ALJ//mph **Date of Issuance 11/20/2020**

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

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| --- | --- |
| Order Instituting Rulemaking to Establish Policies, Processes, and Rules to Ensure Reliable Electric Service in California in the Event of an Extreme Weather Event in 2021. | FILED PUBLIC UTILITIES COMMISSIONNOVEMBER 19, 2020SAN FRANCISCO, CALIFORNIARULEMAKING 20-11-003 |

ORDER INSTITUTING RULEMAKING EMERGENCY RELIABILITY

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ORDER INSTITUTING RULEMAKING EMERGENCY RELIABILITY

Summary

The Commission institutes this rulemaking to identify and execute all actions within its statutory authority to ensure reliable electric service in the event that an extreme heat storm occurs in the summer of 2021. During
mid-August 2020, the majority of the western United States encountered a prolonged extreme heat storm, which led to a variety of circumstances that ultimately required the California Independent System Operator to initiate rotating outages in its Balancing Authority Area to prevent sustained, wide-spread service interruptions.

Following the rotating outages, on August 17, 2020, Governor Gavin Newsom directed the three state entities responsible for providing safe, reliable electric service to California – California Energy Commission, California Independent System Operator, and California Public Utilities Commission – to submit a report identifying the root cause of the events leading to the outages. Consistent with that directive, on October 6, 2020, the three state entities submitted a Preliminary Root Cause Analysis report and subsequently briefed the California State Assembly Committee on Utilities and Energy on
October 12, 2020. The preliminary report identifies several actions that, if implemented in the recommended timeframes—near-term (2021), mid-term (2022-25) and longer-term (beyond 2025), will consistently address the contributing factors that caused the August 2020 rotating outages.

This rulemaking identifies the near-term actions that the Commission proposes to implement to prepare for an extended heat storm, sets forth the process for obtaining stakeholder and respondent input on the proposed actions, and establishes a schedule that will allow it to adopt relevant changes to its processes, programs and rules in advance of the summer of 2021. The adopted changes will be in effect for the calendar year 2021.

# Background

During mid-August 2020, most of the western United States experienced an extreme heat storm. In California, the temperatures were 10-20 degrees above average from August 14 to 19, 2020—six consecutive days. The temperatures for four of those days were the hottest August days since 1985.[[1]](#footnote-2) On August 15, 2020, the hottest day, the National Weather Service declared an Excessive Heat Warning for 32 million Californians,[[2]](#footnote-3) and severe thunderstorms occurred throughout Pacific Gas and Electric’s (PG&E) service territory.[[3]](#footnote-4)

Aside from being a health risk, the extreme heat storm caused a sharp, sustained increase in energy demand while simultaneously triggering energy supply issues for the energy grid in California’s largest Balancing Authority Area (BAA), which is controlled by the California Independent System Operator (CAISO). Among several issues,[[4]](#footnote-5) conventional generation, such as thermal and natural gas plants, were less efficient, and in some cases, experienced both planned and forced outages.[[5]](#footnote-6) Similarly, power production declined for renewables, such as behind-the-meter (BTM)[[6]](#footnote-7) resources and large-scale grid-connected solar, which was less productive due in part to unanticipated cloud cover.[[7]](#footnote-8)

 Additionally, the CAISO energy grid relies on an energy mix that includes imports from surrounding states; however, the heat storm-induced transmission line constraints in the Pacific Northwest restricted the amount of imports that CAISO could receive over the California Oregon Intertie and Nevada-Oregon Border.[[8]](#footnote-9)

Further, some practices in CAISO's day-ahead energy market hampered its ability to increase the net amount of energy imports. To set the supply schedule for the next operating day, CAISO uses the scheduled load provided by Scheduling Coordinators in the day-ahead market. For August 14 and 15, scheduling coordinators under-scheduled demand by 1,792 MW and 3,219 MW, respectively.[[9]](#footnote-10) Under-scheduled demand limits CAISO's ability to estimate supply needs and can encourage supply convergence bids, both of which signal that exports are supportable. While CAISO's Residual Unit Commitment (RUC) process performs a reliability check to correct for under-scheduled demand, a prior market enhancement prevented the RUC from performing this function.[[10]](#footnote-11)

With respect to demand, the evolving stay-at-home measures, issued pursuant to the COVID-19 pandemic, have caused shifts in demand. While overall demand was lower in the spring, residential demand was higher. [[11]](#footnote-12) This higher residential demand likely resulted in higher energy usage during the "net demand peak" timeframe.[[12]](#footnote-13) Further, the high temperatures from the extreme heat storm extended into the evening hours, causing a sustained increase in load as customers continued using air conditioning units to cool homes, hospitals, and businesses.

