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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 EXTENDING STATUTORY DEADLINE

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

1. Procedural Background

The Commission initiated this Order Instituting Rulemaking 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 and an Amended Scoping Ruling was issued on August 21, 2023.

Since the most recent Scoping Ruling, this proceeding has addressed two of the major scoped issues identified therein:

- Adoption of the 2023 Preferred System Plan (PSP) and portfolio; and
- Transmittal of Portfolios to the California Independent System Operator (CAISO) for its 2024-2025 Transmission Planning Process (TPP).

Decision (D.) 24-02-047 was recently adopted addressing both of the above items.

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 load-serving entity (LSE) under the Commission’s IRP purview. 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, referred to as the PSP portfolio;
- Annual referral of a recommended electricity resource portfolio or portfolios to the CAISO for analysis in its annual TPP; and
- 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.”

The above ongoing issues will continue to be in scope for this proceeding, along with those included in the most recent August 21, 2023 Scoping Memo that have not yet been resolved. In addition, several new statutory requirements have become applicable to this proceeding since the previous Scoping Memo; those are also 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 August 21, 2023. We expect to address issues in the

following general categories, and Section 3 below discusses the planned schedule for each:

- Implementation of Assembly Bill (AB) 1373 (Stats. 2023, Ch. 367), which allows the Commission to request that the Department of Water Resources (DWR) serve as a central procurement entity (CPE) for certain long lead-time (LLT) resources;
- Transmittal of portfolios to the CAISO for use in its annual TPP;
- Development of the Reliable and Clean Power Procurement Program (RCPPP) and related coordination with the resource adequacy program and rulemaking;
- Periodic updating of the Inputs and Assumptions (I&A) for IRP modeling for multiple purposes;
- Development and adoption of a 2026 PSP, based on individual IRP submissions expected in 2025 and using the PSP recently adopted in D.24-02-047 as a guide;
- Crafting of any additional policies to encourage procurement of LLT resources necessary to achieve California's long-term clean energy and GHG reduction goals, beyond the CPE option in AB 1373 and the procurement already required by D.21-06-035;
- Compliance and monitoring of existing procurement requirements, including any issues related to requirements for backstop procurement and/or penalties; and
- Other continuing or remaining issues, as further described below.

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

2.1. Implementation of Assembly Bill 1373 (Department of Water Resources as Central Procurement Entity)

AB 1373 gives the Commission the option to make a need determination for LLT resources and then request that DWR act as the CPE and procure the

resources on behalf of all benefiting LSEs. AB 1373 contains a deadline of September 1, 2024 for the Commission to make an initial need determination for LLT resources. Shortly after the issuance of this scoping memo, an Administrative Law Judge (ALJ) ruling is planned that will propose an approach to addressing the requirements of AB 1373 and seek feedback from interested parties. After consideration of the feedback, an initial proposed decision is expected to be issued in Summer 2024 to meet the AB 1373 deadline. Additional work on developing the DWR CPE mechanism and targeting additional LLT resource needs will likely occur in this proceeding after the September 1, 2024 deadline.

2.2. Transmittal of Portfolios for California Independent System Operator Transmission Analysis

As is the case every year, the Commission will recommend a base case portfolio, 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 and 2024-2025 TPPs included more generation and storage resources than other previous portfolios, and thus the hope is that the CAISO's analysis of those portfolios may help inform the appropriate portfolios for analysis in the next one or two TPP cycles.

In this portion of the proceeding, we will also continue to consider the requirements of Senate Bill (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 and to reduce dependence on fossil-fueled generation resources.

2.3. Development of the Reliable and Clean Power Procurement Program

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 RCPPP 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. Due to staff and consulting resource constraints, proceeding-level work on this topic was delayed in order to consider and adopt the PSP and TPP recommendations in D.24-02-047.

