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FILED

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BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

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R2110002

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

Rulemaking 21-10-002

ASSIGNED COMMISSIONER'S AMENDED SCOPING MEMO AND RULING

This Amended Scoping Memo and Ruling (Scoping Memo) amends the previous Scoping Memo issued in this proceeding to designate issues as Implementation Track Phase 3 and Reform Track Phase 2, and to set the schedule for these phases. Except as expressly set forth in this Amended Scoping Memo, the terms of the previously issued Scoping Memo remain unchanged.

1. Background

The Order Instituting Rulemaking (OIR) in this proceeding summarized the procedural and substantive background. The Commission opened this Rulemaking to continue to address forward procurement obligations applicable to load-serving entities (LSEs) beginning with the 2023 Resource Adequacy (RA) compliance year, and to consider broader structural reforms and refinements to the RA program. A Scoping Memo was issued on December 2, 2021 that outlined the scope of issues and divided issues into an Implementation Track and Reform Track. The Implementation Track was sub-divided in Phases 1, 2, and 3. Issues scoped as Phase 1 of the Implementation Track were addressed in Decision (D.) 22-03-034. Issues scoped in the Reform Track and Phase 2 of the

Implementation Track were addressed in D.22-06-050. Additional issues regarding the regional wind effective load carrying capability values and demand response qualifying capacity values were addressed in D.22-08-039.

This Scoping Memo sets forth the scope of issues and schedule for Phase 3 of the Implementation Track and Phase 2 of the Reform Track.

2. Scope of Issues

2.1. Implementation Track – Phase 3

The Amended Scoping Memo designates the following issues as Phase 3 of the Implementation Track. Phase 3 is expected to conclude by the end of June 2023.

1. Consider 2024-2026 Local Capacity Requirements (LCR).
 - a. The California Independent System Operator (CAISO) performs an annual LCR study, which is submitted into the RA proceeding and used to adopt local RA procurement requirements for the next three compliance years. For Phase 3, this will be for the 2024-2026 RA compliance years. The draft CAISO LCR study will be submitted to the Commission in April 2023 and the final LCR study will be submitted in May 2023. The Commission intends to issue a decision by the end of June 2023 so that jurisdictional LSEs and the central procurement entities have sufficient time to obtain the resources to meet local RA procurement requirements.
2. Consider 2024 Flexible Capacity Requirements (FCR).
 - a. Similar to the LCR process, CAISO performs an annual FCR study, which is used to adopt flexible RA requirements for the following compliance year. The final FCR study will be submitted in May 2023. The Commission intends to issue a decision by the end of June 2023 so that jurisdictional LSEs have sufficient time to obtain the resources to meet their flexible RA procurement requirements for 2024.

3. Consider modifications to the Planning Reserve Margin (PRM) for the 2024 RA year and beyond, including Energy Division's recent loss of load expectation (LOLE) study in the Integrated Resource Planning (IRP) proceeding, or a future LOLE study for RA to be submitted into this proceeding no later than January 2023.¹
4. Consider modifications to the qualifying capacity (QC) methodology for demand response for the 2025 RA year, including the California Energy Commission Working Group report to be submitted into this proceeding by February 1, 2023.²
5. Other time-sensitive issues identified by Energy Division or by parties.

2.2. Reform Track – Phase 2

In D.22-06-050, the Commission addressed issues previously scoped as the Reform Track in the December 2, 2021 Scoping Memo, including adopting Southern California Edison's 24-hour slice framework for full implementation for the 2025 RA year. In D.22-06-050, the Commission established three workstreams for further development of the 24-hour framework. These workstreams and additional implementation issues are included in the scope of Phase 2 of the Reform Track, as follows:

1. **Workstream 1.** Develop 24-hour framework compliance tools:
 - a. RA Resource Master Database to be coordinated with CAISO.

¹ See distinctions from the Reform Track PRM considerations in Section 2.2.

² While this topic relates to issues under the Reform Track, given the timing of the CEC Working Group Report submission in February 2023, this issue will need to be addressed in Phase 3 of the Implementation Track.

