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BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking to
Continue Electric Integrated Resource
Planning and Related Procurement
Processes.

Rulemaking 20-05-003

ASSIGNED COMMISSIONER'S AMENDED SCOPING MEMO AND RULING

This scoping memo and ruling sets forth an amended scope and schedule for this proceeding pursuant to Public Utilities Code section 1701.1 and Article 7 of the Commission's Rules of Practice and Procedure (Rules).

1. Procedural Background

The Commission initiated this Order Instituting Rulemaking (OIR) on May 7, 2020 as a continuation of the previous electric integrated resource planning (IRP) Rulemaking (R.) 16-02-007. The original Scoping Memo and Ruling in this proceeding was issued on September 24, 2020.

Since then, this proceeding has addressed a large number of issues, producing the following decisions:

- Decision (D.) 20-12-044, which established the process for backstop procurement to be performed by the investor-owned utilities (IOUs) under Commission oversight, in the event that non-IOU load-serving entities (LSEs) fail to comply with procurement orders;
- D.21-02-008, which transferred electricity resource portfolios to the California Independent System Operator (CAISO) for analysis in its 2021-2022 Transmission Planning Process (TPP);

- D.21-06-035, which required procurement of 11,500 megawatts (MW) of net qualifying capacity (NQC) by all LSEs for mid-term reliability, between 2023 and 2026;
- D.22-02-004, which adopted the 2021 Preferred System Plan (PSP), aggregating the 2018 individual IRP filings of all LSEs into a statewide portfolio for planning purposes. This decision also transferred the portfolio associated with the PSP, as well as sensitivities, to the CAISO for its 2022-2023 TPP analysis;
- D.22-05-015, which adopted the Modified Cost Allocation Mechanism (MCAM) to allocate costs to LSEs and their customers for opt-out and backstop procurement obligations; and
- D.23-02-040, which ordered 4,000 MW NQC of supplemental mid-term reliability procurement for 2026 and 2027, and transmitted the electricity resource portfolios to the CAISO for analysis in its 2023-2024 TPP.

As parties are aware, the IRP process, as originally envisioned by the Commission in D.18-02-018, is structured to be cyclical. The process is generally anchored by the following issues:

- Biennial consideration of individual IRPs filed by each LSE. The individual IRPs are then aggregated and analyzed by Commission staff in order to construct a preferred electric resource portfolio for the entirety of the electrical grid under the Commission's IRP purview, usually referred to as the Preferred System Plan (PSP) portfolio;
- Annual referral of a recommended electricity resource portfolio to the CAISO for analysis in its TPP;
- Consideration of the need for procurement by LSEs of electricity resources for electricity system grid reliability and/or environmental and greenhouse gas (GHG)-reduction purposes; in the past, this has sometimes been referred to as the "procurement track."

These issues will continue to be in scope for this proceeding, along with the specific issues discussed in the next section.

2. Issues

We take this opportunity to update the scope of this proceeding to address issues that remain pending, as well as new issues arising since the last Scoping Memo was issued on September 24, 2020. We expect to address issues in the following general categories, and Section 3 below discusses the planned schedule for each:

- Development and adoption of the 2023 PSP, based on individual IRP submissions from November 2022;
- Transmittal of portfolios to the CAISO for use in transmission planning, including for the 2024-2025 TPP;
- Development of the Reliable and Clean Power Procurement Program (RCPPP);
- Periodic updating of the Inputs and Assumptions (I&A) for IRP modeling for multiple purposes;
- Crafting of policies to encourage procurement of certain long lead-time (LLT) resources necessary to achieve California's long-term clean energy and GHG reduction goals; and
- Other continuing or remaining issues, as further described below.

The sections below discuss each of these issues in more detail.