Commission staff anticipate releasing a staff proposal and conducting additional workshops and stakeholder discussions around the RCPPP design in mid-2024, including inviting input from stakeholders in the resource adequacy¹ and renewables portfolio standard² proceedings. Commission decisionmaking is likely to come in late 2024 or early 2025, with potential initial implementation steps beginning thereafter in 2025. It should also be noted that the resource adequacy rulemaking has coordination with the RCPPP design in its scope, and this proceeding's work on RCPPP will be closely coordinated with the resource adequacy proceeding.

¹ See R.23-10-011.

² See R.24-01-017.

2.4. Updating Modeling Inputs and Assumptions

Within the scope of this proceeding is also consideration of the appropriate I&A to be used for various resource benefits and costs when the Commission is analyzing the current and future electric resource portfolios. Commission staff have often 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 continued to work on modeling upgrades that are anticipated to aid in better analysis of local capacity area needs. This work will help the Commission analyze 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.

2.5. Individual Load-Serving Entity Integrated Resource Planning Consideration and Preferred System Plan Adoption

All of the LSEs subject to the Commission's IRP process submitted their last round of individual IRPs (or requests for exemption) on November 1, 2022. Commission staff 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, and the resulting PSP portfolio was adopted by the Commission in D.24-02-047. The adopted PSP portfolio takes into account the provisions of SB 1174 (Stats. 2022, Ch. 229) requiring that the electricity sector plan to achieve a 40 percent reduction in GHG emissions from 1990 levels by 2030, and the

provisions of SB 1020 (Stats. 2022, Ch. 361) requiring that the electricity sector achieve renewable and zero-carbon retail sales of 90 percent by 2035 and 95 percent by 2040.

Under the ordinary two-year cycle of IRP, LSEs would have been required to submit their individual IRPs, with the most recently-adopted PSP portfolio as a guide, in Fall of 2024. However, with the above scope of the proceeding to be handled in 2024, this scoping memo sets the timing for LSEs to submit their next round of individual IRPs for October 1, 2025. I expect the consideration and aggregation of those individual IRPs to conclude near the end of 2026 or early 2027, with consideration of the 2026 PSP and portfolio, at which point this proceeding will be planned to close. The PSP decision at the end of 2026 or early 2027 will also contain the annual CAISO TPP recommendations, as discussed in Section 2.2 above. The Commission will then consider a new rulemaking beginning around February 2027.

As part of consideration of the next round of individual IRPs from LSEs, the Commission will also evaluate whether additional procurement is necessary to support all reliability or environmental goals and requirements. Though the goal will be to have new procurement begin to be driven by an adopted RCPMP, the Commission continues to retain the option to order additional procurement as part of PSP consideration, if analysis shows that it is warranted.

2.6. Long Lead-Time Resource Policies

In addition to the provisions and implementation of AB 1373 as discussed in Section 2.1 above, 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 may help California reach its

climate goals. Among those technologies are long-duration energy storage, offshore wind, out-of-state renewables, and geothermal resources, many or all of which may require longer lead times due in part 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, as part of AB 1373 implementation and beyond.

2.7. Procurement Oversight

While the Commission and parties work toward development of the long-term and durable procurement program described in Section 2.3 above, the Commission will also continue to monitor progress toward procurement of resources already ordered.

This includes compliance with and progress toward the 3,300 megawatts (MW) of September Net Qualifying Capacity (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, including contracted and online resources, twice a year. The most recent procurement data was filed on December 1, 2023 and is still being analyzed.

While according to D.21-12-044 and 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 routine backstop, citation, and

penalty processes established. This includes compliance, enforcement, or refinements of the existing procurement requirements and related rules (such as the Frequently Asked Questions list developed by Commission staff), as well as any issues surrounding backstop procurement and its cost allocation.

