company's (SCE) Final 2021 Renewables Portfolio Standard (RPS) Procurement Plan shall provide additional discussion

on its internal coordination to address the utility's RPS and Integrated Resources Planning (IRP) requirements, including how its mid-term IRP reliability procurement could impact SCE's RPS portfolio.

14. Southern California Edison Company's Final 2021 Renewables Portfolio Standard Procurement Plan shall also include further discussion on whether and how the utility accounted for increased sales associated with transportation electrification and whether or how the state's electrification goals will impact its Renewables Portfolio Standard compliance.

15. San Diego Gas & Electric Company (SDG&E) shall provide a more detailed discussion of how existing legislative mandates and Commission directives affect its RPS position and its RPS procurement planning in its Final 2021 Renewables Portfolio Standard (RPS) Procurement Plan. This discussion should include consideration of whether mid-term reliability procurement could impact SDG&E's RPS position, if at all.

16. San Diego Gas & Electric Company (SDG&E) is authorized to have the option to hold a procurement solicitation in the 2021 Renewables Portfolio Standard Plan (RPS) cycle. In its Final 2021 RPS Procurement Plan, SDG&E shall identify a volumetric cap of the amount of new eligible renewable resources it intends to procure, based on its evaluation of the impacts of recent legislation and Commission decisions on its RPS position.

17. San Diego Gas & Electric Company (SDG&E) is authorized to modify its short- and long-term procurement power purchase agreements; utilize a new pro forma contract specific to Bioenergy Renewable Auction Mechanism Renewable Energy Credit Sales that occur through a solicitation, which would be approved through a Tier 1 advice letter process; and modify its sales framework as

described in Appendix 13 of its draft 2021 Renewables Portfolio Standard Procurement Plan.

18. San Diego Gas & Electric Company shall provide a narrative on the success of its proposed changes to its Renewable Energy Credit Sales Framework in contracting with one or more counterparties when filing its draft 2022 Renewables Portfolio Standard Procurement Plan.

19. San Diego Gas & Electric Company (SDG&E) shall ensure its Renewable Net Short and Project Development Status Update (PDSU) spreadsheets are aligned in its Final 2021 Renewables Portfolio Standard (RPS) Procurement Plan, and that its minimum margin scenarios are consistent with the narrative and inputs provided in its PDSU section (Section V of its RPS Plan). SDG&E shall also provide more comprehensive discussion about its qualitative risk assessment and why it chooses not to use modeling to evaluate compliance risk and include a narrative description of how or whether its PDSU could impact its compliance risk. SDG&E shall reference the Risk Assessment section of the ACR and better align Section VII of its Final 2021 RPS Procurement Plan to the criteria adopted therein.

20. Bear Valley Electric Service (BVES) shall discuss the operational characteristics it is seeking to obtain from its proposed hybrid solar plus storage project, including the project's potential contribution to its resource adequacy requirements, in its Final 2021 Renewables Portfolio Standard (RPS) Procurement Plan. BVES shall also discuss how transportation electrification impacts related to reliability planning and portfolio diversity are considered in its final 2021 RPS Procurement Plan.

21. Bear Valley Electric Service shall un-redact all portions of its Renewable Net Short spreadsheet aside from forecast information that can be considered

confidential for 2021-2023 when filing its Final 2021 Renewables Portfolio Standard Procurement Plan.

22. Bear Valley Electric Service's request(s) for proposals to procure incremental contracts for unbundled renewable energy credits shall meet the best fit and safety related considerations described in Section 6.1.3 of this Decision.

23. Liberty Utilities (CalPeco Electric) LLC (Liberty) shall, in its Final 2021 Renewables Portfolio Standard (RPS) Procurement Plan, describe how or whether (1) Liberty's planned battery storage and microgrids will support increased levels of renewable integration; (2) Liberty's RPS compliance plan(s) consider the potential of its existing renewable contracts having lower-than-expected generation or a potential increase in Liberty's retail sales; and (3) Liberty's forecasts and analysis address the potential impacts of higher levels of transportation electrification on its RPS compliance.

24. Liberty Utilities (CalPeco Electric) LLC shall ensure its cost quantification values and its Renewable Net Short spreadsheet values align and define how its procurement plan includes its minimum margin of procurement when filing its Final 2021 Renewables Portfolio Standard Procurement Plan.

