

DRAFT

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA
Agenda ID 15951
ENERGY DIVISION **RESOLUTION E-4888**
September 28, 2017

R E S O L U T I O N

Resolution E-4888. Approves two bilateral Resource Adequacy capacity purchase agreements between Southern California Edison Company and AES Alamos, LLC and AES Huntington Beach, LLC.

PROPOSED OUTCOME:

- Approve Southern California Edison's (SCE's) Resource Adequacy (RA) contract with AES Alamos, LLC located in Long Beach California, for 2,010.38 MW (Units 1 - 6), from June 1, 2018 through December 31, 2019 and 1,165.82 MW (Units 3-5) from January 1, 2020 through December 31, 2020.
- Approve SCE's RA contract with AES Huntington Beach, LLC located in Huntington Beach California, for 451.55 MW (Units 1 & 2), from June 1, 2018 through December 31, 2019 and 225.80 MW (Unit 2), from January 1, 2020 through December 31, 2020.
- Deny SCE's RA contract with AES Redondo Beach, LLC located in Redondo Beach California, for 1,355.73 MW (Units 5 - 8) from June 1, 2018 through December 31, 2019 and 849.77 MW (Units 5, 6, and 8) from January 1, 2020 through December 31, 2020.

SAFETY CONSIDERATIONS:

- As existing and operational generating facilities, there are no incremental safety implications associated with this contract beyond the status quo.
- As part of the Electric Safety and Reliability Branch's (ESRB) responsibility to ensure compliance with General Order (GO) 167, ESRB conducts audits of power plants through performance data analysis, record review, field inspection, and plant staff interviews. If ESRB auditors find any non-compliance with GO 167, the power

plant must take corrective action(s) to remedy the deficiency or face enforcement actions by the CPUC.

ESTIMATED COST:

- Contract costs are confidential at this time.

By Advice Letter 3488-E, filed on October 10, 2016.

SUMMARY

Southern California Edison Company (SCE) seeks the California Public Utilities Commission (Commission or CPUC) approval of three bilateral resource adequacy (RA) capacity purchase agreements between SCE and AES Alamos, LLC, AES Huntington Beach, LLC and AES Redondo Beach, LLC.

The following table summarizes the RA contracts:

Contract	Seller	Generation Type	Generating Units	RA Capacity / Contract Quantity by Unit	Product	Term of Delivery by Unit
Alamos RA Contract	AES Alamos	Gas-fired generation	Alamos Unit 1	174.56 Megawatts ("MW")	RA	June 2018 – December 2019
			Alamos Unit 2	175.00 MW	RA	June 2018 – December 2019
			Alamos Unit 3	332.18 MW	RA	June 2018 – December 2020
			Alamos Unit 4	335.67 MW	RA	June 2018 – December 2020
			Alamos Unit 5	497.97 MW	RA	June 2018 – December 2020
			Alamos Unit 6	495.00 MW	RA	June 2018 – December 2019
Huntington Beach RA Contract	AES Huntington Beach	Gas-fired generation	Huntington Beach Unit 1	225.75 MW	RA	June 2018 – December 2019

			Huntington Beach Unit 2	225.80 MW	RA	June 2018 – December 2020
Redondo Beach RA Contract	AES Redondo Beach	Gas-fired generation	Redondo Beach Unit 5	178.87 MW	RA	June 2018 – December 2020
			Redondo Beach Unit 6	175.00 MW	RA	June 2018 – December 2020
			Redondo Beach Unit 7	505.96 MW	RA	June 2018 – September 2019
			Redondo Beach Unit 8	495.90 MW	RA	June 2018 – December 2020

This resolution approves the AES Alamitos contract and the AES Huntington Beach contract but denies the AES Redondo Beach contract. The Alamitos and Huntington Beach units are needed to meet an identified LA Basin local reliability need for 2018 and a forecasted local reliability need for 2019 and 2020. Excess local capacity procured through these contracts will help to meet a forecasted system need.