2.1. 2023 PSP Adoption

All of the LSEs subject to the Commission's IRP process submitted individual IRPs on November 1, 2022. Commission staff have aggregated the planned portfolios of all of the LSEs together to form a complete picture for the portion of the electric sector under Commission purview. Commission staff are in the process of analyzing the resulting portfolio and conducting analysis to

determine its reliability and emissions characteristics. This portion of the proceeding will also take into account the provisions of Senate Bill (SB) 1174 (Stats. 2022, Ch. 229) requiring that the electricity sector plan to achieve a 40 percent reduction in greenhouse gas emissions from 1990 levels by 2030. In addition, the provisions of SB 1020 (Stats. 2022, Ch. 361) that require the electricity sector to achieve renewable and zero-carbon retail sales of 90 percent by 2035 and 95 percent by 2040 are being incorporated in this portion of the proceeding, and the portfolios already adopted by the Commission are already on track to achieve these goals.

The Commission will also evaluate whether additional procurement is necessary to support all reliability or environmental goals and requirements, as part of the consideration of a PSP and portfolio. Though in the past procurement has been ordered separately from the adoption of a PSP, the Commission continues to retain the option to order additional procurement as part of PSP consideration, if the analysis shows that it is warranted.

This work is anticipated to take the remainder of 2023 and, as in past IRP cycles, the staff analysis and recommended PSP portfolio will be shared with parties for comment and feedback. The resulting PSP is anticipated to inform the recommended resource portfolios for analysis in the CAISO 2024-2025 TPP, as discussed further below.

In addition, it is expected that all of the LSEs will be required to file new individual IRPs in 2024 for analysis for the next two-year IRP cycle. The exact date for these filings will be determined in due course along with the consideration of the current IRPs already submitted.

2.2. Transmittal of Portfolios for CAISO Transmission Analysis

As is the case every year, the Commission will recommend a set of recommended base case, and potentially sensitivity portfolios, to the CAISO for analysis in their annual TPP. The most recent TPP portfolios transmitted for analysis in the 2023-2024 TPP included more generation and storage resources than other recent portfolios, and thus the hope is that the CAISO's preliminary analysis in the 2023-2024 TPP may help inform the appropriate portfolios for analysis in the 2024-2025 TPP.

In this portion of the proceeding, we will also consider the requirements of SB 887 (Stats. 2022, Ch. 358). This law requires that the Commission, in consultation with the California Energy Commission (CEC), provide, among other things, transmission-focused guidance to the CAISO about resources portfolios of expected future renewable energy resources and zero-carbon resources. While this is consistent with our work with the CEC and CAISO to date, SB 887 also focuses specifically on transmission facilities needed to interconnect resources and reliably serve load centers.

In addition, the development of the PSP described in the previous section will inform recommendations for the next TPP.

2.3. Development of the RCPMP

On September 8, 2022, an ALJ ruling was issued seeking comments on a staff paper designed to initiate dialogue about the ultimate design of a programmatic approach to requiring procurement through the IRP process, rather than issuing periodic individual orders for procurement of specific new resources, such as D.19-11-016, D.21-06-035, and D.23-02-040.

Numerous parties filed initial comments on the staff paper proposing the RCPMP on December 12, 2022. Reply comments were filed on January 9, 2023.

Parties' comments on the staff paper were robust and this is a complex topic. Commission staff anticipate releasing a staff proposal and conducting additional workshops and stakeholder discussions around this topic, including inviting input from stakeholders in the resource adequacy and renewables portfolio standard proceedings. Commission consideration of the programmatic framework is likely to come in 2024, with implementation soon thereafter.

2.4. Procurement Oversight

While the Commission and parties work toward development of the long-term and durable procurement program described in the section above, we will continue to monitor progress toward procurement of resources already ordered.

This includes compliance with and progress toward the 3,300 MW of September NQC ordered in D.19-11-016, the additional 11,500 MW NQC required in D.21-06-035, and the 4,000 MW NQC required in D.23-02-040.

Included in the total of 18,800 MW NQC of procurement of electric resources already ordered is 2,000 MW NQC of LLT resources.

Based on prior Commission direction, the LSEs file updated compliance information, based on contracted and online resources, twice a year. The most recent procurement data was filed on February 1, 2023 and is still being analyzed with respect to the need for backstop procurement. Additional data will be filed again on August 1, 2023. Then, according to D.21-06-035, beginning December 1, 2023, the biennial procurement data filings will shift to December 1 and June 1, with the potential for backstop procurement to be triggered after the December filings.