As a result, actual demand on August 14 and 15, 2020, exceeded the resource planning targets, including the reserve margins for those days. The Commission’s Resource Adequacy (RA) program sets and enforces energy resource procurement targets for Load Serving Entities (LSE) based on the
two-year average of peak demand (1-in-2),[[13]](#footnote-14) plus a 15 percent planning reserve margin (PRM). The PRM is used to account for forced outages, forecast error, and CAISO’s federal-mandated contingency reserve, which is six percent of the demand.[[14]](#footnote-15)

For August 2020, the estimated 1-in-2 peak demand forecast and PRM were 44,740 MW and 6,674 MW, respectively,[[15]](#footnote-16) and of that amount, the demand forecast for Commission-jurisdictional LSEs was 40,570 MW. On August 14 and 15, 2020, however, actual peak demand exceeded the 1-in-2 peak demand forecast, and total forced outages were 4.8 percent of load.[[16]](#footnote-17) Thus, the operational need for CAISO's BAA was up to 2.5 and 1.7 percent higher than the forecasted PRM on August 14 and 15, respectively.[[17]](#footnote-18) This deficiency was particularly detrimental during net demand peak hours, the period in which rotating outages occurred.[[18]](#footnote-19) And, as noted earlier, operational issues with the day-ahead market, among other issues, restricted CAISO's ability to increase the amount of net imports.

To maintain the contingency reserve of six percent of actual load, CAISO can deploy various operational services, from requesting Restricted Maintenance Operations to declaring a Stage 3 Emergency,[[19]](#footnote-20) to ensure that it can stabilize the grid following a severe, unplanned event and prevent widespread system outages throughout the Western interconnected grid. At 6:38 p.m. on
August 14 and 6:28 p.m. on August 15, CAISO was deficient in meeting its contingency reserve despite implementing several other mitigating measures and, therefore, declared a Stage 3 Emergency.[[20]](#footnote-21) Following CAISO’s emergency declaration, 491,600 customers experienced power outages for up to 150 minutes and 321,000 customers lost power for up to 90 minutes, on August 14 and 15, respectively.[[21]](#footnote-22)

Subsequently, Governor Gavin Newsom (Governor) declared a State of Emergency and issued Executive Order N-74-20, on August 16 and 17, respectively, to address the extreme heat storm.[[22]](#footnote-23) Pursuant to the declaration and order, statutory provisions limiting the use of stationary and backup generators, among other energy sources, were suspended from 3 p.m. to 10 p.m. until August 20, 2020, to reduce load and increase supply in CAISO's BAA. Also, state agencies and the Governor’s office called on other BAAs to export energy and asked utilities and local governments to maximize output from all available sources, including temporary generation. While the heat storm persisted from August 16-19, 2020, peak demand on the CAISO-controlled grid was reduced by 4,000 MW on August 17 through 19.[[23]](#footnote-24)

On August 17, 2020, the Governor directed the Commission, CEC, and CAISO to jointly prepare a report describing the root cause for the rotating outages that occurred on August 14 and 15. The joint authors submitted the report on October 6 and presented its contents to the California State Assembly Committee on Utilities and Energy during a hearing conducted on
October 12, 2020.

The preliminary report identifies several actions that, if implemented in the recommended timeframes—near-term (2021), mid-term (2022-25) and
longer-term (beyond 2025)— will consistently address the contributing factors that caused the August 2020 rotating outages. As further described in the next section, this rulemaking will identify the actions the Commission will take to implement the near-term recommendations, among other actions, before the summer of 2021.

