

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

ENERGY DIVISION

Item # 10 (Rev. 1)
Agenda ID # 21814
RESOLUTION E-5286
September 21, 2023

R E S O L U T I O N

Resolution E-5286. Southern California Edison Company Amendment to Goleta Energy Storage Contract.

PROPOSED OUTCOME:

- Approves Amendment Number 3 to Southern California Edison's contract for the Goleta Energy Storage project.

SAFETY CONSIDERATIONS:

- There are no safety considerations associated with this resolution.

ESTIMATED COST:

- Contract costs are confidential at this time.

By Advice Letter 5061-E, Filed on June 29, 2023.

SUMMARY

This Resolution approves Amendment 3 to Southern California Edison Company's (SCE) contract with Goleta Energy Storage, LLC. The amendment extends the online date from June 1, 2023 to June 1, 2024 and reduces the delivery period from 17.4 years to 16 years, 5 months, among other things.

BACKGROUND

On October 14, 2017, Governor Brown signed SB 801 into law. SB 801 required the Commission to direct SCE to deploy, pursuant to a competitive solicitation, a minimum aggregate total of 20 MW of cost-effective energy storage solutions to help address

electrical system operational limitations resulting from reduced gas deliverability caused by the partial shutdown of the Aliso Canyon natural gas storage facility.

On August 31, 2018, SCE launched the Aliso Canyon Energy Storage 2 Request for Offers (ACES 2 RFO) to solicit offers for energy storage resources to help address electrical system operational limitations resulting from reduced gas deliverability caused by the partial shutdown of the Aliso Canyon natural gas storage facility.

On May 23, 2019, SCE submitted Advice Letter (AL) 4002-E requesting Commission approval of six energy storage contracts selected through the ACES 2 RFO, including the Goleta Contract. The Goleta Contract is an RA-only contract with Goleta Energy Storage, LLC for a 40 MW stand-alone lithium-ion battery located in Santa Barbara County. The project is located in the Moorpark sub-area of the Big-Creek/Ventura local area.

The Commission adopted Resolution E-5033 on December 5, 2019, which approved AL 4002-E and the six ACES 2 RFO contracts in their entirety. The Commission found that the selected contracts will simultaneously fulfill the requirements of SB 801 and offset the needs for local capacity in the Moorpark sub-area of the Big Creek/Ventura local reliability area. Additionally, the Commission approved SCE's proposed cost recovery for the ACES 2 RFO contracts. In particular, for the in-front-of-the-meter energy storage contracts, including the Goleta Contract, the Commission approved allocation of the costs and benefits to all benefitting customers through the Cost Allocation Mechanism (CAM).

Subsequently, the Commission has issued several decisions finding a need for incremental capacity needed to maintain system reliability including D.19-11-016, D. 21-06-035, and D.23-02-040. The Goleta Energy Storage project is included in the baseline list of resources supporting these Integrated Resource Planning procurement orders.

The Goleta Energy Storage project was originally expected to come online by December 1, 2020 and had a 20-year delivery period. Due to protracted permitting delays with the city of Goleta, California, the project's expected online date has been extended to June 1, 2023, and the delivery period has been reduced to approximately 17.4 years through Amendment Numbers 1 and 2.

On February 7, 2023, Goleta Energy Storage, LLC approached SCE regarding the need to further amend the contract to allow the project to remain viable. SCE states that it

considered the capacity need in the geographically-constrained Goleta area for non-emitting resources, and a general system capacity need, along with the project's advanced development status and high confidence of project completion in 2024 in working with Goleta Energy Storage, LLC to amend the contract.

Amendment 3 extends the Goleta Energy Storage project's expected online date to June 1, 2024, and reduces the delivery period to 16 years, five months among other things. SCE states that it employed its Least Cost Best Fit methodology in evaluating the amendment and compared the amendment to other 2024 resource contracts obtained through its Midterm Reliability Request for Offers (MTRRFO) and that the amendment compares favorably to the 2024 resources from the MTRRFO.

SCE requests approval of the amendment since it is necessary to maintain the viability of the project. The Goleta project will contribute to meeting the needs identified in SB 801, provide local capacity in the Moorpark sub-area, and provide the system capacity assumed in the D.19-11-016 and D.21-06-035 baselines. Cost allocation will remain through CAM as approved in Resolution E-5033.

NOTICE

Notice of AL 5061-E was made by publication in the Commission's Daily Calendar. SCE states that a copy of the Advice Letter was mailed and distributed in accordance with Section 4 of General Order 96-B.

PROTESTS

Advice Letter 5061-E was not protested.

DISCUSSION

The Commission has reviewed the Advice Letter and finds the Goleta Contract as amended to be reasonable. The project will provide 40 MW of capacity that will provide reliability benefits to the Moorpark sub-area and the system as assumed in the D.19-11-016 and D.21-06-035 baselines. It will also contribute to meeting SB 801 requirements.

Any payments made by SCE pursuant to the Goleta Contract as amended are recoverable in full by SCE through the Energy Resource Recovery Account proceeding,

subject to SCE's prudent administration of the contracts. In accordance with Resolution E-4937, costs of the Goleta Contract will be allocated to all benefiting customers through the CAM.

COMMENTS

Public Utilities Code section 311(g)(1) provides that this Resolution must be served on all parties and subject to at least 30 days public review. Any comments are due within 20 days of the date of its mailing and publication on the Commission's website and in accordance with any instructions accompanying the notice. Section 311(g)(2) provides that this 30-day review period and 20-day comment period may be reduced or waived upon the stipulation of all parties in the proceeding.

The 30-day review and 20-day comment period for the draft of this resolution was neither waived nor reduced. Accordingly, this draft resolution was mailed to parties for comments on August 17, 2023. No comments were received.

FINDINGS

1. Resolution E-5033 approved the Goleta Contract.
2. The project will provide 40 MW of capacity that will provide reliability benefits to the Moorpark sub-area and the system as assumed in the D.19-11-016 and D.21-06-035 baselines. It will also contribute to meeting SB 801 requirements.
3. It is reasonable to approve Amendment 3 to the Goleta Contract in order to maintain project viability.
4. The costs of the contract as amended are reasonable and are recoverable in full by Southern California Edison (SCE) through the Energy Resource Recovery Account proceeding, subject to SCE's prudent administration of the contracts.
5. Costs will be recovered from all benefiting customers through the Cost Allocation Mechanism.

THEREFORE IT IS ORDERED THAT:

1. The request of Southern California Edison Company for approval of Amendment 3 to the Goleta Energy Storage Contract as requested in Advice Letter 5061-E is approved.

This Resolution is effective today.

I certify that the foregoing resolution was duly introduced, passed, and adopted at a conference of the Public Utilities Commission of the State of California held on September 21, 2023; the following Commissioners voting favorably thereon:

Rachel Peterson
Executive Director