While according to D.21-06-035, routine backstop requirements and penalties may be handled by Commission staff in resolutions brought to the Commission for consideration, this proceeding will continue to be the venue for

any necessary action outside of the routine citation and penalty process already established. This includes compliance and enforcement of the existing procurement requirements, as well as any issues surrounding backstop procurement and its cost allocation.

2.5. LLT Resource Policies

The Commission has regularly expressed interest in long-term investments in resources that require long development timelines, in the pursuit of resource diversity, as well as to aid in the development and/or commercialization of promising technologies that can help reach California's climate goals. Among those technologies are long-duration storage, offshore wind, out-of-state renewables, and geothermal resources, many or all of which may require longer lead times due to transmission development needs.

In this proceeding, I expect we will continue to explore policies needed to help advance the development of these and other similar resources. Included in this topic will be consideration of whether a central procurement entity is needed or advisable for efficient and cost-effective procurement of some or all of these resources on behalf of all customers whose retail providers fall under the Commission's IRP purview.

This topic area also includes consideration of the Petition for Modification (PFM) of D.23-02-040 and D.21-06-035 of the California Energy Storage Alliance (CESA) and the Western Power Trading Forum (WPTF) to Address LLT Resource Compliance Deadlines.

2.6. Updating Modeling Inputs and Assumptions

Within the scope of this proceeding is also consideration of the appropriate inputs and assumptions to be used for various resource benefits and costs, when the Commission is analyzing the current and future electric resource portfolios.

Recently, Commission staff have sought informal input from parties, but any controversial items with material impacts on the Commission's analysis may ultimately be decided within the formal scope of this proceeding.

Included within this topic is also the methodology and approach used by a combination of Commission, CEC, and CAISO staff when mapping resources to busbars for purposes of analysis of transmission needs.

In addition, Commission staff and consultants have been working on modeling upgrades that will aid in better analysis of local capacity area needs. This work, which is anticipated to be presented in workshops or webinars later in 2023, will aid the Commission in analysis of the potential to reduce reliance on fossil-fueled generation, the need for additional resource development in local areas (including transmission options), as well as the impacts on disadvantaged, environmental, or social justice communities.

2.7. Other Issues

There are a number of other issues that are still within the scope of this proceeding that have yet to be addressed or are of an ongoing nature. Those issues include, but are not necessarily limited to, the following:

- Establishing a process and cadence for performing reliability analysis and setting reliability planning and procurement requirements for LSEs. This involves coordination with resource adequacy requirements, including the appropriate planning reserve margin requirements for long-term planning compared with the shorter timeframe for the resource adequacy program;¹
- Consideration of the Joint Expedited PFM of D.21-06-035, filed on August 9, 2023 by Southern California Edison Company (SCE) and Pacific Gas and Electric Company

¹ The most recent rulemaking on resource adequacy is R.21-10-002, which was recently closed. A new resource adequacy rulemaking is anticipated to open later in 2023.

(PG&E), seeking an extension to procure the category of resources designed to replace Diablo Canyon Power Plant;

- Ongoing implementation of the Modified Cost Allocation Mechanism (MCAM); and
- Other cost allocation issues, including the PFM of D.22-05-015, filed on October 28, 2022 by San Diego Community Power (SDCP) and Clean Energy Alliance (CEA).

3. Schedule

The table below outlines a basic schedule for the remaining issues in this proceeding for which activities are currently expected. The table is divided into areas for each of the topics covered in Section 2 above related to the scope of the proceeding. Additional dates or activities for topics for which there are no tasks currently scheduled may be added at a later date. In addition, workshops may be scheduled later for some of the topics. Notice of such workshops will be posted on the Commission’s Daily Calendar and noticed to the service list for this proceeding, to inform the public that a decisionmaker or an advisor may be present at those meetings or workshops. Parties should check the Daily Calendar regularly for such notices.