25. Liberty Utilities (CalPeco Electric) LLC shall only redact information for 2021-2023 in the Renewable Net Short and cost quantification spreadsheets filed with its Final 2021 Renewables Portfolio Standard Procurement Plan.

26. PacifiCorp, d/b/a Pacific Power shall, in its 2023 on-year Integrated Resources Planning supplement, identify local and/or regional policies that require any incremental renewable energy procurement and discuss whether those policies impact the utility's California Renewables Portfolio Standard compliance, including the 65 percent long-term procurement target.

27. PacifiCorp, d/b/a Pacific Power shall ensure its minimal margin of procurement is included in its risk-adjusted Renewables Portfolio Standard procurement (row 13 of the Renewable Net Short (RNS) spreadsheet), not the voluntary margin of over-procurement (row 10 of RNS) when it files its 2022 off-year Integrated Resources Planning supplement.

28. The final 2021 Renewables Portfolio Standard Procurement Plans of Apple Valley Choice Energy, City of Baldwin Park, City of Palmdale, City of Pomona, City of Santa Barbara, Clean Energy Alliance, Clean Power Alliance, Desert Community Energy, Lancaster Choice Energy, Marin Clean Energy, Orange County Power Authority, Peninsula Clean Energy, Pico Rivera Innovative Municipal Energy, Pioneer Community Energy, Rancho Mirage Energy Authority, Redwood Coast Energy Authority, San Diego Community Power, San Jacinto Power, Sonoma Clean Power Authority, Central Coast Community Energy, CleanPowerSF, East Bay Community Energy, King City Community Power, Valley Clean Energy Alliance, 3 Phases Renewables, Calpine Power America, Commercial Energy, Pilot Power Group, Shell Energy North America, The Regents of the University of California, Calpine Energy Solutions, Constellation NewEnergy, Direct Energy Business, EDF Industrial Power Services, also identified in Table 1 - Portfolio Optimization, Voluntary Allocation Market Offer and Mid-Term Reliability, in Section 4 of this decision, shall each provide an expanded planning scenario and/or analysis to forecast Decision 21-06-035's (Mid-Term Reliability Decision) impact on portfolio optimization and an update on whether they plan to participate in voluntary allocation and purchase Renewable Energy Credits in the market offer pursuant to the Power Charge Indifference Adjustment Decision 21-05-030.

29. The final 2021 Renewables Portfolio Standard Procurement Plans of the City of Palmdale, City of Santa Barbara, East Bay Community Energy, Marin Clean Energy, Orange County Power Authority, Sonoma Clean Power Authority, 3 Phases Renewables, Calpine Power America, Commercial Energy, Pilot Power Group, Shell Energy North America, The Regents of the University of California, also identified in Table 3 – Long-Term Procurement, in Section 4 of this decision, shall each provide relevant supporting information on how they plan to ramp up from the previous long-term contracting requirement of 0.25 percent to the current 65 percent long-term contracting requirement for the current and future compliance periods.

30. The final 2021 Renewables Portfolio Standard (RPS) Procurement Plans of Apple Valley Choice Energy, Central Coast Community Energy, City of Baldwin Park, City of Palmdale, City of Pomona, City of Santa Barbara, Clean Energy Alliance, Desert Community Energy, King City Clean Power, Lancaster Choice Energy, Marin Clean Energy, Orange County Power Authority, Pioneer, Pico Rivera Innovative Municipal Energy, Redwood Coast Energy Authority, Rancho Mirage Energy Authority, Solana Energy Alliance, San Diego Clean Power, San Jacinto Power, San Jose Clean Energy, Silicon Valley Clean Energy, Sonoma Clean Power Authority, 3 Phases Renewables, Calpine Power America, Commercial Energy, Constellation NewEnergy, EDF Industrial Power Services, Shell, UC Regents, Pilot Power Group, also identified in Table 4- Portfolio Diversity & Reliability, in section 4 of this decision, shall each provide relevant supporting information on forecasts and load profiles with transportation electrification scenarios.

