



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

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

R.23-10-011

**OPENING COMMENTS OF SOUTHERN CALIFORNIA EDISON COMPANY**  
**(U 338-E) ON THE PROPOSED DECISION OF ALJ CHIV ON TRACK 2 ISSUES**

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**Dated: November 18, 2024**

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### **SUBJECT INDEX OF RECOMMENDED CHANGES**

Pursuant to Rule 14.3 (b) of the California Public Utilities Commission's (Commission) Rules of Practice and Procedure, Southern California Edison Company (SCE) provides the following Subject Index of Recommended Changes in support of its Opening Comments on the Proposed Decision (PD):

- (1) The Commission should modify the PD's proposal to eliminate the non-compensated self-show option in favor of Energy Division collecting and sharing aggregated information with the CPE, SCE to extend this new procedure to both compensated and non-compensated resources; and
- (2) The Commission should reject the PD's proposal to lock in the CPE's allocations a year in advance of the compliance obligation.

Pursuant to Rules 14.3 and 14.6(a)(7) of the Rules of Practice and Procedure of the California Public Utilities Commission (Commission), Southern California Edison Company (SCE) submits the following Opening Comments on the Proposed Decision on Track 2 Issues (PD).

## **I.**

### **INTRODUCTION**

SCE generally supports the PD but recommends changes to the PD's proposed modifications to the Central Procurement Entity (CPE) framework and the use of SERVM renewable production shapes as the basis for exceedance profiles. First, while SCE does not object to the PD's proposal to adopt PG&E's recommendation that the Commission eliminate the non-compensated self-show option in favor of Energy Division collecting and sharing aggregated information with the CPE, SCE recommends that the Commission extend this new procedure to both compensated and non-compensated resources and share the aggregated and anonymized data with both the CPE and load-serving entities (LSEs). Second, SCE contends that if the Commission adopts the PD's proposal to lock in the CPE's allocations more than one year in advance of the compliance obligation, it will eliminate the benefits associated with moving away from the current the self-show process. Given the incompatibility of the two proposals, SCE requests that the Commission reject the proposal to lock in the CPE's allocations a year in advance of the compliance obligation. In addition, with regard to the PD's proposal to relax confidentiality rules for CPE procurement, SCE cautions the Commission about loosening the long standing and well-reasoned restrictions on the sharing of market sensitive information with market participants, which can endanger the healthy operation of the market through market manipulation. As for using SERVM renewable production shapes as the basis for exceedance profiles, while SCE appreciates the PD's attention to SCE's proposal to address the issue, SCE is concerned that the PD misunderstands SCE's proposal. SCE therefore requests that the Commission's final decision modify the PD's proposal to better capture SCE's recommended approach. Finally, SCE supports the PD's proposed revisions and simplifications to the Load Impact Protocols.

## II.

### **THE COMMISSION'S FINAL DECISION SHOULD MODIFY THE PD'S CPE PROPOSALS**

#### **A. The Commission Should Modify the PD's Proposal to Eliminate Self-Showing**

To address the “lack of participation in the non-compensated self-showing option,” particularly in PG&E’s CPE territory, and despite Commission attempts to modify the CPE framework to incent LSEs to participate in that option, the PD proposes to eliminate the non-compensated self-showing option in favor of the Commission’s Energy Division collecting information about LSEs’ contracted RA capacity and sharing that data – in an aggregated anonymized form -- with the CPE.<sup>1</sup> SCE supports the PD’s proposal, provided the Commission’s final decision makes two modifications.

First, the Commission should eliminate the self-show attestation for all self-shown resources, whether compensated or uncompensated. Doing so will promote efficiency and simplicity. If the Commission does not eliminate both, the self-showing attestation mechanism will exist solely for the Local Capacity Requirement-Reduction Compensation Mechanism (LCR-RCM). That layer of complexity is unreasonable when the PD recognizes that the self-show attestation has not proven to be effective. Eliminating both non-compensated and compensated self-show mechanisms streamlines the process given that Energy Division’s data request for local RA capacity will necessarily already include the contracted LCR-RCM eligible projects. Thus, the CPE’s procurement requirements should also be net of the LCR-RCM resources’ capacity using the same process as that used for non-compensated resources.<sup>2</sup>

Second, SCE proposes that Energy Division provide the aggregated and anonymized information from the new LSE data request to the CPEs and all LSEs. This information, coupled with the final LCR technical study, provides greater transparency about the CPE’s procurement targets, which should increase LSEs’ certainty about how much system and flexible RA the CPE could allocate.<sup>3</sup>

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<sup>1</sup> PD, pp. 35-39.