BACKGROUND

Once Through Cooling

Decision (D.) 12-04-046 directed that an Investor-owned Utility (IOU) entering into Once Through Cooling (OTC) power purchase agreement with contract duration of more than two years but less than five years must submit a Tier-3 advice letter to the Commission for approval. Additionally, the decision provided an IOU entering into a power purchase agreement with OTC units that terminate one year or less prior to the applicable SWRCB compliance deadline, must file a Tier 3 advice that shows “how the agreement helps facilitate compliance with the State Water Resources Control Board policy regarding once-through cooling.” Finally, the decision specified the following criteria to be included in the Tier 3 Advise letter:

- 1) how the contract helps facilitate compliance with the SWRCB OTC policy, or at a minimum why it does not delay compliance; 2) the expected operation of the OTC facility under normal load (1 in 2) and high load (1 in 10) conditions, including the number of starts and run time after each start;

3) the LCR net position with and without the OTC facility over the contract duration and two years beyond the contract duration; and 4) how any other available generation resources compare under these criteria.”¹

On October 10, 2016, SCE submitted AL 3488-E seeking Commission approval of three RA Capacity contracts purchase agreements with OTC units (Alamitos, Huntington Beach, and Redondo Beach). Each of the RA contracts is for capacity from multiple units at the same location, and the terms for some of the units exceed two years. Additionally, many of the units have termination dates up to their SWCB compliance dates.

Local Capacity Results Study

Every year the CAISO performs a Local Capacity Requirement (LCR) Technical Study that details Local Area requirements for the coming compliance year. The CAISO performs this study beginning in late fall and files the final study into the CPUC Resource Adequacy (RA) proceeding in the spring. The CPUC adopted LCR requirements for 2016 and 2017 in D.15-06-063 and D.16-06-045. The 2018 LCR results were filed in the current RA proceeding, R.14-10-010, on May 1, 2017. Decision (D.)17-06-027 adopted local requirements for 2018.

Table 1 below provides the local area requirements for 2016, 2017, and 2018 along with the subarea requirements and available generation assumed in the studies. The final 2018 study results reflect a 7,525 MW requirement in the LA Basin. This is a slightly higher requirement than for 2017 and a much lower requirement than was adopted for 2016.

All three AES Southland resources are located in the LA Basin Western sub-area. The final western sub-area need is identified as 3,621 MW for 2018 resource.² The AES contract capacity for August 2018 exceeds the sub-area Western LA Basin requirement by approximately 200 MW.

¹ D.12-04-046, pp. 25.

² Final 2018 Local Capacity Technical Report p. 53-54
<http://www.caiso.com/Documents/Final2018LocalCapacityTechnicalReport.pdf>.

	2016	2017	2018
LA Basin Local Capacity Requirement (MW)	8,887	7,368	7,525
LA Basin Existing Generation (MW)	10,969	10,575	10,735
Western LA Basin Sub Area Requirement (MW)	4,472	3,871	3,621
Western Sub-Area Existing Generation (MW)	5,934	5,871	5,815
AES Contract Capacity (Aug)			3,818

Regarding the effectiveness factors for resources in this sub area, the 2016,³ 2017,⁴ and 2018⁵ reports state that:

There are numerous other combinations of contingencies in the area that could overload a significant number of 230 kV lines in this sub-area and have less LCR need. As such, anyone of them (combination of contingencies) could become binding for any given set of procured resources. As a result, effectiveness factors may not be the best indicator towards informed procurement.

Advice Letter Request

In this advice letter, SCE explains that the Commission should approve these RA contracts because “CAISOs local capacity requirements for the LA Basin will likely not be met with a significant portion of these generating resources being under contract with one or more load-serving entities (“LSEs”). SCEs territory makes up approximately 85% of the LA Basin, and the CAISO relies on SCE as the largest LSE in the LA Basin to meet local area RA requirements. Therefore, if SCE does not meet its local RA requirements, which it cannot do without a significant portion of the capacity provided by the AES units, it is likely that the CAISO’s local area requirements for the LA Basin will not be met.”⁶

³ Final 2016 Local Capacity Technical Report, p. 86.

⁴ Final 2017 Local Capacity Technical Report, p. 79.

⁵ Final 2018 Local Capacity Technical Report, p. 53-54.

<http://www.aiso.com/Documents/Final2018LocalCapacityTechnicalReport.pdf>

⁶ SCE AL 3488-E, p. 4.

SCE further explains that non-compliance with the Local Capacity Requirements (LCR) could lead to expensive back-stop procurement by CAISO and/or CPUC penalties. SCE's Local Residual short position is based on confidential data.

