PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

AGENDA ID# 22494

ENERGY DIVISION **RESOLUTION E-5316**

May 9, 2024

R e d a c t e d

R E S O L U T I O N

Resolution E-5316 Southern California Edison Company's Amendments to its Mid-Term Reliability Energy Storage Contracts with Silver Peak Solar, LLC.

PROPOSED OUTCOME:

- Approves Southern California Edison's amendments to two mid-term reliability (MTR) energy storage contracts for the Silver Peak II and Silver Peak III projects (Silver Peak Projects/ Contracts).

SAFETY CONSIDERATIONS:

- Safety considerations were already discussed in Advice Letter 4850-E as approved in Resolution E-5234. The Silver Peak Amendments do not modify any of the safety related provisions in the Silver Peak Contracts.

ESTIMATED COST:

- Contract costs are confidential at this time.

By Advice Letter 5194-E, filed on January 16, 2024.

SUMMARY

This resolution approves Southern California Edison's amendments to two Mid-Term reliability contracts for capacity procured to meet the requirements of Decision (D.)21-06-035. The contracts with Silver Peak Solar LLC. (Silver Peak) are amended to address supply chain issues and interconnection delays and maintain the projects' viability. The Silver Peak Contracts will provide incremental September net qualifying capacity (NQC) to meet SCE's 2024 MTR procurement requirements pursuant to Ordering Paragraph (OP) 1 of the Decision.

BACKGROUND

On June 24, 2021, the Commission under its Integrated Resource Planning (IRP) authority adopted (D.) 21-06-035 requiring load serving entities (LSEs) to procure at least their share of 11,500 MW of September NQC, with at least 2,000 MW online by August 1, 2023; an additional 6,000 MW online by June 1, 2024; an additional 1,500 MW online by June 1, 2025; and an additional 2,000 MW of long lead time resources online by June 1, 2026, for Mid-term Reliability (MTR) purposes. This procurement requirement is inclusive of a minimum of 2,500 MW of zero-emitting capacity required to be online by 2025, to replace capacity retiring at Diablo Canyon Power Plant (Diablo Canyon)

As documented in Table 6 of the decision, of the 11,500 MW procurement order, Southern California Edison Company (SCE) is assigned 3,948 MWs for its bundled service customer portion, with 687 MW to be online by August 1, 2023; 2,070 MW by June 1, 2024; 515 MW by June 1, 2025; and 687 MW of long-lead time (LLT) resources by 2026. Due to the deregistration of two community choice aggregators (CCAs); Western Community Energy (WCE) and the City of Baldwin Park; SCE's total procurement requirement increased to 4,052 MW, with 705 MW to be online by August 1, 2023; 2,114 MW by June 1, 2024; 529 MW by June 1, 2025; and 705 MW LLT resources 2026. These revised totals include a minimum of 880 MW zero-emitting capacity by 2025. The MTR Decision also requires that all contracts with resources (including imports), used to satisfy the MTR requirements shall have a minimum duration of 10 years, and provides that the Investor-Owned Utilities (IOUs) are authorized to seek cost recovery for most of their MTR procurement capacity (with the exception of pumped storage or utility-owned resources) through Tier 3 ALs.[1]

On February 23, 2023, the Commission subsequently adopted D.23-02-040, which required supplemental MTR procurement of 4,000 MW of September NQC, with 2,000 MW to be procured by June 1, 2026 and another 2,000 MW by June 1, 2027. SCE's share of this procurement is 684 MW for 2026 and 684 MW for 2027. The Commission also extended the online date for LLT resource procurement from June 1, 2026 to June 1, 2028.[2]

SCE launched its MTR Request for Offers (RFO) on July 30, 2021, for incremental resources that can come online in the 2023 through 2024 timeframe. SCE's MTR RFO sought incremental zero-emitting resources or resources that otherwise meet Renewable Portfolio Standard (RPS) eligibility requirements that provide RA benefits. The Silver Peak Contracts resulting from Phase 1 of SCE's MTRRFO, were originally submitted for Commission approval in Advice Letter 4850-E on August 17, 2022, and subsequently approved in Resolution E-5234 on November 3, 2022.

[1] OP 13 in D.21-06-035 at 97.
[2] OP 2 in D.23-02-040 at 87

A) Amendments to MTR Contracts

On January 16, 2024, SCE filed Tier 3 AL 5194-E requesting approval of amendments to the two Silver Peak contracts previously approved by the Commission in Resolution E-5234. SCE notes that the amendments do not change the original contract capacities or incremental September NQC values as approved in Resolution E-5234.