# Purpose of Proceeding

CPUC jurisdictional LSEs have already begun procuring approximately 2,400 MW of new capacity that will come online by the Summer of 2021,[[24]](#footnote-25) which includes 1,650 MW required by the Integrated Resource Planning (IRP) proceeding by August 1, 2021.[[25]](#footnote-26) In addition, the Commission’s IRP proceeding is expected to order additional procurement in a Proposed Decision in April 2021.[[26]](#footnote-27) However, as noted above, additional measures could be necessary to adhere to the CAISO grid’s federal-mandated contingency reserve requirement during an extreme heat event.[[27]](#footnote-28) Through this OIR, the Commission will implement temporary changes to existing processes, programs, and rules for demand response, RA, and others initiatives so that it can increase energy supply and decrease demand during the peak demand and net demand peak hours in the summer of 2021 if needed.

The preliminary report provided overarching recommendations for the Commission to implement in the near term,[[28]](#footnote-29) in particular that: 1) the Commission should consider updating its resource and reliability planning targets to better account for extreme heat events and the evolving operational needs for the electricity grid given the state’s transitioning energy mix, and
2) the Commission should expedite the development of additional resources (*e.g*., demand-side resources) that can be online by the summer of 2021.[[29]](#footnote-30)

With respect to updating resource and reliability planning targets to increase supply and account for the state’s transitioning energy mix, this OIR will evaluate whether it is possible to increase the month-ahead RA procurement requirement, outside of the current multi-year process, using information provided in the prospective summer assessment report.[[30]](#footnote-31) Similarly, this OIR will determine whether, for purposes of determining when capacity can be exported from the CAISO-controlled grid, particularly during reliability events, a resource that provides RA capacity can be tagged such that it would not be exported during these critical times. To further increase supply, parameters for suspending restrictions on using fossil-fuel back-up generators will also be evaluated.

To develop new resources, this OIR will consider multiple options, including directing each investor-owned utility (IOU) to develop new supply-side resources to the extent they can be brought online in 2021 and to bring additional capacity online by procuring incremental capacity from the existing resources, implementing efficiency upgrades to existing generators, and retrofitting existing generators that are set to retire, such as Once-Through-Cooling (OTC) generators.

Further, this OIR will consider options for engaging various customer groups in load reduction programs. New programs, such as a new event-based demand response program, will be evaluated as well as modifications to existing programs, including conducting a new demand response auction before next summer.[[31]](#footnote-32) Revising existing supply-side reliability demand response programs,[[32]](#footnote-33) such as the Base Interruptible Program (BIP),[[33]](#footnote-34) to be initiated during CAISO's Flex Alert stage or earlier, will be evaluated, among other potential changes. With respect to load shifting, this OIR will consider whether improvements to Critical Peak Pricing programs,[[34]](#footnote-35) such as PG&E's Peak Day Pricing and Smart Rate programs,[[35]](#footnote-36) will encourage more customers to shift their energy usage away from peak demand and net demand peak hours. Similarly, modernizing the Flex Alert program by expanding its application to social media (*e.g*., paid advertising content) and consumer devices will be considered.

Some of the changes implemented as part of this OIR are anticipated to be immediate steps that will remain in effect for a limited duration (*e.g*., calendar year 2021). The Commission decision will address, on a measure by measure basis, whether particular measures may extend beyond calendar year 2021, recognizing that some programs may benefit from further study and some contractual arrangements may only be economical if they lasted beyond 2021. Further, the Commission decision will consider whether specific measures would be triggered only in emergency conditions.

# Preliminary Scoping Memo

This rulemaking will be conducted in accordance with Article 6 of the Commission's Rules of Practice and Procedure, “Rulemaking.”[[36]](#footnote-37) As required by Rule 7.1(d), this OIR includes a preliminary scoping memo as set forth below, and preliminarily determines the category of this proceeding and the need for hearing.

## Issues

This OIR will address two primary issues: how to increase energy supply and decrease demand during the peak demand and net demand peak hours in the event that a heat storm similar to the August 2020 storm occurs in the summer of 2021. In addressing these issues, this OIR will only focus on those actions that the Commission can adopt by April 2021 and that the parties can implement before the summer of 2021.

