



FOR IMMEDIATE RELEASE

Media Contact: Terrie Prosper, 415.703.1366, news@cpuc.ca.gov

PRESS RELEASE

Docket #: R.20-11-003

**CPUC PROPOSAL WOULD CONTINUE EFFORTS
TO HELP ENSURE GRID RELIABILITY THIS SUMMER**

SAN FRANCISCO, March 5, 2021 - The California Public Utilities Commission (CPUC), in ongoing efforts to ensure safe and reliable electric service to Californians, today issued a proposal that would require utilities to implement a suite of programs to decrease energy demand and increase energy supply during critical hours of the day to ensure reliability in the case of an extreme heat event in the summers of 2021 and 2022.

Today's proposal is the most recent action in a proceeding the CPUC opened in [November 2020](#) in response to the mid-August 2020 extreme heat event that required the California Independent System Operator (CAISO) to initiate rotating power outages to prevent sustained, wide-spread service interruptions. To ensure grid reliability this summer, the CPUC is proposing the following new initiatives and enhancements to existing programs:

- **New Demand Response Programs:** Demand-side resources, such as demand response, are a critical element of the CPUC's plan to ensure reliability. To lower energy demand during the peak and net peak usage hours during a grid emergency, the CPUC is proposing Pacific Gas and Electric Company (PG&E), Southern California Edison (SCE), and San Diego Gas & Electric (SDG&E) pilot an Emergency Load Reduction Program, which would give demand response providers, and other companies providing new services to manage electricity demand, the ability to demonstrate how their innovative programs can support the grid. The pilot program would compensate customers for voluntarily reducing demand on the power system when called upon to do so by the CAISO in the event of a grid emergency. This program would serve as a layer of insurance on top of existing resource adequacy plans and would give grid operators a new tool among the existing demand management programs to address unexpected power system conditions.



- **Improved Rate Plans to Encourage Conservation:** The proposal would also require utilities to modify their Critical Peak Pricing programs, which charge a higher price for electricity consumption during peak hours on selected days. The proposal orders several modifications to the Critical Peak Pricing programs to ensure the program is more effective and responsive to the critical hours of a grid emergency, including shifting the Critical Peak Pricing event window for residential and non-residential customers to the hours of 4 p.m. to 9 p.m., increasing the maximum number of Critical Peak Pricing events allowed per year, and providing customer education with a focus on increasing participation.
- **Improving Existing Demand Response Programs:** The proposal also makes modifications to existing demand response programs to expand participation, including temporarily allowing year-round enrollment in utility “interruptible programs” that allow for industrial and large commercial customers to pay a lower rate in exchange for allowing the utility to curtail their energy usage when energy demand is high and the reliability of the electric grid is threatened. The proposal would also increase demand response program enrollment incentives to attract new customers, as well as allow SDG&E to expand and enhance its AC Saver program by allowing residential net energy metering customers to enroll, as well as incentivizing smart thermostat manufacturers to increase the number of participating thermostats.
- **Flex Alert:** The proposal would reinstate the Flex Alert paid media program to educate consumers about the positive impacts of conservation, help customers understand grid conditions, and inform customers of the need to conserve when energy demand is high.
- **Increasing Overall Procurement Requirements for the Utilities:** To help ensure enough electricity resources are available to serve customers during times of peak and net peak energy use, the proposal would direct utilities to procure a minimum of an additional 2.5 percent of resources for all customers in their territories, representing an effective increase of the planning reserve margin from the existing 15 percent to 17.5 percent. This change would result in minimum demand- and supply-side resource targets for this summer of 450 megawatts (MW) for PG&E, 450 MW for SCE, and 100 MW for SDG&E. For supply-side resources, the proposal orders utilities to give preference to storage contracts and upgrades in the efficiency of existing generation resources, and for contract terms that are shorter in duration.



This proceeding follows other actions the CPUC has taken to ensure utilities can reliably serve customers, including:

- In [November 2019](#) the CPUC ordered utilities to procure 3,300 megawatts of new, non-emitting electricity resources, and make 10-year, long-term investments in new in-state generation that maintains reliability and keeps California on its present trajectory toward meeting its greenhouse gas emissions reduction targets.
- In [August 2020](#), the CPUC approved seven clean energy contracts for PG&E to meet its 2021 Integrated Resource Plan incremental procurement requirements of 716.9 MW of resource adequacy capacity, at least 50 percent of which must come online by August 1, 2021. To ensure reliability for customers of SCE, the CPUC authorized the procurement of 770 MW of energy storage to satisfy the procurement requirements ordered by the CPUC in its Integrated Resource Plan proceeding.
- In [February 2021](#), the CPUC ordered utilities to immediately contract for energy resources that can be online in time to serve peak and net peak demand this summer. The Decision focused on utility procurement of new generation resources, setting up today’s proposal that is focused mainly on increasing the amount of “demand-side resources.”

These actions along with other orders from the CPUC will result in more than 8,000 MW of new clean energy resources being developed over the next three years.

In mid-August 2020, the western U.S. experienced an unprecedented, prolonged heat wave that ultimately required the CAISO to initiate rotating power outages to prevent sustained, wide-spread service interruptions. On January 13, 2021, the CPUC, CAISO, and California Energy Commission issued a final [Root Cause Analysis](#) on the August rotating outages, which outlined short-term and longer-term actions to mitigate electricity shortages and ensure delivery of clean, reliable, and affordable energy. Among the recommended actions is expediting the regulatory and procurement processes to develop additional resources that can be online by 2021 and ensuring that the generation and storage projects that are currently under construction in California are completed by their targeted online dates.

The proposal issued today is available at:

<https://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M369/K286/369286360.PDF>, and the



attachment to the proposal is available at

<https://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M369/K237/369237342.PDF>. The proposal will be on the CPUC's March 25, 2021, Voting Meeting agenda.

Members of the public can comment on the proposal on the proceeding's Docket Card (select the Public Comments tab) at

https://apps.cpuc.ca.gov/apex/f?p=401:56:0::NO:RP,57,RIR:P5_PROCEEDING_SELECT:R2011003.

More information on the CPUC's reliability efforts is available at

www.cpuc.ca.gov/General.aspx?id=6442466895.

The CPUC regulates services and utilities, safeguards the environment, and assures Californians' access to safe and reliable utility infrastructure and services. For more information on the CPUC, please visit www.cpuc.ca.gov.

###