SCE also argues that the AES contracts would provide SCE a hedge against the potential shift in CAISO effectiveness factors of each generator. SCE states that if they only contract with a few of the AES units they run the risk of the CAISO determining that it will need the other AES units and issue a CPM at a higher cost than the contract price. SCE claims that contracting for the entire AES fleet will eliminate the risk of a Capacity Procurement Mechanism (CPM).

Finally SCE argues that excess local capacity will help them meet their system RA needs.

In AL 3488-E, SCE requests that the Commission issue a resolution no later than April 10, 2017, prior to SCE's 2017 RA RFO. SCE requests that the resolution include: 1) approval of the contracts in their entirety, 2) a finding that the RA contracts and SCE's entry into the contracts are reasonable and prudent for all purposes, 3) any other relief as the Commission finds just and reasonable.

In addition, SCE requests confidential treatment of Appendices A through D attached to its advice letter pursuant to D.06-06-066 and modified by D.07-05-032.

NOTICE

Notice of AL 3488-E was made by publication in the Commission's Daily Calendar. SCE states that a copy of the Advice Letter was mailed and distributed in accordance with Section 4 of General Order 96-B.

PROTESTS

SCE's Advice Letter AL 3488-E was timely protested by the Office of Ratepayer Advocates (ORA) on October 31, 2016.

ORA recommends that the Commission reject the AES Contracts for eight specific reasons. SCE responded to ORA's protest on November 7, 2016. ORA's protest and SCE's responses are summarized below.

1) Excess capacity should not be purchased as a hedge for potential changes in local capacity requirements

ORA argues that over procuring capacity as a hedge against unexpected RA requirements does not fall into the normal hedging practices. ORA further argues that adjustments to the local capacity requirements “cannot be predicted and will not necessarily lead to increased costs. Additionally, even if CAISO adjustments increase procurement requirements, the cost associated with the potential increase will likely not exceed over-procurement hedging costs resulting from SCE AL-3488-E.”⁷

Addressing ORA’s contention that excess capacity should not be purchased as a hedge for potential changes in local capacity requirements, SCE argues that the “excess procurement is very small in proportion to the size of the deal for those years.”⁸ Additionally, SCE argues that ORA price estimate does not use the final RA contract price and assumes there is no value for filling a system RA need, in estimating the total cost of excess capacity.

SCE additionally states that “CAISO’s decision making process when identifying local deficiencies takes effectiveness factors into consideration when identifying local deficiencies. To support SCE’s LCR Request for Offers (RFO), CAISO published effectiveness factors for each generating unit in the LA Basin. At the time, the southernmost units, Huntington Beach 1 & 2, were considered the most effective. No guarantee exists that these same effectiveness factors will persist through 2020: thus contracting for the entire fleet allows SCE to ensure that SCE has procured a portfolio of resources that SCE expects to be highly effective for local reliability.”⁹

⁷ ORA protests to AL 3488-E, p. 4.

⁸ SCEs reply to ORAs protest, p. 2.

⁹ SCEs reply to ORAs protest, p. 2.

2) The financial evaluation is flawed in its assessment of potential commission penalties and CPM costs

ORA argues that SCEs assumption about facing a CPUC penalty is unlikely because the Commission has a waiver policy that prevents penalty deficiencies when an LSE is unable to reasonably procure local capacity after making good faith effort. Additionally, ORA argues that SCE's analysis assumes the maximum CPM payment for all megawatts necessary to meet the projected deficiencies. ORA states that it is "highly probable that SCE can obtain necessary capacity to meet local capacity needs and those costs, even if they are higher than the prices of the AES contracts, will not be equal to the maximum CPM prices plus CPUC penalties. The use of a maximum CPM price in the financial assessment assumes that lower negotiated prices will not be available."¹⁰

In response, SCE argues that the executed contracts are reasonable using the standard evaluation approach described in AL 3488-E. SCE further argues that the "CPM analysis does not assume the maximum CPM payment for all the megawatts in the RA contracts necessary to meet the projected deficiencies."¹¹

With regards to CPUC penalties, SCE concedes that a waiver process does exist. However, SCE argues the waiver process requires a demonstration that the LSE took reasonable steps to secure the capacity that was offered at a reasonable price. SCE states that it has executed a reasonably priced contract.