With respect to measures that will reduce demand during that critical time, comments should address the following questions and include an estimate of the MW impact and how to address any cost allocation and recovery issues:

1. Should the Commission consider directing the IOUs to design a new paid advertising program for distributing CAISO’s Flex Alerts in various outlets, including social media? If so, how should the Commission authorize a budget dedicated to this purpose and what measures and budget level should be considered?
2. Should the Commission modify the Critical Peak Pricing (CPP) program to increase the number of allowed events per year, modify other attributes, or provide guidance on when the program should be dispatched?
3. Should the Commission explore potential options to encourage non-IOU LSEs to develop programs similar to CPP?
4. Should the Commission increase IOU marketing funds to increase enrollment in CPP or take other actions to increase customer participation in the program?
5. Should the Commission establish a new out-of-market and outside the RA framework emergency load reduction program (ELRP) that could be dispatched by CAISO/IOUs under specified conditions where participants are compensated only after the fact and based only on the amount of load reduction achieved during the dispatch window? If so, what are the key program design elements (*e.g*., dispatch conditions, compensation level, load reduction measurement considerations, target customer segments, etc.) that should be considered or incorporated? What other issues (such as interactions with existing supply-side and load-modifying programs) need to be considered in order to establish an ELRP? How should these issues be addressed?
6. Should the Commission allow BTM hybrid-solar-plus-storage assets to participate and discharge their available capacity in excess of onsite load (and thus export to the grid) and receive compensation for the load reduction, including exported energy, under ELRP? Should this capability be expanded to include BTM stand-alone storage as well? Are there any Rule 21 or safety and reliability considerations that need to be addressed to permit storage, with or without NEM pairing, to export energy while participating in the ELRP? How should any safety and reliability issues be addressed?
7. Should the Commission allow BTM Back-Up Generators (BUGs) to participate in and receive compensation under the ELRP? If so, are there any Rule 21, safety and reliability, or other considerations that need to be addressed in order to permit BUGs to operate to reduce load or export energy while participating in the ELRP? How should these issues be addressed?

With respect to increasing supply during the peak demand and net demand peak hours in the summer of 2021, comments should address the following and include an estimate of the MW impact and how to address any cost allocation and recovery issues.

1. Should the Commission consider expedited procurement, including through the cost allocation mechanism for additional reliability procurement (*e.g.,* expansion of existing
gas-fired resources) that could be online for Summer 2021 and 2022? If so, how could this occur in order for the additional capacity to be online on time to address summer reliability needs. If not, why not?
2. If the CEC, CAISO, or the CPUC conducts additional analyses regarding Summer 2021 load forecasts, should the Commission consider a mechanism to update RA requirements in April for the summer of 2021 or would it be appropriate for CAISO to use its capacity procurement mechanism (CPM) to procure additional capacity for the summer of 2021, should it be deemed necessary?
3. Should the Commission undertake a stack analysis of the amount of resources that would be necessary for Summer of 2021?
4. Should the Commission consider requiring that load serving entities expedite the IRP procurement they have scheduled to come online? How would the Commission provide equitable incentives so that the expedited process does not disproportionately increase costs for that LSE? If so, please explain how this would work. If not, why not?
5. Are there other opportunities for increasing supply for the summer of 2021 and/or reduce demand that the CPUC has not considered? If so, please provide details of these supply or demand resources and please explain how they can address reliability needs in the timeframe discussed in this OIR.
6. Should the Commission consider revisions to the reliability DR programs (Base Interruptible Program-BIP, Agriculture Pump Interruptible-API, AC cycling) that allow these programs to be triggered before the Warning stage (*e.g*., after an Alert in the day-ahead timeframe)? If so, under what conditions and how would this work? If not, why not?
7. Are there other changes to the BIP that would make it more effective to meet load under a variety of conditions during the summer of 2021 (*e.g.,* expansion of the 2% cap, mid-year enrollment, trigger notification time, etc.)?
8. Should the Commission consider authorizing another variation of the IOUs' Capacity Bidding Program in which customers can be dispatched in the Real-Time Market (RTM) under specified conditions? If so, what should be the required program attributes and dispatch conditions?
9. Should the Commission order a supplemental Demand Response Auction Mechanism (DRAM) auction to be held in early 2021 to procure additional DR resources for summer 2021 (*e.g.,* July – September)? If so, what level of budget authorization should be considered and why?
10. Should the Commission explore short-term measures to expand electric vehicle (EV) participation in currently available DR programs (IOU DR, DRAM, non-IOU LSE DR)?
11. Should the Commission consider measures to minimize potential attrition and loss of capacity in existing utility DR programs, such as increasing incentives, reducing dispatch activity limits, and clarifying expectations regarding when programs are dispatched?