<sup>2</sup> PD, Ordering Paragraph (OP) 4, p. 66-67.

<sup>3</sup> While appropriate here, the Commission should be generally cautious about relaxing the long-standing and well-reasoned restrictions on the sharing of market sensitive information with market participants, which can allow entities to manipulate the market, driving up costs for customers. In addition to the complexities of

If the Commission’s final decision adopts this modification, as well as the first modification to eliminate the self-showing attestation procedure for all resources, the Commission need not and should not adopt CalCCA’s timing proposal, which, for the reasons explained below, SCE opposes and respectfully requests that the Commission reject in its final decision.

**B. The Commission Should Reject the PD’s Proposal to Adjust the CPE Timeline**

The PD proposes to adopt CalCCA’s proposal to lock in the CPE’s allocations more than one year in advance of the compliance obligation so that LSEs will know their yearly CPE procurement targets.<sup>4</sup> SCE opposes the proposal on even a temporary or interim basis. Not only does the proposal “fail[] to mitigate CPE Credit uncertainty and the ability for LSEs to estimate their CPE Credits two years ahead of compliance in the current framework,”<sup>5</sup> but it is also incompatible with the PD’s proposal to eliminate the self-showing attestation requirement. CalCCA’s proposal, if adopted as the PD proposes, will eliminate the benefits associated with removing the self-showing attestation by forcing the CPE back into the situation of estimating need and making procurement decisions based on resource availability three years in the future. The Commission’s final decision should instead create more certainty that will help LSEs and the CPE avoid under- or over-procurement by adopting PG&E’s proposal to eliminate the self-showing attestation procedure, with SCE’s proposed modifications, and instruct Energy Division to provide all LSEs and the CPE with aggregated and anonymized information that will allow them to discern what credits, if any, may be allocated to them.

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managing program-specific confidentiality rules, which creates compliance challenges, continued loosening of protections for market sensitive information may endanger the healthy and competitive functioning of the power procurement market. The Legislature acknowledged the state’s policy to protect market sensitive information when it enacted section 454.5(g) of the Public Utilities Code. The Commission created the IOU Confidentiality Matrix in D.06-06-066, which was the product of a fully and fairly litigated proceeding with robust stakeholder involvement. In D.06-06-066, the Commission reiterated the importance of guarding against disclosure of information that could lead to market manipulation, pointing out that Californians were still feeling the effects of the 2000-2001 energy crisis, which was the result of parties manipulating market sensitive power procurement information. The purpose of Public Utilities Code section 454.5(g) was to prevent such manipulation in the future. Section 454.5(g) and the Commission’s IOU Confidentiality Matrix have been successful in protecting the market.

<sup>4</sup> PD, pp. 40-44; OP 5.

<sup>5</sup> Cal Advocates Opening Comments, p. 18; SCE Reply Comments, p. 7 (supporting Cal Advocates and opposing Cal CCA’s proposal).

The PD's proposed cadence, locking in the CPE's procurement a year in advance, will undermine the benefits of eliminating the self-showing attestation in lieu of the new Energy Division data request process because the CPE will have to procure for the second year without the benefit of the CAISO's LCR Technical Study. The LCR Technical Study provides information for each local area for the prompt year and prompt year plus five. For example, if the Commission adopts the PD's proposal, in the CPEs' 2025 solicitations, the CPEs will procure for Compliance Years 2027 and 50% of 2028. Typically, the CPE uses the LCR Technical Study to establish what it must procure for Year 1. The CPE, however, will not be procuring in Year 1. Instead, the CPE will be using *estimated* 2027 Local Capacity Requirements from the CAISO's published Final LCR study, which only provides firm 2026 and 2030 Local Capacity Requirements. Because the CPE is solely relying on estimates, not actuals, the CPEs may end up over- or under-procuring. When the CAISO issues its LCR Technical Study the following year, for years 2027 and 2031, the information is likely to be different, but the CPE will have already procured for 2027. The difference can be dramatic. For example, there was a 672 MW fluctuation from the 2024 final LCR study (published in April 2023), which estimated the 2025 LAB need as 4,795 MW as compared to the 2025 technical study (published in April 2024) that identified the LAB need as 4,1234 MW. If the Local Capacity Requirement goes down for 2027, the CPE will have over-procured and if the requirement increases, the CPE will be short and have to procure to address the deficiency. Therefore, locking the procurement in "Y-2" will likely lead to either over-procurement and unnecessary costs for customers, or under-procurement, which places the CPE and LSEs in their current predicament (and could also lead to higher costs). Either way, the adoption of CalCCA's proposal in tandem with the self-show attestation elimination is counterproductive and undermines the PD's attempt to provide certainty and efficiencies for the CPE, LSEs, and customer costs.