3) Failure to consult PRG prior to contract execution

ORA contends that the PRG meeting on August 9, 2016 was the first time the PRG group was consulted on the AES contracts. This was the same day the contracts were executed. ORA states that "SCE failed in its duty to comply with the PRG process that provides for PRG member input prior to contract execution."¹²

¹⁰ ORA protest, p. 4.

¹¹ SCE's reply to ORAs protest, p. 3.

¹² ORA protest, p. 5.

SCE states that they provided the PRG group with presentations regarding the AES RA contracts on August 5, 2016, which was four days prior to the August 9, 2016 PRG meeting. Additionally, SCE argues that six ORA representatives were present for the August 9, 2016 meeting and that no action items were identified.

4) Failure to use an Independent Evaluator

ORA argues that SCE should have used an IE that to analyze the evaluation of the AES contracts, which include complex justification factors such as the hedging benefits.

SCE responds that ORA's protest failed to provide any citation that requires an IE for complex bilateral transactions. SCE cites that D.07-12-052 discusses when an IE is required to be used and that discussion does not include "complex bilateral transactions." SCE also argues that RA contracts are on SCEs list of authorized procurement products.

5) Inadequate justification for not utilizing a preferred RFO process

ORA contends that the Commission requires utilities to use competitive solicitations for procurement and that only unique fleeting opportunities be pursued through bilateral contracting. ORA argues that SCE has not provided any convincing evidence that would excuse bilateral contracting prior to an RFO.

SCE responds that ORA failed to cite a Commission decision that supports this claim. SCE states that "utilities have Commission approval of many authorized procurement contracting methods and processes, including RFOs, exchanges, brokers, auctions, and bilateral transactions."¹³

¹³ SCEs reply to ORAs protest, p. 5.

6) Complete data on capacity needs and calculation methodologies not provided

ORA does not believe that SCE provided the complete assumptions behind its forecasted need. Specifically, ORA does not believe SCE addressed projected CCA load departure and assumptions regarding the Aliso Canyon gas stage facility.

SCE responded to ORAs CCA load departure assumption request with confidentially marked information. Additionally, SCE responded to the assumption about Aliso Canyon gas stage facility by stating that “CAISO’s Final Local Capacity Technical Analysis for 2017 shifted 716 MW of LCR need from the LA Basin to the San Diego/Imperial Valley for 2017 only as a hedge against potential Aliso Canyon usage limitations.”¹⁴ SCE response regarding its assumption about the 2018 forecasted need is also marked confidential.

7) Contract duration is not adequately supported

ORA argues that the time frames of the contracts do not support SCE’s needs and that “SCE has not demonstrated that extending the contracts though the expected life of the plants is prudent for all units.”¹⁵

SCE argues that it is in the best interest of its customers to bilaterally contract now for the three AES Southland resources for the time periods requested, which will provide both SCE and CAISO the availability of important generating resources that maintain LA Basin local reliability.

8) Lacking issues of material fact requires an application

ORA recommends that the Commission request an application for this request since the advice letter lacks material facts.

¹⁴ SCEs reply to ORAs protest, p. 6.

¹⁵ ORA protest, p. 6.

DISCUSSION

Energy Division has reviewed the Advice Letter 3488-E, including its Appendices A through F, the protest filed by ORA, and SCE's response to ORA's protest. Additionally, Energy Division has issues two data requests and reviewed these responses.

We evaluate SCE's Advice Letter 3488-E based on criteria established in previous Commission decisions and in California Public Utilities Code Section 454.5, which provides guidance to the IOUs and the Commission for the procurement of electricity and electricity-related products. Specifically, SCE must demonstrate that these transactions:

1. Meet an identified need;
2. Are reasonably priced;
3. Were discussed with the Procurement Review Group (PRG);
4. Are in compliance with the Energy Action Plan (EAP) loading order;
5. Are in compliance with once-through cooling procurement rules, to the extent applicable; and
6. Are in compliance with SCE's Public Utilities Code Section 454.5 Bundled Procurement Plans.
7. Disadvantaged Community Designation

The AES Southland contracts, together, considerably exceed SCE's forecasted LA Basin local need in almost all of the months of the requested contract period (June 2018 – December 2020). However, the Alamitos and Huntington Beach AES contracts together will fill SCE's LA Basin need with little excess local over-procurement.

The Alamitos and Huntington Beach contracts address SCE's portion of the local need in the LA Basin identified by the CAISO for 2018. In addition, the Alamitos and Huntington Beach contracts also address SCE's forecasted LA Basin needs in 2019 and most of 2020.