The precise issues to be addressed and the process for addressing those issues will be set forth in the Assigned Commissioner’s Scoping Memo. In order to focus the discussion, respondents and parties should structure their proposals to address the scoped issues. In addition, the Energy Division may prepare a Staff Proposal that will be served on the parties consistent with a timeframe adopted in the scoping memo.

## Categorization; *Ex Parte* Communications; Need for Hearing

The Commission’s Rules of Practice and Procedure require that an order instituting rulemaking preliminarily determine the category of the proceeding and the need for hearing. As a preliminary matter, we determine that this proceeding is quasi-legislative, because our consideration and approval of this matter would establish policy or rules affecting a class of regulated utilities. Accordingly, *ex parte* communications are permitted without restriction or reporting requirement pursuant to Article 8 of the Rules.

We are also required to preliminarily determine if hearings are necessary. We preliminarily determine that hearings are not necessary.

## Preliminary Schedule

The schedule is:

**SCHEDULE**

| **EVENT** | **DATE** |
| --- | --- |
| Comments on OIR filed and served | 10 days from OIR adoption  |
| Reply comments on OIR filed and served | 10 days from OIR comments |
| Assigned Commissioner Ruling on Expedited Procurement | Q4 2020 |
| Prehearing conference  | 30 days from OIR adoption |
| Scoping memo | 50 days from OIR adoption |
| Party Proposals | January 25, 2021 |
| Comments on Party Proposals | February 9, 2021 |
| Staff Proposal, if needed | Q1 2021  |
| Opening Comments filed and served | 30 days from Scoping Memo (or Staff Proposal) |
| Reply comments filed and served | 15 days from opening comments |
| Proposed Decision  | No later than April 30, 2021  |
| Commission Decision  | No sooner than 30 days after the Proposed Decision |

The prehearing conference (PHC) will be held for the purposes of (1) taking appearances, (2) discussing schedule and process, and (3) informing the scoping memo. The PHC will be scheduled as soon as possible.

The Assigned Commissioner or the assigned Administrative Law Judge (ALJ) may change the schedule to promote efficient and fair administration of this proceeding. Today’s decision sets the due date for opening and reply comments on the OIR. The final schedule for the proceeding will be adopted in the Assigned Commissioner’s Scoping Memo.

It is the Commission’s intent to complete this proceeding within 12 months of the date this decision is adopted. This timeframe is shorter than the statutory deadline for quasi-legislative proceedings of 18 months from the date the proceeding is initiated provided in Public Utilities Code § 1701.5(a).

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

# Respondents

Pacific Gas and Electric Company, San Diego Gas & Electric Company (SDG&E), and Southern California Edison Company (SCE), as well as Bear Valley Electric Service, Inc., Liberty Utilities, and PacifiCorp are named as respondents to this proceeding. Respondents are parties to the proceeding (s*ee* Rule 1.4(d)) and within 15 days of mailing of this rulemaking, each respondent shall inform the Commission’s Process Office of the contact information for a single representative; other representatives and persons affiliated with the respondents may be placed on the Information Only service list. The request must be sent to the Commission’s Process Office by e-mail (Process\_Office@cpuc.ca.gov) or letter (Process Office, California Public Utilities Commission, 505 Van Ness Avenue, San Francisco, CA 94102). Please include the Docket Number of this Rulemaking in the request.