Compounding the issue, the CPEs would be relying on the new data for contracted local resources for years 2026, 2027, and 2028. LSEs will respond to the Energy Division's data request in January of 2025, and since most LSEs focus RA procurement based on year-ahead compliance, the data provided to the CPE in February 2025 would likely predominantly show 2026 contracted resources to reconcile against a large open position for 2027 and 2028. The CPE would therefore receive incomplete

information that likely would not account for LSEs' additional procurement or portfolio changes while the CPE is securing local RA two years out. For the information to be useful to the CPE and LSEs, Energy Division must solicit and receive information from LSEs several times a year (February and July, at least). Given that the CPE has a single opportunity to procure (except for year-over-year differences in the estimated 2027 LCR published in 2025 versus the firm 2027 LCR to be published in 2026), the CPE could be potentially forced to procure at much higher costs to meet estimated Local Capacity Requirements. The trade-off of using less accurate data request information two years out paired with using estimated CAISO Local Capacity Requirements in exchange for LSEs potentially having a minimal amount of greater certainty about CPE allocations is not an equitable value proposition for customers. The Commission's final decision should therefore reject the PD's proposal to adopt CalCCA's timing.

### III.

#### **THE FINAL DECISION SHOULD MODIFY THE PD'S PROPOSAL FOR USING SERV RENEWABLE PRODUCTION SHAPES FOR EXCEEDANCE PROFILES**

In its comments on Track 2 proposals, SCE suggested that the Commission should utilize Energy Division's Modeling Team's SERV production shapes instead of those developed by the Energy Division RA Team in the currently hourly QC method or some alternative method to determine the RA counting for resources.<sup>6</sup> SCE contends that doing so will reduce duplicative work and harmonize the RA program requirements with the LOLE/PRM modeling and IRP/TPP process' underlying assumptions. The PD appears to propose to adopt SCE's proposal,<sup>7</sup> but then fails to accurately capture SCE's proposal, stating "The Commission authorizes Energy Division to conduct an analysis comparing exceedance profiles for wind and solar resource against SERV weather profiles to be considered in Phase 3 of this proceeding." While such a comparison may be useful, SCE's suggestion is to replace one with the other. SCE appreciates that this issue remains open for further exploration in Track 3 but

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<sup>6</sup> SCE Comments on Track 2 Proposals, p. 6.

<sup>7</sup> PD, pp. 18-19.

advises that the Commission's final decision instruct that the replacement occurs now as SCE recommends.

#### IV.

#### **SCE SUPPORTS THE PROPOSED REVISIONS AND MODIFICATIONS TO THE LOAD IMPACT PROTOCOLS**

SCE participated in the Demand Response (DR) Load Impact Protocols (LIP) Simplification Working Group and provided input into the proposed changes and modifications recommended in the LIP Simplification Report. SCE supports the PD's proposed modifications to the Load Impact Protocols adopted in D.08-04-050, D.10-04-006 Appendix 1, and D.10-06-036 Appendix B. SCE also agrees with the PD that the confidentiality proposal may have broader implications and has not been thoroughly discussed in this proceeding and may be better suited in the activities of the Data Working Group in R.22-11-013, in which SCE is also participating.

#### V.

#### **CONCLUSION**

For the foregoing reasons, the Commission should adopt the PD with the proposed modifications and clarifications described above and indicated in Attachment A.