31. The final 2021 Renewables Portfolio Standard Procurement Plans of Apple Valley Choice Energy, Central Coast Community Energy, City of Baldwin Park,

City of Pomona, Clean Power Alliance, Clean PowerSF, Lancaster Choice Energy, Marin Clean Energy, Peninsula Clean Energy, Pico Rivera Innovative Municipal Energy, Rancho Mirage Energy Authority, Redwood Coast Energy Authority, San Diego Community Power, San Jacinto Power, San Jose Clean Energy, Silicon Valley Clean Energy, Sonoma Clean Power Authority, Valley Clean Energy Alliance, Calpine Energy Solutions, Calpine Power America, Constellation NewEnergy, Shell Energy North America, The Regents of the University of California, also identified in Table 5- Project Development Status, in section 7.3.1 of this decision, shall each provide relevant supporting information for any project delays, including but not limited to supply chain disruptions, interconnection issues, financing issues, or construction interruption, “commercial online date” and status of any required new transmission line or transmission upgrades for each facility.

32. The final 2021 Renewables Portfolio Standard (RPS) Procurement Plans of Apple Valley Choice Energy, City of Baldwin Park, City of Pomona, Lancaster Choice Energy, Pico Rivera Innovative Municipal Energy, Rancho Mirage Energy Authority, San Jacinto Power, Central Coast Community Energy, Clean Power Alliance, Silicon Valley Clean Energy, East Bay Community Energy, King City Community Power, Peninsula Clean Energy, Calpine PowerAmerica, Commercial Energy, EDF Industrial Power Services, Pilot Power Group, Shell Energy North America, The Regents of the University of California, also identified in Table 6 - Summary of Retail Sellers’ Risk Assessments and Compliance Delay, in section 7.3.2 of this decision, shall each include considerations in their risk assessments that inform the likelihood of compliance delay so as to inform the Commission of any likely scenarios that could lead to less than expected RPS-eligible deliveries across retail sellers’

portfolios, including developer, permitting, transmission development, supply chains, financing, lower than an expected generation, load departure/growth, variable generation, and resource availability.

33. The final 2021 Renewables Portfolio Standard (RPS) Procurement Plans of Central Coast Community Energy, City of Baldwin Park, City of Palmdale, City of Pomona, City of Santa Barbara, Clean Energy Alliance, Clean Power Alliance, East Bay Community Energy, Lancaster Choice Energy, Marin Clean Energy, Pico Rivera Innovative Municipal Energy, Pioneer Community Energy, Rancho Mirage Energy Authority, San Diego Community Power, San Jacinto Power, Silicon Valley Clean Energy Authority, Peninsula Clean Energy, Calpine Energy Solutions, Calpine PowerAmerica, Commercial Energy, also identified in Table 7 – Minimum Margin of Procurement, in section 7.3.3 of this decision, shall each provide supporting information and methodology on deriving a minimum margin of procurement, explain how their risk-informed methodology is included in their renewable net short calculations, and distinguish between the established statutory minimum margin of procurement and the voluntary margin of procurement.

34. Apple Valley Choice Energy, Central Coast Community Energy, Clean Energy Alliance, East Bay Community Energy, King City Community Power, Lancaster Choice Energy, Pico Rivera Innovative Municipal Energy, Pioneer Community Energy, Rancho Mirage Energy Authority, Solana Energy Alliance, also identified in Table – 8 – Curtailment Frequency, in section 7.3.4 of this decision, shall discuss curtailment in their Final 2021 Renewables Portfolio Standard (RPS) Plans, including possible incidences of overgeneration impacting retail sellers' portfolios and describe any contract terms included in RPS

contracts intended to reduce the likelihood of curtailment or protect against negative prices.

35. Central Coast Community Energy, City of Baldwin Park, City of Santa Barbara, Clean Energy Alliance Energy, City of Pomona, Desert Community Energy, East Bay Community Energy, King City Community Power, Peninsula Clean Energy, Redwood Coast Energy Authority, San Diego Community Power, Sonoma Clean Power Authority, 3 Phases Renewables, Calpine Energy Solutions, Calpine PowerAmerica, Commercial Energy, Constellation NewEnergy, Pilot Power Group, Shell Energy North America, The Regents of the University of California, also included in Table 9- Cost Quantification, shall each provide a complete and correct Cost Quantification sheet and an explanation where equivalent metrics do not align between the Cost Quantification and Renewable Net Short worksheets in their Final 2021 Renewables Portfolio Standard Procurement Plan.

36. The Energy Division shall set up a process to formally approve a retail seller's Final Renewables Portfolio Standard Procurement Plan.