# Service of OIR

In addition, in the interest of broad notice, this OIR will be served on the official service lists for the following proceedings:

|  |  |
| --- | --- |
| **Proceeding Topic**  | **Proceeding Number**  |
| Base Interruptible Program | A.05-06-006 et al. |
| Demand Response  | R.13-09-011 and A.17-01-012 et al.  |
| Evaluation of Integrated Distributed Energy Resource Programs  | R.14-10-003  |
| Energy Efficiency | R.20-08-022 |
| Energy Storage  | A.20-03-002 et al.  |
| Integrated Resource Planning and Related Procurement Processes | R.20-05-003  |
| Interconnection of Distributed Energy Resources and Improvements to Rule 21 | R.17-07-007 |
| Power Charge Indifference Adjustment | R.17-06-026  |
| PG&E GRC Phase I | A.20-06-012 |
| SCE GRC | A.19-08-013 |
| SDG&E GRC | A.17-10-007 et al. |
| Resource Adequacy  | R.17-09-020 andR.19-11-009 |

In addition, this OIR will be served on the following state and local agencies and other entities:

* CAISO
* CEC

Service of the OIR does not confer party status or place any person who has received such service on the Official Service List for this proceeding, other than respondents. Instructions for obtaining party status or being placed on the official service list are given below.

# Filing and Service of Comments and Other Documents

Filing and service of comments and other documents in the proceeding are governed by the Commission’s Rules of Practice and Procedure. The deadlines for initial and reply comments to this OIR are stated in Section 3.3.

# Addition to Official Service List

Addition to the official service list is governed by Rule 1.9(f) of the Commission’s Rules of Practice and Procedure.

Respondents are parties to the proceeding (*see* Rule 1.4(d)) and will be immediately placed on the official service list.

Any person will be added to the “Information Only” category of the official service list upon request, for electronic service of all documents in the proceeding, and should do so promptly in order to ensure timely service of comments and other documents and correspondence in the proceeding. (*See* Rule 1.9(f).) The request must be sent to the Process Office by e-mail (process\_office@cpuc.ca.gov) or letter (Process Office, California Public Utilities Commission, 505 Van Ness Avenue, San Francisco, California 94102). Please include the Docket Number of this rulemaking in the request.

Persons who file responsive comments thereby become parties to the proceeding (see Rule 1.4(a)(2)) and will be added to the “Parties” category of the official service list upon such filing. In order to assure service of comments and other documents and correspondence in advance of obtaining party status, persons should promptly request addition to the “Information Only” category as described above; they will be removed from that category upon obtaining party status.

# Subscription Service

Persons may monitor the proceeding by subscribing to receive electronic copies of documents in this proceeding that are published on the Commission’s website. There is no need to be on the official service list in order to use the subscription service. Instructions for enrolling in the subscription service are available on the Commission’s website at <http://subscribecpuc.cpuc.ca.gov/>.

# Intervenor Compensation

Intervenor Compensation is permitted in this proceeding.

Pursuant to Pub. Util. Code § 1804(a)(1), a customer who intends to seek an award of compensation must file and serve a notice of intent to claim compensation by 30 days after the prehearing conference. Parties new to participating in Commission proceedings may contact the Commission’s Public Advisor.

# Public Advisor

Any person or entity interested in participating in this rulemaking who is unfamiliar with the Commission’s procedures should contact the Commission’s Public Advisor in San Francisco at (415) 703-2074 or 1-(866) 849‑8390 or e-mail public.advisor@cpuc.ca.gov. The TTY number is 1-(866) 836‑7825.

ORDER

**IT IS ORDERED** that:

1. This Order Instituting Rulemaking is adopted pursuant to Rule 6.1 of the Commission’s Rules of Practice and Procedure.
2. The preliminary categorization is quasi-legislative.
3. The preliminary determination is that a hearing is not needed.
4. The preliminarily scope of issues is as stated above Section 3.
5. Pacific Gas and Electric Company, Southern California Edison Company, San Diego Gas & Electric Company, Bear Valley Electric Service, Inc., Liberty Utilities, and PacifiCorp are respondents to this rulemaking.
6. Pacific Gas and Electric Company, Southern California Edison Company, San Diego Gas & Electric Company, Bear Valley Electric Service, Inc., Liberty Utilities, and PacifiCorp shall, and any other person may, file opening comments responding to this OIR within 10 days from that date that this rulemaking is issued. Rely comments may be filed within 10 days of the date that opening comments are due.
7. The Executive Director will cause this Order Instituting Rulemaking to be served on all respondents, the California Independent System Operator, California Energy Commission, and the service lists for the following Commission proceedings:

