



California Public Utilities Commission
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PRESS RELEASE

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Reliability: R.20-11-003
Energy Efficiency: R.13-11-005
Microgrids/Resiliency: R.19-09-009

**CPUC ENSURES ELECTRICITY RELIABILITY
DURING EXTREME WEATHER FOR SUMMERS 2022 AND 2023**

SAN FRANCISCO, December 2, 2021 - The California Public Utilities Commission (CPUC) today acted to reduce the risk of electricity outages during extreme heat events similar to the climate-driven, west-wide heat waves of 2020 and 2021 by creating new programs and modifying existing programs to reduce energy demand and increase energy supply during critical hours of the day.

Today's action spanning three Decisions is 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. The Decisions approved today are part of a series of significant actions the CPUC has already taken to ensure utilities can reliably serve customers during extreme weather events. The Decisions today include:

- **Compensating Residential Customers to Save Electricity** – 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. This new



offering allows residential customers to get paid the same way business customers are paid to reduce energy demand at key times.

- **Adjustment and Expansion of Existing Demand Response Programs** – Doubling of the compensation rate to customers who save electricity during grid stressed conditions under the ELRP to \$2 per kWh for the duration of the ELRP pilot (the ELRP pilot is authorized through 2025). Allows customers with electric vehicles to participate in ELRP by shifting their charging behavior or discharging from the vehicle’s battery. 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** – Providing \$22.5 million in incentives to install smart thermostats in hot climate zones. The smart thermostats will allow customers to reduce air conditioning usage a few degrees during critical times and get paid for the energy savings, with special protection for low-income customers that qualify for the CPUC’s [California Alternate Rates for Energy \(CARE\) or Family Electric Rate Assistance \(FERA\) Programs](#).
- **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.
- **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 of the [Flex Alert](#) media campaign into 2022 and 2023 to support consumer awareness of the need for electrical load reductions during periods of system stress, and extension of the program’s focus to cover the new residential portion of the ELRP pilot program.



- **Microgrids** – Up to four new energy storage microgrid projects for San Diego Gas & Electric Company (SDG&E) to provide a total of 160 megawatt-hours of capacity to fill electricity shortfalls anticipated in the Summers of 2022 and/or 2023.
- **Temporary Generation** – Authorization for Pacific Gas and Electric Company (PG&E) to study the possible augmentation of its temporary generation program by identifying 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 are 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). Existing authorization to procure additional supply-side resources such as storage, imports, and gas plant efficiencies is expanded. The utilities can count procurement under the other programs directed in these proposals toward the targets.

“With today’s Decisions, the CPUC is delivering on our commitment to innovate and move quickly to make sure Californians can count on having the power they need to live their daily lives, even as climate change is creating more frequent and extreme weather events on a pace that has exceeded expectations,” said CPUC President Marybel Batjer.

“These Decisions have leveraged the knowledge and experience of staff across our agency, parties across the energy industry, and close coordination with our energy partners at the California Energy Commission and California Independent System Operator. No stone has been left unturned and this effort highlights the CPUC’s commitment to electric reliability to assure stability for California’s most vulnerable populations,” said Commissioner Genevieve Shiroma.

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 Decisions issued today continue this effort.



More information on the CPUC's efforts to ensure electricity reliability is available at:
<https://www.cpuc.ca.gov/news-and-updates/newsroom/summer-2021-reliability>.

The proposals voted on are available at:

- Summer Reliability:
<https://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M427/K639/427639152.PDF>
- Energy Efficiency:
<https://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M427/K959/427959221.PDF>
- Microgrids/Resiliency:
<https://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M427/K584/427584028.PDF>

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

- In [November 2019](#) and [June 2021](#), the CPUC approved decisions ordering utilities to procure a combined amount of 14,800 MW of new electricity resources to come online between the years 2021 and 2026, enough to power approximately 3.2 million homes. The June 2021 order was for 11,500 MW, representing the largest capacity procurement ordered at a single time by the CPUC, with all new resources procured coming from preferred resources, such as distributed energy resources (including energy efficiency and demand response), renewables, and zero-emitting sources.
- Between August 2020 and September 2021, the CPUC orders for procurement have resulted in more than 2,100 MW of incremental capacity coming online at 61 different power plants. In addition to this significant progress in the past year, the CPUC is continuing to monitor procurement progress by load serving entities contracting for the remaining resource capacity ordered to come online by 2026. The CPUC estimates that 12,700 MW of additional resources (of the 14,800 MW total order) will be online by 2026, with 3,100 MW required to come online by 2023 to comply with CPUC procurement orders.
- 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 MW of new supply- and demand-side resources, including nearly 200 MW of voluntary enrollment in the ELRP.



- The CPUC has reviewed a large quantity of short- and long-term contracts submitted by regulated utilities to procure resources that support the goal of summer reliability. Some of the utility long-term contracts include:
 - In [August 2020](#), the CPUC approved seven clean energy contracts for PG&E to procure 717 MW of resource adequacy capacity, at least 50 percent of which was to be online by August 1, 2021.
 - In November 2021, the CPUC approved an 80 MW energy storage contract submitted by SDG&E to serve summer reliability in Summer 2022.
 - In August 2021, the CPUC approved four agreements submitted by PG&E for 270 MW of new storage capacity to be online by Summer 2022.
 - In November 2021, the CPUC issued a Draft Resolution to approve three SCE utility-owned storage projects totaling 537 MW of new resources to serve Summer 2022.

The CPUC regulates services and utilities, protects consumers, 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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