37. The motions seeking confidentiality filed by Clean Power Alliance of Southern California, Clean PowerSF, East Bay Community Energy, EDF Industrial Power Services, Calpine PowerAmerica, are partly denied. As noted in Table 10 - Confidentiality Redactions and Commission Findings in Section 8 of this decision, these retail sellers shall each remove the excess redactions when filing their final 2021 Renewables Portfolio Standard Procurement Plans. All other motions for confidentiality for the 2021 Renewables Portfolio Standard Procurement Plans are granted.

38. The City of Commerce and the City of Montebello Community Choice Aggregators are exempt from filing Final 2021 or a future annual Renewables

Portfolio Standard Procurement Plan pursuant to Public Utilities Code Section 399.13(a)(1) until they serve retail load.

39. Solana Energy Alliance is exempt from filing its Final 2021 Renewables Portfolio Standard Procurement (RPS) Plan and future RPS Plans, but it shall submit and serve its annual RPS Compliance Reports and a Final RPS Compliance Report since it served load in 2021.

40. All retail sellers shall file their final 2021 Renewable Procurement Standard Procurement Plans within 30 days of this decision's issuance date.

41. Rulemaking 18-07-003 remains open.

This order is effective today.

Dated _____, at San Francisco, California.

APPENDIX A

Required Updates in Final 2021 RPS Plans

Appendix A

Required Updates in Final 2021 RPS Plans¹

The table below summarizes the required RPS Plan updates directed in the Decision on 2021 Renewables Portfolio Standard Procurement Plans.

Table A-1: Updates Required in Final 2021 RPS Plans by Retail Seller

Retail Seller	RPS Plan Section										
	IV.A.1	IV.B.1	IV.C	V.	VII.	VIII.	IX.	X.	XIII	XIV	XV
IOUs											
PG&E	X					X					X
SCE	X		X			X				X	
SDG&E	X				X						
BVES	X		X			X		X			
Liberty	X		X			X				X	
CCAs											
Apple Valley Choice Energy	X		X	X	X				X		
Central Coast Community Energy	X		X	X	X		X		X	X	
City of Baldwin Park	X		X	X	X		X			X	
City of Palmdale	X	X	X				X				
City of Pomona	X		X	X	X		X			X	
City of Santa Barbara	X	X	X				X			X	
Clean Energy Alliance	X		X				X		X	X	
Clean Power Alliance of Southern California	X			X	X		X				
CleanPowerSF	X			X							
Desert Community Energy	X		X							X	
East Bay Community Energy	X	X			X		X		X	X	
King City Community Power	X		X		X				X	X	
Lancaster Choice Energy	X		X	X	X		X		X		

¹ RPS Plan Sections that do not require updates have been excluded from the table.

Retail Seller	<u>RPS Plan Section</u>										
	IV.A.1	IV.B.1	IV.C	V.	VII.	VIII.	IX.	X.	XIII	XIV	XV
Marin Clean Energy	X	X	X	X			X				
Orange County Power Authority	X	X	X								
Peninsula Clean Energy	X			X	X		X			X	
Pico Rivera Innovative Municipal Energy	X		X	X	X		X		X		
Pioneer Community Energy	X		X				X		X		
Rancho Mirage Energy Authority	X		X	X	X		X		X		
Redwood Coast Energy Authority	X		X	X						X	
San Diego Community Power	X		X	X			X			X	
San Jacinto Power	X		X	X	X		X				
San Jose Clean Energy			X	X							
Silicon Valley Clean Energy				X	X		X				
Sonoma Clean Power Authority	X	X	X	X						X	
Valley Clean Energy Alliance	X		x	X							
ESPs											
3 Phases Renewables	X	X	X							X	
Calpine Energy Solutions	X	X		X			X			X	
Calpine PowerAmerica	X	X	X	X	X		X			X	
Commercial Energy	X	X	X		X		X			X	
Constellation NewEnergy	X		X	X						X	
Direct Energy Business	X										
EDF Industrial Power Services	X		X		X						
Pilot Power Group	X	X	X		X					X	

Retail Seller	<u>RPS Plan Section</u>										
	IV.A.1	IV.B.1	IV.C	V.	VII.	VIII.	IX.	X.	XIII	XIV	XV
Shell Energy North America	X	X	X	X	X					X	
The Regents of the University of California	X	X	X	X	X					X	

(End of Appendix A)