|  |  |
| --- | --- |
| **Proceeding Topic**  | **Proceeding Number**  |
| Base Interruptible Program | A.05-06-006 et al. |
| Demand Response  | R.13-09-011 and A.17-01-012 et al.  |
| Evaluation of Integrated Distributed Energy Resource Programs  | R.14-10-003  |
| Energy Efficiency | R.20-08-022 |
| Energy Storage  | A.20-03-002 et al.  |
| Integrated Resource Planning and Related Procurement Processes | R20-05-003  |
| Interconnection of Distributed Energy Resources and Improvements to Rule 21 | R.17-07-007 |
| Power Charge Indifference Adjustment | R.17-06-026  |
| PG&E GRC Phase I | A.20-06-012 |
| SCE GRC | A.19-08-013 |
| SDG&E GRC | A.17-10-007 et al. |
| Resource Adequacy  | R.17-09-020 andR.19-11-009 |

1. Any party that expects to claim intervenor compensation for its participation in this Rulemaking must file its notice of intent to claim intervenor compensation within 30 days of the prehearing conference. (*See* Rule 17.1(a)(2).)

This order is effective today.

Dated November 19, 2020, at San Francisco, California.

MARYBEL BATJER

 President

LIANE M. RANDOLPH

MARTHA GUZMAN ACEVES

CLIFFORD RECHTSCHAFFEN

GENEVIEVE SHIROMA

 Commissioners

1. Between July 21-25, 2006, California experienced a similar heat wave that included three days of above average temperatures. Preliminary Root Cause Analysis Mid-August 2020 Heat Storm at 43, <http://www.caiso.com/Documents/Preliminary-Root-Cause-Analysis-Rotating-Outages-August-2020.pdf> (Preliminary Root Cause Analysis). [↑](#footnote-ref-2)
2. Approximately 80 million people experienced heath issues. Preliminary Root Cause Analysis at 26. An Excessive Heat Warning or Heat Advisory indicates the significant increase in the potential for heat-related illnesses. [↑](#footnote-ref-3)
3. Preliminary Root Cause Analysis at 8, 38. [↑](#footnote-ref-4)
4. To see a full analysis of all the supply and generation issues encountered in CAISO’s BAA during August 14-19, 2020, please refer to the Preliminary Root Cause Analysis report. [↑](#footnote-ref-5)
5. Preliminary Root Cause Analysis at 88. Natural gas forced outages totaled 1,400-2,000 megawatts (MW) during August 14 and 15, 2020. *Id.* at 8. [↑](#footnote-ref-6)
6. The final evaluation of the how the BTM resources performed will be available in the final version of the Preliminary Root Cause Analysis report. [↑](#footnote-ref-7)
7. Preliminary Root Cause Analysis at 28. Also, solar generation experienced outages of between 6-155 MW during August 14 and 15, 2020. *Id.* at Appendix B, at 81. [↑](#footnote-ref-8)
8. Preliminary Root Cause Analysis at 8. The extreme heat storm caused transmission lines outages in the Pacific Northwest. [↑](#footnote-ref-9)
9. Preliminary Root Cause Analysis at 98, Figure B.23, Comparison of Actual, CAISO Forecasted, and Bid-In Demand. [↑](#footnote-ref-10)
10. Preliminary Root Cause Analysis at 57. Also, we note that CAISO exported approximately 4,500 MW on August 14. Preliminary Root Cause Analysis at 100. [↑](#footnote-ref-11)
11. Preliminary Root Cause Analysis at 28 (*citing* CAISO, COVID-19 Impacts to California ISO Load & Markets: March 17-July 26, 2020 Analysis, http://www.caiso.com/Documents/COVID-19-Impacts-ISOLoadForecast-Presentation.pdf#search=covid). [↑](#footnote-ref-12)
12. Net demand peak is defined as peak demand net of solar and wind generation sources. This timeframe is critical as solar and wind generation declines at a faster rate than electricity usage in the evening hours. [↑](#footnote-ref-13)
13. The Commission uses peak demand data published in the California Energy Commission’s (CEC) Integrated Energy Policy Report (IEPR), which is published every two years, with updates in the intervening years. [↑](#footnote-ref-14)
14. Preliminary Root Cause Analysis at 29-30. [↑](#footnote-ref-15)
15. Preliminary Root Cause Analysis at 45, Table 4.1., August 2020 Shown RA Obligation, Shown RA, RMR, and Credits. [↑](#footnote-ref-16)