- b. LSE Showing Tool (template to be used by the LSE to make its filing to the Commission) and Commission Verification Tool (tool to be used by Energy Division to verify compliance).
 - c. LSE Requirement Database to be coordinated with the California Energy Commission (CEC). This will utilize outputs generated by the CEC's load forecast proposal, including a dry run filing that may inform any necessary changes.
 - d. Cost Allocation Mechanism (CAM) process and RA allocation to consider availability and capability of CAM-eligible resources and LSEs' load share during those slices.
2. **Workstream 2.** Determine PRM and Counting Rules:
- a. Appropriate exceedance level and/or hourly profiles for wind and solar at technology and location level.
 - b. Counting rules for hybrid, co-located, and long-duration energy storage resources, as well as development of an unforced capacity evaluation-light (ambient derate) mechanism to be applied to dispatchable resources.
 - c. Elimination of the maximum cumulative capacity buckets.
 - d. Test year details.
 - e. Appropriate PRM with single PRM initially for all months and hours informed by a loss of load expectation study, including National Resources Defense Council's calibration tool.
 - i. We recognize that both the Implementation Track and Reform Track include considerations of the appropriate RA PRM. D.22-06-050 directed parties to use refreshed 2024 studies published in the IRP proceeding for consideration of the PRM in both the Implementation and Reform Tracks. The Implementation Track will consider modifications

to the PRM for 2024 and beyond, which may include the recent 2024 LOLE study in IRP or a future LOLE study for RA to be submitted into this proceeding no later than January 2023. The Reform Track will consider how to convert/calibrate the results of a LOLE study to the slice-of-day RA framework.³ Therefore, “appropriate PRM” in the Reform Track refers to converting the LOLE modeling results to the hourly RA framework counting rules.

3. **Workstream 3.** CAISO and Commission Validation and Compliance as follows:
 - a. Confirm elements of CAISO and Commission validation and compliance that do not require modification in the near term.
 - b. Identify and resolve administrative changes to the RA program at both CAISO and the Commission (*e.g.*, must-offer reporting, outage substitution).
 - c. Elimination of the flexible RA requirements.
4. Consider the allocation of funding to assist with the implementation of the 24-hour slice framework, including funds for a compliance filing portal and external facing user interface.

3. Schedule

The assigned Commissioner or Administrative Law Judges (ALJs) may modify this schedule as necessary to promote the efficient management and fair resolution of this proceeding. The following schedules are established for Implementation Track Phase 3 and Reform Track Phase 2.

³ Energy Division recently presented 2024 LOLE study results in the Integrated Resource Planning Modelling Advisory Group and such results may be used to inform the discussions in the Reform Track workstreams.

If there are workshops in this proceeding, notice of such workshops will be posted on the Commission’s Daily Calendar to inform the public that decision-maker or an advisor may be present at the workshop. Parties shall check the Daily Calendar regularly for such notices.

3.1. Schedule for Implementation Track Phase 3

Below is the schedule for Implementation Track Phase 3 issues. LCR and FCR issues are shown in a separate table for clarity but will be addressed with other Phase 3 issues.

Implementation Track Phase 3 Schedule (excluding FCR and LCR Issues)	
Party and Energy Division proposals filed	January 20, 2023
Workshop on Energy Division and party proposals	Early February 2023
Comments on workshop and all proposals filed	February 17, 2023
Reply comments on workshop and all proposals filed	February 27, 2023
Proposed Decision on Phase 3	May 2023
Final Decision on Phase 3	June 2023

Implementation Track Phase 3 Schedule for FCR and LCR Issues	
CAISO draft 2024 LCR Report filed	April 2023
Comments on draft 2024 LCR Report filed	TBD
CAISO final 2024 LCR and FCR Report filed	May 2023
Comments on final 2024 LCR and FCR Report	TBD
Reply comments on 2024 LCR and FCR Report	TBD

3.2. Schedule for Reform Track Phase 2

Below is the schedule for Reform Track Phase 2 issues.

Reform Track Phase 2 Schedule	
Workstreams 1-3 to resolve remaining	July - October 2022

implementation details and methodologies	
Final proposals from Workstreams 1-3 filed	November 15, 2022
Opening comments on final proposals	December 1, 2022
Reply comments on final proposals	December 12, 2022
Proposed Decision on Phase 2	First Quarter of 2023

IT IS RULED that:

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

Dated September 2, 2022, at San Francisco, California.

/s/ ALICE REYNOLDS

Alice Reynolds
Assigned Commissioner