Respectfully submitted,

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**Dated: November 18, 2024**

## **Appendix A**

### **SCE's Proposed Modifications to Findings, Conclusions, and Orders**

## SCE's Proposed Modifications to Findings, Conclusions, and Orders

Proposed text deletions are in bold and strikethrough (~~abcd~~)

Proposed text additions are in bold and underlined (abcd)

<i>Findings of Fact</i>	<i>Proposed Modification</i>
1. Additional vetting and further analysis of Energy Division's revised PRM analysis is needed. The data gathering and reconciliation for the inputs and assumptions that underlie the LOLE study are time-consuming and resource intensive.	
2. Due to a lack of participation by LSEs in the non-compensated self- showing option, CPEs do not have access to critical information before initiating the CPE solicitation as to what local resources are under contract by LSEs, what the most effective local resources are to secure, and what the true needs are in designated local areas.	
3. The current non-compensated self-showing construct has been ineffective, as there is no binding commitment on LSEs to self-show and LSEs have elected not to self-show despite numerous attempts to incentivize participation.	
4. PG&E's proposal to eliminate and replace the non-compensated self- showing option will allow CPEs to better fulfill the role designated to them in D.20-06-002: to secure a portfolio of the most effective local resources, use purchasing power in constrained local	

<p>areas, mitigate the need for backstop procurement, and ensure a least cost solution for customers and equitable cost allocation.</p>	
<p>5. Locking in CPE allocations more than one year in advance, as compared to two months, would be beneficial in that it would give LSEs more time for procurement and more time to negotiate favorable RA contracts on behalf of customers.</p>	<p><u>5. Locking in CPE allocations more than one year in advance, as compared to two months, would be is not beneficial in that it would give LSEs more time for procurement and more time to negotiate favorable RA contracts on behalf of customers.</u></p>
<p>6. Locking in CPE allocations earlier will increase certainty for LSEs to understand how much system and flexible RA they may need to procure.</p>	<p><u>6.Locking in CPE allocations earlier will increase certainty for LSEs to understand how much system and flexible RA they may need to procure.</u></p>
<p>7. PG&amp;E’s proposed expansion of the publication of CPE procurement information would provide additional granular information on the CPEs’ procurement process that could benefit the CPE framework by giving stakeholders more insight into the procurement process.</p>	
<p>8. The recommendations from the LIP Working Group Report, with some exceptions, represent consensus positions from a broad range of parties.</p>	

<i>Conclusions of Law</i>	<i>Proposed Modification</i>
1. Energy Division should be authorized to undertake a further revision of the 2026 PRM analysis to correct identified errors and distribute it to the service list in December 2024.	
2. Consideration of the revised PRM analysis and the 2026 PRM should be deferred to Track 3 of this proceeding.	
3. It is more realistic and reasonable for Energy Division Staff to update the RA LOLE study every two years for consideration in the RA proceeding.	
4. PG&E's proposal to eliminate the non-compensated self-showing option may provide a more reliable, efficient way for the CPEs to obtain information about what local resources are under contract by LSEs. PG&E's proposal to eliminate the non-compensated self-showing option should be adopted, with modifications.	
5. CalCCA's proposal to lock CPE allocations to LSEs one year in advance is reasonable and should be adopted, with modifications, on an interim basis to be reevaluated at the end of 2027.	5. CalCCA's proposal to lock CPE allocations to LSEs one year in advance is <u>not</u> reasonable and should <u>not</u> be adopted, with modifications, on an interim basis to be reevaluated at the end of 2027.
6. PG&E's proposal to expand the publication of CPE procurement information is reasonable and should be adopted.	
7. The recommendations from the LIP Working Group Report, with some exceptions, are reasonable and	

should be adopted.	
8. All assigned Commissioner and assigned Administrative Law Judge rulings should be affirmed.	
9. All pending motions should be denied.	