The Redondo Beach contract is not needed to meet SCE's portion of the local LA Basin need for 2018 and a forecasted need for 2019 and 2020. Contracting with Redondo Beach will lead to excess local capacity procurement (for SCE customers) for 2018 and forecasted for 2019 and 2020. We agree with ORA that over procuring local capacity as a hedge is not reasonable.

We recognize that contracting with Redondo Beach may help SCE meet a forecasted system need for 2018-2020. However, contracting with the Redondo Beach units may not be the optimal choice to meet system needs. SCE is not constrained in its system RA procurement decisions the same ways it is constrained in its local capacity procurement decision.

However, we note that nothing precludes AES Redondo from participating in SCE RA solicitations for 2018 and beyond.

The Alamitos and Huntington Beach AES Contracts are Reasonably Priced

We compared the price for the AES contracts with the prices obtained in SCE's 2016 RFO and the average capacity prices for LA Basin, provided by Energy Division's most recent annual RA price data request to the LSEs. This data is published annually as part of the annual RA report.¹⁶ Based on this review, we conclude that the bilaterally negotiated contracts for the local capacity provided by the Alamitos AES and Huntington Beach AES resources are reasonable priced.

Consistent with D.02-08-071, SCE's Procurement Review Group was Notified of the AES Southland Contracts

The Commission established the PRGs to oversee procurement activities of IOUs and mandated that each IOU maintain and routinely consult with its PRG. The purpose of the PRG is to review and assess the details of the IOU's overall procurement strategy and specific proposed procurement contracts and processes prior to submitted filings to the Commission.¹⁷

SCE briefed the PRG on the proposed RA contracts on August 9, 2016. This was the same day they signed the AES contract. In its protest, ORA argues that "SCE failed in its duty to comply with the PRG process that provides for PRG member input prior to contract execution."¹⁸

¹⁶ <http://cpuc.ca.gov/WorkArea/DownloadAsset.aspx?id=6442452221>.

¹⁷ D.02-08-071, p. 7-8.

¹⁸ ORA protest, p. 5.

We acknowledge that SCEs consultation with the PRG on the AES contract was provide little time to assess SCE procurement strategy. However, SCE did notify the PRG group of the contracts, as they were required to do. For future decisions regarding procurement strategy, we encourage SCE to discuss proposed negotiations earlier in the process. For example, SCE could have informed the PRG when negotiations with AES began, not on the same day they executed the contract with AES.

The AES Contract is Not Inconsistent with the EAP Loading Order

The EAP Loading Order, published on May 8, 2003, and endorsed in D.04-12-048, contains explicit direction regarding California's preferences for meeting identified resource needs, and directs the IOUs to prioritize their resource selections accordingly. The EAP prioritizes resources in a "loading order" of policy preferences and directs IOUs to procure resources in the following order of priority: energy efficiency (EE) and demand response (DR), renewable fuel resources, clean fossil-fired distributed generation (DG), and clean central-station generation. Alamitos and Huntington Beach are existing natural gas-fired generation facilities.

In reviewing this Advice Letter and SCE's need for local capacity, Energy Division Staff took into consideration all existing and authorized new preferred resources, which reduced SCE's need for additional local capacity.

The Alamitos and Huntington Beach AES contracts address a specific local area need identified by the CAISO for 2018 and forecast by SCE for 2019 and 2020. Both AES Alamitos and AES Huntington Beach are located in the local area identified and would be effective at filling this need.

The Alamitos and Huntington Beach Contracts Comply with OTC Procurement Rules

D.12-04-046 directed that any OTC power purchase agreement that terminates one year or less prior to the applicable SWRCB compliance deadline must be submitted to the Commission for approval via a Tier 3 advice letter. The AES Alamitos Contract ends on December 31, 2020, the day of the OTC deadline and is therefore subject to this guideline. In AL 3488-E, SCE addresses the four requirements established in D.12-04-046.

- 1) How the contract helps facilitate compliance with the SWRCB's OTC policy or, at a minimum, does not delay compliance.

SCE contends that they confirmed with AES that the RA contracts do not delay the SWRCB compliance deadline of December 31, 2020.

- 2) Include the expected operation of the OTC facility under normal load (1 in 2) and high load (1 in 10) conditions, including number of starts and run time after each start.