This ruling also makes one change to the timing of regularly-scheduled procurement data filings for LSEs. Because the LSEs' individual IRPs will be filed on November 1, 2025, these IRP filings will serve as the updated procurement data filing, instead of the regularly-scheduled procurement data filings requirement for December 1, 2025. Thus, in 2025, the LSEs will file procurement data on June 1, 2025, and then again on November 1, 2025, with their individual IRPs, and resume the June and December procurement data filing updates in 2026.

2.8. 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:

- Further developing the 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 IRP compared with the resource adequacy program;
- Consideration of options to improve the procurement of the category of resources designed to replace Diablo Canyon Power Plant in D.21-06-035; and
- Ongoing implementation of the Modified Cost Allocation Mechanism.

3. Schedule

The table below outlines a basic schedule for the issues described in Section 2 above in this proceeding for which activities are currently expected. The table is divided into areas for each of the topics covered in Section 2 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 and/or webinars may be scheduled later for some of the topics. Notice of these events 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
AB 1373 Implementation (DWR as CPE)	
ALJ Ruling issued for party comments	Mid-April 2024
Webinar/Workshop	Mid-April 2024
Party comments on ALJ ruling	Mid-May 2024
Reply comments on ALJ ruling	Late May 2024
Proposed Decision issued	July 19, 2024
Proposed Decision on Commission Agenda	August 22, 2024
CAISO 2025-2026 TPP Recommendations	
ALJ ruling with proposed portfolios issued	Late May 2024
Party comments on ALJ ruling	Late June 2024
Reply comments on ALJ ruling	July 2024
Webinar/workshop on busbar mapping	Fall 2024
Proposed decision issued for comment*	December 2024
Proposed Decision on Commission Agenda*	January or February 2025

EVENT	DATE
RCPDP Development	
Informal Release of Staff Proposal	June or July 2024
Webinar/Workshop	July or August 2024
ALJ ruling with proposed RCPDP issued	September 2024
Party comments on ALJ ruling	Early October 2024
Reply comments on ALJ ruling	Late October 2024
Proposed decision issued for comment*	December 2024
Proposed Decision on Commission Agenda*	January or February 2025
I&A	
Draft I&A Document	January 2025
Webinar/Workshop	February 2025
Individual LSE IRP Filings	
IRP Filing Requirements Finalized	May 1, 2025
Individual IRP Filings Due	November 1, 2025
Procurement Oversight Data Filings	
Semi-annual procurement data filing	June 1, 2024
Semi-annual procurement data filing	December 1, 2024
Semi-annual procurement data filing	June 1, 2025
Semi-annual procurement data filing (as part of individual IRP filing)	October 1, 2025
Semi-annual procurement data filing	June 1, 2026
Semi-annual procurement data filing	December 1, 2026
Other Issues	
Not yet scheduled	To be determined

* These topics may be addressed in separate proposed decisions or may be combined into a single decision, depending on whether the RCPDP is ready during this timeframe.

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 current statutory deadline for this proceeding is August 21, 2025. An additional 36 months from now is required to address the expanded scope of issues in this Amended Scoping Memo. Therefore, I extend the statutory deadline of this proceeding from August 21, 2025 to April 15, 2027. This deadline may also be extended by order of the Commission.

4. Categorization and Need for Evidentiary Hearing

As has already been the case earlier in this proceeding, I confirm that the categorization of this rulemaking is ratesetting. So far, evidentiary hearings have not been needed, and this scoping memo preliminarily determines 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 of Practice and Procedure.

6. Alternative Dispute Resolution 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 Commission's 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 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 email to public.advisor@cpuc.ca.gov.

9. Intervenor Compensation

Because this ruling is amending the scope of the proceeding, now is an appropriate time to allow parties to file new or amended Notices of Intent (NOI) for intervenor compensation. This is in accordance with Pub. Util. Code

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

Section 1804(a)(1), 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 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 1.4.⁴

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

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>.

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 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 Pub. Util. Code Section 1701.3 and Rule 13.2, Julie A. Fitch will continue to serve as the presiding officer.