<i>Ordering Paragraphs</i>	<i>Proposed Modification</i>
1. Energy Division is authorized to undertake a further revision of the planning reserve margin (PRM) analysis to correct errors identified in comments and to distribute it to the service list in this proceeding in early December 2024. The revised PRM analysis will be considered by the Commission in Track 3 of this proceeding.	
2. Energy Division is authorized to update the Resource Adequacy (RA) Loss of Load Expectation study every two years for consideration in the RA proceeding.	
3. The non-compensated self-showing option of the central procurement entity (CPE) framework is eliminated, effective 30 days from the issuance date of this decision. For self-shown capacity that has been committed to the CPEs, the CPEs shall send a letter to load-serving entities with an existing and/or active attestation within 30 days of the issuance of this decision, nullifying any remaining commitments and stating that the commitments shall no longer be relied on for purposes of satisfying the CPE's compliance obligations. A template for the CPEs' letter is	3. The non-compensated and <u>compensated</u> self-showing option of the central procurement entity (CPE) framework is eliminated, effective 30 days from the issuance date of this decision. For self-shown capacity that has been committed to the CPEs, the CPEs shall send a letter to load-serving entities with an existing and/or active attestation within 30 days of the issuance of this decision, nullifying any remaining commitments and stating that the commitments shall no longer be relied on for purposes of satisfying the CPE's compliance obligations. A template for the CPEs' letter is attached to this decision as Appendix A <sub>2</sub> .

<p>attached to this decision as Appendix A.</p>	
<p>4. Energy Division is authorized to collect additional information from load- serving entities (LSEs) regarding local Resource Adequacy (RA) capacity that is under contract in an LSE’s portfolio. Energy Division is authorized to collect the following information from each LSE about its local RA capacity under contract:</p> <ol style="list-style-type: none"> <li>1. Resource ID</li> <li>2. Local Area</li> <li>3. Contract Start/End Date</li> <li>4. Resource Technology Type</li> <li>5. Contracted Monthly Megawatt (MW) Capacity for the 3- Year Forward Period</li> </ol>	
<p>5. California Community Choice Association’s proposal to lock central procurement entity (CPE) allocations to load-serving entities (LSE) one year earlier is adopted, on an interim basis. This will be effective in 2025 for the 2027 Resource Adequacy (RA) compliance year and will be reevaluated by the end of 2027. The following CPE procurement process is adopted (using Y to indicate the compliance year).</p> <p>(a) Local CPE procurement conducted by October 31 in Y-2 for compliance year Y will be considered “locked:” in Y-1, the CPEs will no longer procure for local requirements allocated in Y-2.</p>	<p><del>6.—California Community Choice Association’s proposal to lock central procurement entity (CPE) allocations to load-serving entities (LSE) one year earlier is adopted, on an interim basis. This will be effective in 2025 for the 2027 Resource Adequacy (RA) compliance year and will be reevaluated by the end of 2027. The following CPE procurement process is adopted (using Y to indicate the compliance year).</del></p> <p><del>(a) Local CPE procurement conducted by October 31 in Y-2 for compliance year Y will be considered “locked:” in Y-1, the CPEs will no longer procure for local requirements allocated in</del></p>

<p>(b) In Y-1, the CPEs will only conduct procurement for the incremental changes between what was provided in Y-2 and the California Independent System Operator's updated Local Capacity Technical study for compliance year Y. Any incremental procurement the CPE conducts for compliance year Y will be allocated to LSEs in accordance with the annual CPE and LSE allocation timelines in August and mid- September.</p>	<p><del>Y-2</del></p> <p><del>(b) In Y-1, the CPEs will only conduct procurement for the incremental changes between what was provided in Y-2 and the California Independent System Operator's updated Local Capacity Technical study for compliance year Y. Any incremental procurement the CPE conducts for compliance year Y will be allocated to LSEs in accordance with the annual CPE and LSE allocation timelines in August and mid- September.</del></p>
<p>7. Energy Division is authorized to monitor the amount of CPEs' incremental procurement, the rate of local RA deficiencies that are deferred to backstop procurement, and whether market power may be exercised by generators.</p>	
<p>8. The central procurement entities (CPE) shall provide the following additional information in their Annual Compliance Reports: (1) the CPEs' local Resource Adequacy (RA) capacity procured on a California Independent System Operator (CAISO)-defined local capacity area level; (2) the CPEs' net open positions on a CAISO-defined local capacity area level; and (3) capacity purchased by the CPEs on a resource-specific level, which aligns with reporting processes of other Cost Allocation Mechanism (CAM)-eligible resource procurement. The Confidentiality Matrix adopted in Decision (D.) 22-03-034 is modified to reflect these changes,</p>	

and is attached to this decision as Appendix B.	
9. Modifications to the Load Impact Protocols requirements, as outlined in Appendix C attached to this decision, are adopted.	
10. All assigned Commissioner and assigned Administrative Law Judge rulings are affirmed.	
11. All pending motions are denied.	
12. Rulemaking 23-10-011 remains open.	