16. The actual demand on August 15, 2020, was 46,802 MW. For August 14, actual demand was at least 4.6 percent above forecasted demand. Preliminary Root Cause Analysis at 46. [↑](#footnote-ref-17)
17. *Id.* The forecasted contingency reserve for August 2020 was 2,669; however, the amount needed on August 15, 2020, was 2,808, and on August 14, the operational need was 1.3 percent higher than the PRM. Preliminary Root Cause Analysis at 46-47. [↑](#footnote-ref-18)
18. The net demand peak timeframe frame includes the period between 6-7 p.m. Preliminary Root Cause Analysis at 49, Figure 4.3, Demand and Net Demand for August 14 and 15. [↑](#footnote-ref-19)
19. A Restricted Maintenance Operation is a request for generators and transmission operators to postpone any planned outages for routine equipment maintenance. When a Stage 3 Emergency is declared, CAISO will implement rotating outages. [↑](#footnote-ref-20)
20. *Id.* at 35-37. For a full account of CAISO’s actions, please refer to the Preliminary Root Cause Analysis Report. [↑](#footnote-ref-21)
21. *Id.* at 42. [↑](#footnote-ref-22)
22. Proclamation of State of Emergency, available at: <https://www.gov.ca.gov/wp-content/uploads/2020/08/8.16.20-Extreme-Heat-Event-proclamation-text.pdf>. [↑](#footnote-ref-23)
23. Preliminary Root Cause Analysis at Appendix B, page 39. [↑](#footnote-ref-24)
24. Preliminary Root Cause Analysis Report at 64. This amount represents the Net Qualifying Capacity of the new resources. [↑](#footnote-ref-25)
25. D.19-11-016, OP. 3. [↑](#footnote-ref-26)
26. Integrated Resource Planning Scoping Memo (R.20-05-003) at 13, <https://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M347/K608/347608446.PDF>. [↑](#footnote-ref-27)
27. Governor's and state agencies' mitigating measures reduced peak demand by 4,000 MW on August 17 through 19. Also, actual demand was 2,062 MW in excess of forecast on
August 15, 2020, while forced outages reduced available supply by 1,700-2,100 MW. Also, during that time, imports were down by at least 300 MW. [↑](#footnote-ref-28)
28. The recommendation to ensure that generation and storage projects currently under construction are completed on time will be monitored by the Commission outside of this proceeding. [↑](#footnote-ref-29)
29. Preliminary Root Cause Analysis Report at 14. [↑](#footnote-ref-30)
30. If the CEC develops a summer assessment report before the summer of 2021, the data from this report could be used to revise the RA procurement requirements. [↑](#footnote-ref-31)
31. *See* D.14-12-024 (authorizing the Demand Response Auction Mechanism). [↑](#footnote-ref-32)
32. *See* D.06-03-024 (approving settlement continuing several demand response programs such as BIPs and Capacity Peak Pricing for PG&E SCE, SDG&E); D.10-06-034 (approving the settlement agreement that established caps on the megawatt hours for reliability DR programs, including BIPs; the caps may be revised after 2015); D.09-08-027(requiring the IOUs to cap BIP enrollment); D.18-11-029(authorizing continued use of the BIP megawatt hour cap); Resolution E-4220 (authorizing CAISO to call on BIP resources when it initiates a Warning Notice or declares a Stage 1 or Stage 2 Emergency). [↑](#footnote-ref-33)
33. BIP is a voluntary program that offers participants a monthly capacity bill credit for committing to reduce power to a minimum predetermined level within an hour notice during emergency situations. [↑](#footnote-ref-34)
34. Critical Peak Pricing is a mechanism that charges non-residential customers a higher price for using electricity during peak hours on select days. Typically, the CPP hours coincide with the IOUs' peak demand hours. [↑](#footnote-ref-35)
35. *See* D.06-03-024 and D.17-12-003. [↑](#footnote-ref-36)
36. All references to “Rules” are to the Commission’s Rules of Practice and Procedure unless otherwise indicated. [↑](#footnote-ref-37)