SCE states that because the contracts are RA only contracts, SCE does not have control over the submitted bids of the resources. Therefore SCE cannot predict the number of starts and expected operation of the units (under a 1 in 2 and 1 in 10 conditions).

- 3) Include the Local Capacity requirement ("LCR") net position with and without the OTC facility over the contract duration and two years beyond the contract duration.

SCE states that its LCR net position for 2018 through 2019 with and without OTC facilities is included in confidential Appendix A. SCE lists the information for 2020 through 2022 in the table below filed as part of its public AL 3488-E.

1	Compliance Month	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20
2	Residual Net Short Position without AES	3,433	3,425	3,426	3,428	2,732	2,020	2,013	2,032	2,037	2,102	2,080	2,070
3	Sum AES units	2,241	2,241	2,241	2,241	2,241	2,241	2,241	2,241	2,241	2,241	2,241	2,241
4	Residual Net Short Position including AES	1,191	1,184	1,185	1,187	491	(222)	(229)	(210)	(204)	(139)	(162)	(172)
5	Compliance Month	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21
6	Residual Net Short Position without AES	3,433	3,425	3,426	3,428	2,732	2,020	2,013	2,032	2,037	2,102	2,080	2,070
7	Sum AES units	-	-	-	-	-	-	-	-	-	-	-	-
8	Residual Net Short Position including AES	3,433	3,425	3,426	3,428	2,732	2,020	2,013	2,032	2,037	2,102	2,080	2,070
9	Compliance Month	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22
10	Residual Net Short Position without AES	2,002	1,948	1,952	1,953	1,900	1,829	1,920	1,939	1,944	2,015	1,986	1,977
11	Sum AES units	-	-	-	-	-	-	-	-	-	-	-	-
12	Residual Net Short Position including AES	2,002	1,948	1,952	1,953	1,900	1,829	1,920	1,939	1,944	2,015	1,986	1,977

Note: All capacity positions are provided in MW increments

- 4) How any other available generation resources compare under these criteria.

SCE responds by stating “The RA contracts were bilaterally negotiated and reasonably compare to other bilateral contracts and expected RA costs for needed local area resources.”¹⁹

The Alamitos and Huntington Beach Contracts are in Compliance with SCE’s Public Utilities Code Section 454.5 Bundled Procurement Plan, to the Extent Applicable

SCE submitted the Alamitos and Huntington Beach contracts for approval through the Commission’s advice letter process and, therefore, they are in compliance with its bundled procurement plan, to the extent applicable.

Disadvantaged Community Designation

Senate Bill 350 (de León, Chapter 547, Stats. 2015) contains disadvantaged community goals that are cross-cutting and therefore will be integrated into all policy areas. Thus, in evaluating the AES bilateral contracts, the Commission will analyze its impact on such communities.

The California Environmental Protection Agency (CalEPA) is responsible for identifying disadvantaged communities for purposes of the Cap-and-Trade program funding. CalEPA has designated disadvantaged communities as the 25% highest scoring census tracts in the state using results of the California Communities Environmental Health Screening Tool, Version 3 (CalEnviroScreen 3.0). The tool combines twenty indicators in “population” and “pollution burden” categories. SB 350 directs the CPUC to also use CalEPA’s tool to identify disadvantaged communities.

Disadvantaged Communities include but are not limited to:

- Areas disproportionately affected by environmental pollution and other hazards that can lead to negative public health effects, exposure, or environmental degradation.

¹⁹ SCE AL 3488-E, p. 8.

- Areas with concentrations of people that are of low-income, high unemployment, low levels of home ownership, high rent burden, sensitive populations, or low levels of educational attainment.

Alamitos generating station is located at 690 N Studebaker Rd. in Long Beach, CA. CalEnviroScreen 3.0 indicates that this location is in census track 6037980007 but does not have a statewide CalEnviroScreen ranking (for all CES indicators) because the census tract does not contain a residential population, however, the CES data reflects that it ranks in the 95th percentile for pollution burden. The bordering Census Tract, 6037577602, reflects a CalEnviro screening of 66th -70th percentile slightly below the 75th percentile cut off for disadvantage community status. This census tract ranks in the 87th percentile for pollution burden.

Huntington Beach generating station is located at 21730 Newland St. in Huntington Beach, CA. CalEnviroScreen 3.0 reflects a 1st- 5th percentile ranking for this location. The census data also reflects a 47th percentile ranking for statewide pollution burden.

