California Public Utilities Commission
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Docket #s:
Reliability: R.20-11-003
Energy Efficiency: R.13-11-005
Microgrids/Resiliency: R.19-09-009

CPUC PROPOSALS ENSURE ELECTRICITY RELIABILITY DURING EXTREME WEATHER FOR SUMMERS 2022 AND 2023

SAN FRANCISCO, October 29, 2021 – The California Public Utilities Commission (CPUC) today issued a set of proposals to address the risk of electricity outages during extreme heat events similar to the climate-driven, west-wide heat waves of 2020 and 2021. The proposals create new programs and modify existing programs to reduce energy demand and increase energy supply during critical hours of the day. The proposals will be on the CPUC's December 2, 2021 Voting Meeting agenda.

The proposals are part of the CPUC's ongoing efforts to help ensure safe and reliable electric service and to respond to Governor Gavin Newsom's July 30, 2021 Emergency Proclamation urging all state energy agencies to ensure there is adequate electricity to meet demand. A CPUC analysis found that a range of 2,000 to 3,000 megawatts (MW) of new supply- and demand-side resources will help address grid reliability in the most extreme circumstances in 2022 and 2023. For context, the peak demand managed by California's grid operator in 2020 was 47,121 MW, while 43,982 MW in September 2021 was the peak thus far this year. Today's proposals, formally called Proposed Decisions, are part of a series of significant actions the CPUC has already taken to ensure utilities can reliably serve customers during Summer 2021 and beyond. The proposals issued today include:

- **New Demand Response Program for Residential Customers** – Adoption of a new program within the Emergency Load Reduction Program (ELRP) that will pay residential customers $2 per kilowatt-hour (kWh) for reductions in energy use at critical times, with special outreach to low-income customers and customers in disadvantaged communities.
- **Adjustment and Expansion of the Current ELRP and other Demand Response Programs** - Expansion of and modification to the existing ELRP, including doubling the

compensation rate of ELRP to $2 per kWh and expanding electric vehicle participation. Modifications were also made to enhance participation and performance of other existing demand response programs. These programs provide incentives for commercial and industrial customers to reduce their use of electricity when the grid is stressed.

- **New Smart Thermostat Incentive Program** – Adoption of a new smart thermostat incentive program that will provide $22.5 million in total incentives to install smart thermostats that assist customers in reducing air conditioning usage a few degrees during critical times, with special protection for low-income customers that qualify for the CPUC's Energy Savings Assistance Program.
- **New Dynamic Rate Plans** – Adoption of two Dynamic Rates pilot programs to test the effectiveness of customer response to electricity rates that change rapidly during grid emergencies. One pilot will shift agricultural water pumping to off-peak times in response to price signals, while the other pilot will test how dynamic rates affect customer end-uses, such as electric vehicle charging.
- **Flex Alert** - Continuation and extension of the Flex Alert media campaign to focus on the new Residential ELRP pilot and continue existing activities into 2022 and 2023.
- **New Energy Efficiency Programs** - A new energy efficiency program for the Summers of 2022 and 2023 for rapid deployment of energy savings at peak or net peak times, with payments to consumers made on a performance basis and energy savings measured at the meter; and augmentation of several existing energy efficiency programs that have proven to deliver savings rapidly and reliably.

- **Microgrids** - Four new energy storage microgrid projects for San Diego Gas & Electric (SDG&E) to provide a total of 160 megawatt-hours of capacity to fill electricity shortfalls anticipated in the Summers of 2022 and 2023.
- **Temporary Generation** - Authorization for Pacific Gas and Electric Company (PG&E) to augment its temporary generation program following a study to identify sites that can safely interconnect to address system capacity shortfall.
- **Increased Overall Demand- and Supply-Side Procurement Requirements for Utilities** - To help ensure enough electricity resources are available to serve customers during times of peak and net peak energy use, utilities would be directed to procure additional demand and

supply-side resources for Summers 2022 and 2023 of 900-1,350 MW each for PG&E and Southern California Edison (SCE), and 200-300 MW for SDG&E (for a total of between 2,000 and 3,000 MW). The proposal also expands existing authorization to procure additional supply-side resources such as storage, imports, and gas plant efficiencies. The utilities can count procurement under the other programs directed in these proposals toward the targets.

Following an unprecedented, prolonged heat event in August 2020, which ultimately required the California Independent System Operator (CAISO) to initiate rotating power outages, the CPUC took expedited action in Spring 2021 to develop additional resources to ensure reliability in case of an extreme heat event in the Summers of 2021 and 2022. Following continued extreme events in Summer 2021, the proposals issued today continue this effort.

More information on the CPUC's efforts to ensure electricity reliability, as well as the proposals issued today, are available at: https://www.cpuc.ca.gov/news-and-updates/newsroom/summer-2021-reliability.

Members of the public can comment on the proposals issued today on the Docket Cards for each proceeding:
-Summer Reliability:
https://apps.cpuc.ca.gov/apex/f?p=401:56:0::NO:RP,57,RIR:P5_PROCEEDING_SELECT:R2011003
-Energy Efficiency:
https://apps.cpuc.ca.gov/apex/f?p=401:56:0::NO:RP,57,RIR:P5_PROCEEDING_SELECT:R1311005
-Microgrids/Resiliency:
https://apps.cpuc.ca.gov/apex/f?p=401:56:0::NO:RP,57,RIR:P5_PROCEEDING_SELECT:R1909009

Today's proposals follow other actions the CPUC has taken to ensure utilities can reliably serve customers, including:

- In June 2021, the CPUC approved a historic decision ordering utilities to procure 11,500 MW of new electricity resources to come online between the years 2023 and 2026, enough to power approximately 2.5 million homes, with all of the resources procured coming from preferred resources, such as distributed energy resources (including energy efficiency and

demand response), renewables, and zero-emitting sources. This represents the largest capacity procurement ordered at a single time by the CPUC.

- In February and March 2021, the CPUC ordered 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 Summers 2021 and 2022 in the case of an extreme heat event. These directives have resulted in up to 1,150 MWs of new supply- and demand-side resources.
- 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 to be 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 November 2019 the CPUC ordered utilities to procure 3,300 MW 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.

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.

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