



**California Public Utilities Commission**  
**505 Van Ness Ave., San Francisco**

**FOR IMMEDIATE RELEASE**

Media Contact: Terrie Prosper, 415.703.1366, [news@cpuc.ca.gov](mailto:news@cpuc.ca.gov)

**PRESS RELEASE**

Docket #: Res E-5183

## **CPUC APPROVES ENERGY STORAGE CONTRACT FOR SCE**

SAN FRANCISCO, December 16, 2021 – The California Public Utilities Commission (CPUC), in ongoing efforts to ensure summer energy reliability and support a healthy environment, today approved an energy storage contract for Southern California Edison (SCE) to come online by August 1, 2022.

The CPUC authorized SCE to enter into a \$1.226 billion, 537.5 megawatt (MW) engineering, procurement, construction, and maintenance energy storage contract with Ameresco, Inc. The energy storage projects will be sited at three existing SCE substations: 225 MW at Springvale Substation in Big Creek-Ventura, 200 MW at Hinson Substation in the Los Angeles Basin, and 112.5 MW at Etiwanda Substation in the Los Angeles Basin.

Prior CPUC Decisions directed the state’s investor-owned utilities to procure incremental capacity beyond the current 15 percent resource adequacy planning reserve margin to serve peak and net peak demand in 2021 and 2022, with a preference for energy storage. Governor Gavin Newsom’s July 30, 2021, Emergency Proclamation requested that the CPUC expedite actions and accelerate plans for new clean energy and storage projects to mitigate the risk of capacity shortages and increase the availability of carbon-free energy at all times of day.

“Our Decision today rolls out key storage resources for local reliability during net peak, and complements the portfolio of strategies adopted by the CPUC this winter in preparation for summer 2022,” said Commissioner Genevieve Shiroma.

The proposal voted on is available at:

<https://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M431/K978/431978945.PDF>.



Actions the CPUC has taken to ensure utilities can reliably serve customers, include:

- **Compensating Residential Customers to Save Electricity** – Adoption of a new program within the [Emergency Load Reduction Program \(ELRP\)](#) that pays 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** - Modifications were made to enhance participation and performance of 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 SCE, and 200-300 MW for SDG&E (for a total of between 2,000 and 3,000 MW). Also expanded 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.
- **Ordered Procurement** –
  - 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 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.
- **Decreased Energy Demand and Increased Supply** – 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 resulted in up to 1,150 MW of new supply- and demand-side resources, including nearly 200 MW of voluntary enrollment in the ELRP.

- **Approved Contracts** – 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.
  - 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.

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](http://www.cpuc.ca.gov).

###