Redondo Beach generating station is located at 1100 N Harbor Dr. in Redondo Beach, CA. CalEnviroScreen 3.0 reflects a 46th - 50th percentile ranking for this location. The census data also reflects a 63rd percentile ranking for statewide pollution burden.

Confidentiality

SCE request for confidential treatment of Appendices A through D of this advice letter and has filed the requisite declarations with its filing. The disclosure of this information is subject to the confidentiality protections specified in D.06-06-066 as modified by D.07-05-032.

COMMENTS

Public Utilities Code Section 311(g)(1) provides that this resolution must be served on all parties and subject to at least 30 days public review and comment prior to a vote of the Commission. Section 311(g)(2) provides that this 30-day period may be reduced or waived upon the stipulation of all parties in the proceeding.

The 30-day comment period for the draft of this resolution was neither waived nor reduced. Accordingly, this draft resolution was mailed to parties for comments, and will be placed on the Commission's agenda no earlier than 30 days from today.

FINDINGS

1. On October 10, 2016, Southern California Edison (SCE) submitted Advice Letter 3380-E seeking Commission approval of three bilaterally negotiated resource adequacy (RA) capacity contracts between SCE and AES Southland. AES Southland consists of AES Alamitos, LLC, AES Huntington Beach, L.L.C and AES Redondo Beach, LLC.
2. The contract between SCE and AES and Alamitos, L.L.C, is for 2,010.38 MW from June 2018 to December 2019 and 1,165.82 MW from January 2020 to December 2020.
3. The contract between SCE and AES Huntington Beach, L.L.C, is for 451.55 MW from June 2018 to December 2019 and 225.8 MW for January 2020 to December 2020.
4. The contract between SCE and AES Redondo Beach, L.L.C, is for 1,355.73 MW from June 2018 to December 2019 and 849.77 MW for January 2020 to December 2020.
5. The Alamitos and Huntington Beach AES contracts meet a demonstrated need for local resources in the LA Basin local area in 2018 through 2020.
6. The Redondo Beach contract is not needed to meet a local need in 2018 through 2020. There is no evidence that this contract is needed for local reliability in 2018 and beyond.
7. The Alamitos and Huntington Beach contracts are reasonably priced.
8. Consistent with D.02-08-071, SCE's Procurement Review Group was notified of the AES contracts on August 9, 2016.
9. An Independent Evaluator was not used for the AES Southland Contracts.
10. The Alamitos and Huntington Beach contracts are not inconsistent with the Energy Action Plan (EAP) loading order.
11. The Alamitos and Huntington Beach contracts are in compliance with the Commission's once through cooling procurement rules.

12. The Alamitos and Huntington Beach contracts are in compliance with SCE's Public Utilities Code Section 454.5 Bundled Procurement Plan, to the extent applicable.

THEREFORE IT IS ORDERED THAT:

1. The request of Southern California Edison that the Commission approve the bilaterally negotiated resource adequacy contract between Southern California Edison and AES Alamitos, LLC for 2,010.38 MW from June 2018 to December 2019 and 1,165.82 MW from January 2019 to December 2020 is granted.
2. The request of Southern California Edison that the Commission approve the bilaterally negotiated resource adequacy contract between Southern California Edison and AES Huntington Beach, LLC for 451.55 MW from June 2018 to December 2019 and 225.8 MW for January 2020 to December 2020 is granted.
3. Southern California Edison's entry into the bilaterally negotiated resource adequacy contract with AES Alamitos and Huntington Beach, LLC is reasonable and prudent for all purposes, including, but not limited to, recovery in rates of payments made pursuant to these contracts, subject only to further review with respect to the reasonableness of Southern California Edison's administration of this contract.
4. The request of Southern California Edison that the Commission approve the bilaterally negotiated resource adequacy contract between Southern California Edison and Redondo Beach, LLC. for 1,355.73 MW from June 2018 to December 2019 and 849.77 MW for January 2020 to December 2020 is denied.

This Resolution is effective today.

I certify that the foregoing resolution was duly introduced, passed and adopted at a conference of the Public Utilities Commission of the State of California held on September 28, 2017; the following Commissioners voting favorably thereon:

TIMOTHY J. SULLIVAN
Executive Director