The Silver Peak II Contract is an RA with put option contract and the Silver Peak III Contract is an RA-only contract. Both Silver Peak projects are stand-alone, four-hour duration, lithium-ion battery energy storage resources with a combined 219 MW nameplate capacity and located in Boulder City, Nevada. SCE provides the following summary table of the Silver Peak amendments:

Seller/Project Name	Technology Type	Contract Type	Expected Delivery Period	Name Plate Capacity	Contract ELCC Value for Midterm Reliability ("MTR") Compliance
Silver Peak, LLC / Silver Peak II	Energy Storage	RA with Put Option	6/1/2024 - 5/30/2034	109 MW	99 MW
Silver Peak, LLC / Silver Peak III	Energy Storage	RA only	6/1/2024 - 5/30/2034	110 MW	100 MW
Total Capacity:				**219 MW**	**199 MW**

Silver Peak approached SCE regarding the need to amend the Silver Peak Contracts to allow the projects to remain viable. In response, SCE asserts it considered its MTR procurement needs and the other resources available as well as the status of the Silver Peak II and III projects in working with Silver Peak to execute the Silver Peak Amendments. The amended contract terms and conditions are confidential and summarized in the confidential appendix.

SCE used Least-Cost-Best-Fit (LCBF) metrics to compare bids received in their Phase 1 MTR RFO to the amended Silver Peak contracts, and concluded that, despite the contract changes, the Silver Peak Amendments compare favorably to the other bids received.

SCE consulted with its Procurement Review Group regarding the Silver Peak Amendments on August 23, 2023, and November 15, 2023.

B) SCE Advice Letter Request

In AL 5194-E, SCE requests that the Commission adopt a resolution no later than April 18, 2024, containing the following:

1) Approval of the Silver Peak Amendments in their entirety;

2) A finding that the Silver Peak Amendments are consistent with the Decision;

3) A finding that the Silver Peak Contracts, as amended by the Silver Peak Amendments, and SCE's entry into them, are reasonable and prudent for all purposes, and that any payments to be made by SCE pursuant to the Silver Peak Contracts, as amended by the Silver Peak Amendments, are recoverable in full by SCE through the Portfolio Allocation Balancing Account ("PABA"), subject only to SCE's prudent administration of the Silver Peak Contracts, as amended by the Silver Peak Amendments;

4) Authorization for SCE to allocate the benefits and costs of the Silver Peak Contracts, as amended by the Silver Peak Amendments, to all applicable customers as described herein via the PABA; and

5) Any other and further relief as the Commission finds just and reasonable.

NOTICE

Notice of AL 5194-E was made by publication in the Commission's Daily Calendar. Southern California Edison Company states that a copy of AL 5194-E was mailed and distributed in accordance with Section 4 of General Order 96-B.

PROTESTS

No protests were filed to AL 5194-E.

DISCUSSION

The Commission has reviewed the Advice Letter and Confidential Appendices and finds the contract amendments to be reasonable.

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 were neither waived nor reduced. Accordingly, comments on this draft resolution may be submitted no later than 20 days from the mailing date. This draft resolution will be placed on the Commission's agenda no earlier than 30 days from today. If adopted by the Commission, the final resolution will be posted and available on the Commission's website.

FINDINGS

1. In June 2021, D.21-06-035 directed Load Serving Entities to procure 11,500 megawatts (MW) of incremental September net qualifying capacity under the Commission's integrated resource planning purview over the course of four years, with 2,000 MW to be online by August 1, 2023, an additional 6,000 MW online by June 1, 2024, an additional 1,500 MW online by June 1, 2025, and an additional 2,000 MW online by June 1, 2026.
2. In June 2021, D.21-06-035 ordered the three large IOUs to file Tier 3 Advice Letters to request cost recovery for any procurement conducted as a result of the decision, except if the procurement is associated with a pumped storage resource or a utility-owned resource, for which full applications are required.
3. By Advice Letter (AL) 5194-E, filed on January 16th, 2024, SCE has submitted for approval two amendments to energy storage contract (Silver Peak Contracts) intended to partially meet SCE's D.21-06-035 requirements.
4. SCE's request in SCE AL 5194-E to allocate the benefits and costs of the amended MTR energy storage contracts to all applicable customers via the 2021 vintage sub-account PABA, including incremental administrative costs, is reasonable.
5. SCE's proposed cost recovery of the MTR Contract in SCE AL 5194-E is reasonable and consistent with D.21-06-035 OP 12 and Energy Division's approval of SCE AL 4589-E and SCE AL 4850-E.

6. It is reasonable and prudent to approve the Silver Peak Amendments in their entirety, in order to maintain project viability.

THEREFORE, IT IS ORDERED THAT:

1. Southern California Edison's request in SCE AL 5194-E for amendments to the Silver Peak contracts is approved.
2. Southern California Edison's request, SCE AL 5194-E, to allocate the benefits and costs of the MTR Contracts to all applicable customers via the 2021 vintage sub-account of SCE's Portfolio Allocation Balancing Account, including incremental administrative costs, 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 May 9, 2024; the following Commissioners voting favorably thereon:

Rachel Peterson
Executive Director

CONFIDENTIAL APPENDIX