Event	Date
Preferred System Portfolio/Plan Development and 2024-2025 TPP Portfolios	
ALJ ruling issued proposing PSP and TPP portfolios for party comment	September 2023
Opening and reply comments from parties	October 2023
Proposed decision issued	December 2023
Commission decision	February 2024
LSEs file next individual IRPs	November 2024
RCPPP Development and Implementation	

Event	Date
Informal release of draft staff proposal, potential workshops/stakeholder discussions	3 rd Quarter 2023
ALJ ruling with staff proposal issued for party comment	1 st Quarter 2024
Comments from parties	1 st Quarter 2024
Reply comments from parties	2 nd Quarter 2024
Proposed decision issued	3 rd Quarter 2024
Commission decision	No earlier than 30 days after proposed decision
Procurement Oversight	
Procurement data filed by LSEs	August 1, 2023
Analysis of need for backstop procurement for D.19-11-016	4 th Quarter 2023
Procurement data filed by LSEs	December 1, 2023
Analysis of need for backstop procurement	2 nd Quarter 2024
Procurement data filed by LSEs	June 1, 2024
Procurement data filed by LSEs	December 1, 2024
June/December procurement data filing schedule continues through 2028	June/December annually
Analysis of need for LLT backstop procurement and penalties for all delayed resources	1 st Quarter 2026 (following December 1, 2025 data filing)
Long Lead-Time Resource Policies	
Proposed decision addressing CESA/WPTF PFM on LLT issues*	3 rd Quarter 2023
Commission decision addressing CESA/WPTF PFM on LLT issues*	4 th Quarter 2023
ALJ ruling issued seeking comments on possible CPE and other policies for LLT resources	October 2023
Potential workshop/webinar	Early November 2023

Event	Date
Comments from parties	November 2023
Reply comments from parties	December 2023
Proposed decision	TBD, depending on comments
Commission decision	TBD, if proposed decision is issued
Other Issues	
Staff Modeling Advisory Group webinar on local reliability analysis ²	4 th Quarter 2023
Proposed decision addressing SDCP/CEA PFM on MCAM*	3 rd Quarter 2023
Commission decision addressing SDCP/CEA PFM on MCAM*	4 th Quarter 2023
Proposed decision addressing Joint SCE/PG&E Expedited PFM of D.21-06-035 on Diablo Canyon replacement category*	3 rd Quarter 2023
Commission decision addressing Joint SCE/PG&E Expedited PFM of D.21-06-035 on Diablo Canyon replacement category*	4 th Quarter 2023

* These topics may be addressed in separate proposed decisions or may be combined into a single decision addressing multiple PFMs.

The assigned Commissioner or assigned ALJ may modify this schedule as necessary to promote the efficient management and fair resolution of this proceeding. Particular activities, including likely additional rulings and comments, will be scheduled as additional issues within the scope are raised that must be addressed or decided. The intent is to complete this proceeding within

² This topic is in development and stakeholder input will assist in improvements to modeling that will be used to inform portfolio analysis for future PSPs.

24 months of the date this Scoping Memo is issued. This deadline may be extended by order of the Commission.

4. Categorization and Need for Evidentiary Hearing

As has already been the case earlier in this proceeding, we confirm that the categorization of this rulemaking is ratesetting. So far, evidentiary hearings have not been needed, and we preliminarily determine that they will not be needed for the remainder of the proceeding. However, that determination could be changed if disputed issues of fact arise during the course of our examination of the issues in Section 2 above.

5. Ex Parte Communications

In a ratesetting proceeding such as this one, *ex parte* communications with the assigned Commissioner, other commissioners, their advisors, and the ALJs are restricted and must be reported as described in Article 8 of the Commission's Rules.

6. Alternative Dispute Resolution (ADR) Program and Settlements

The Commission's Alternative Dispute Resolution (ADR) program offers mediation, early neutral evaluation, and facilitation services, and uses ALJs who have been trained as neutrals. At the parties' request, the assigned ALJ can refer this proceeding to the Commission's ADR Coordinator. Additional ADR information is available on the Commission's website.³

Any settlement between parties, whether regarding all or some of the issues, shall comply with Article 12 of the Rules of Practice and Procedure and shall be served in writing. Such settlements shall include a complete explanation of the settlement and a complete explanation of why it is reasonable in light of

³ See D.07-05-062, Appendix A, § IV.O.

the whole record, consistent with the law and in the public interest. The proposing parties bear the burden of proof as to whether the settlement should be adopted by the Commission.

7. Response to Public Comments

Parties may, but are not required to, respond to written comments received from the public. Parties may do so by posting such response using the “Add Public Comment” button on the “Public Comment” tab of the online docket card for the proceeding.

8. Public Advisor

Any person interested in participating in this proceeding who is unfamiliar with the Commission’s procedures or has questions about the electronic filing procedures is encouraged to obtain more information at <http://consumers.cpuc.ca.gov/pao/> or contact the Commission’s Public Advisor at 866-849-8390 or 866-836-7825 (TTY), or send an e-mail to public.advisor@cpuc.ca.gov.

9. Intervenor Compensation

On August 8, 2023, the Mussey Grade Road Alliance (MGRA) filed a motion to request that the Commission create a procedure to accept new Notices of Intent (NOIs) to claim intervenor compensation. Since this ruling is amending the scope of the proceeding, now is an appropriate time to allow parties to file new or amended NOIs for intervenor compensation. This is in accordance with Section 1804(a)(1) of the Public Utilities Code, which states: “In cases...where new issues emerge subsequent to the time set for filing [of NOIs], the Commission may determine an appropriate procedure for accepting new or revised notices of intent.”

In response to the MGRA request and the amended scope herein, we will allow parties seeking intervenor compensation to file new or amended NOIs within 30 days of the publication of this ruling.

10. Filing, Service, and Service List

The official service list has been created and is on the Commission's website. Parties should confirm that their information on the service list is correct and serve notice of any errors on the Commission's Process office, the service list, and the ALJ. Persons may become a party pursuant to Rule 1.4⁴.

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

This proceeding will follow the electronic service protocol set forth in Rule 1.10. All parties to this proceeding shall serve documents and pleadings using electronic mail, whenever possible, transmitted no later than 5:00 p.m., on the date scheduled for service to occur. Rule 1.10 requires service on the ALJ of both an electronic and a paper copy of filed or served documents. However, the ALJ in this proceeding does not require paper copies and requests only electronic service.

When serving documents on Commissioners or their personal advisors, whether or not they are on the official service list, parties must only provide electronic service. Parties must not send hard copies of documents to Commissioners or their personal advisors unless specifically instructed to do so.

Persons who are not parties but wish to receive electronic service of documents filed in the proceeding may contact the Process Office at

⁴ The form to request additions and changes to the Service list may be found at <https://www.cpuc.ca.gov/-/media/cpuc-website/divisions/administrative-law-judge-division/documents/additiontoservicelisttranscriptordercompliant.pdf>

process_office@cpuc.ca.gov to request addition to the “Information Only” category of the official service list pursuant to Rule 1.9(f).

The Commission encourages those who seek information-only status on the service list to consider the Commission’s subscription service as an alternative. The subscription service sends individual notifications to each subscriber of formal e-filings tendered and accepted by the Commission. Notices sent through subscription service are less likely to be flagged by spam or other filters. Notifications can be for a specific proceeding, a range of documents and daily or weekly digests.

11. Receiving Electronic Service from the Commission

Parties and other persons on the service list are advised that it is the responsibility of each person or entity on the service list for Commission proceedings to ensure their ability to receive emails from the Commission. Please add “@cpuc.ca.gov” to your email safe sender list and update your email screening practices, settings and filters to ensure receipt of emails from the Commission.

12. Assignment of Proceeding

President Alice Reynolds is the assigned commissioner and Julie A. Fitch is the assigned ALJ. Pursuant to Public Utilities Code Section 1701.3 and Rule 13.2, Julie A. Fitch will continue to serve as the presiding officer.

IT IS RULED that:

1. The scope of this proceeding is described above in Section 2 and is adopted.
2. The schedule of this proceeding is set forth above in Section 3 and is adopted.
3. Evidentiary hearing is preliminarily determined not to be needed.

