

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

ENERGY DIVISION

AGENDA ID# 22545
RESOLUTION E-5237
May 30, 2024

R E S O L U T I O N

Resolution E-5237. Pacific Gas and Electric and Southern California Edison's Companies' Tariff Updates to the Base Interruptible Program

PROPOSED OUTCOME:

- Approves with modifications Pacific Gas and Electric's (PG&E) and Southern California Edison's (SCE) requests to revise their Base Interruptible (BIP) tariff to comply with the California Public Utilities Commission (CPUC) Executive Director's letter of September 2, 2022. The letter directs PG&E and SCE to include an optional baseline calculation for BIP customers who suspend operations in response to Governor-declared Extreme Heat Event (EHE) days from August 31, 2022 through September 9, 2022, inclusive.

SAFETY CONSIDERATIONS:

- There are no safety considerations associated with this Resolution.

ESTIMATED COST:

- No cost information was provided by PG&E and SCE.
- Considering the uncommon nature of Governor-declared Extreme Heat Event (EHE) days, the cost to ratepayers is estimated to be minimal for administering the optional baseline calculations. BIP incentive costs are likely to be similar to what they would have been if a customer had not suspended operations in response to Governor-declared EHE days.

By Advice Letters PG&E 6700-E and SCE 4867-E Filed on 9/7/2022 and 9/23/ 2022, respectively.

SUMMARY

This Resolution approves Pacific Gas and Electric's (PG&E) request to amend its Schedule E-BIP tariff. It also approves with modifications Southern California Edison's (SCE) request to amend its TOU-BIP tariff. The tariffs (collectively, "BIP tariffs") are amended to include an option for certain BIP customers to have their bill credit baseline calculation exclude days when: (1) the Governor's August 31, 2022 proclamation of a state of emergency is in effect, AND (2) those BIP customers fully suspend operations in response to the Governor's August 31, 2022 proclamation.

BACKGROUND

On August 31, 2022, Governor Gavin Newsom issued a Proclamation of a State of Emergency through September 7, 2022.¹ On September 6, 2022, the Governor issued Executive Order N-15-22,² extending certain extraordinary measures authorized in the Proclamation of a State of Emergency through September 9, 2022.

On September 2, 2022, CPUC Executive Director Rachel Peterson sent a letter by e-mail to the directors of regulatory relations of both PG&E and SCE.³ In the letter, Executive Director Peterson directed PG&E and SCE to act immediately to submit Tier 2 Advice Letters to revise their respective BIP tariffs as described below.

Per current BIP tariffs, the monthly demand response incentives paid to a participating customer are calculated using the difference between a customer's average load during certain hours of the month and that customer's designated Firm Service Level.⁴ For BIP customers that choose to suspend business operations in response to a Governor-declared EHE, the decreased demand during that suspension could result in a lower monthly average load and, accordingly, a lower monthly incentive. Such potentially lower incentives could discourage BIP-participating customers from reducing their load during the state of emergency, in support of grid reliability.

¹ <https://www.caloes.ca.gov/wp-content/uploads/Legal-Affairs/Documents/Proclamations/8.31.22-Heat-Proclamation.pdf>

² <https://www.caloes.ca.gov/wp-content/uploads/Legal-Affairs/Documents/Proclamations/9.6.22-Labor-Day-Heat-Event-EO.pdf>

³ This letter is Attachment 1 to this Resolution.

⁴ The Firm Service Level is the maximum supply that an Investor-Owned Utility is expected to deliver to a BIP customer during a BIP dispatch.

Executive Director Peterson's September 2, 2022 letter therefore advised PG&E and SCE that:

In order to ensure that customers participating in BIP are correctly incentivized to reduce load as much as possible, the CPUC directs PG&E and SCE to modify their BIP tariffs as necessary to allow an alternate baseline and compensation calculation for BIP customers who suspend operations while the Governor's August 31, 2022 Proclamation is in effect. BIP customers who have fully suspended operations shall have the option to elect to use a bill credit calculation where the calculated baseline excludes the days covered by the Proclamation from the standard baseline calculation. The alternate baseline shall only be allowable for days included in the Governor's Proclamation.⁵

In response to the letter, PG&E filed Advice Letter (AL) 6700-E on September 7, 2022 and SCE filed AL 4867-E on September 23, 2022.

NOTICE

Notices of AL 6700-E and AL 4867-E were made by publication in the Commission's Daily Calendar. The IOUs state that copies of the Advice Letters were mailed and distributed in accordance with Section 4 of General Order 96-B.

PROTESTS

Advice Letters 6700-E and 4867-E were not protested.

DISCUSSION

The Commission has reviewed the Advice Letters and finds that they mostly fulfill the direction in the Executive Director's September 2, 2022 letter (the Letter). The ALs fulfill the intended support to the grid during the EHE which lasted from August 31, 2022 through September 9, 2022, inclusive.

By excluding EHE days in the calculation of the optional BIP baseline, BIP customers who fully suspend operations will be correctly incentivized. SCE notes that the last

⁵ Id. at 2.

paragraph of the Letter refers to “an emergency proclamation by the Governor of the State of California” rather than specifying the August 31, 2022 emergency proclamation. SCE therefore proposes for its optional baseline to be available during future emergency proclamations. PG&E’s proposal is limited to 2022.

We note that the Letter makes eight references to Emergency Proclamations. Seven of these references are explicit references to the August 31, 2022 Emergency Proclamation. It is reasonable to limit the availability of the optional baseline methodology to the period between August 31, 2022 and September 9, 2022, inclusive. This period entailed the only Extreme Heat Emergency proclaimed by the Governor in 2022. We therefore approve PG&E AL 6700-E. SCE AL 4867-E is approved with the modification that the optional baseline methodology shall only be available during the dates specified above. In the event that similar letters from the Commission’s Executive Director are issued in the future, the Commission will consider subsequent Advice Letters to ratify those directives.

COMMENTS

Public Utilities (PU) Code section 311(g)(1) provides that this resolution must be served on all parties and subject to at least 30 days public review and comment prior to a vote of the Commission. 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 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, and will be placed on the Commission's agenda no earlier than 30 days from today.

FINDINGS

1. The Executive Director of the California Public Utilities Commission sent a letter (the Letter) to Pacific Gas & Electric Company (PG&E) and Southern California Edison Company (SCE) on September 2, 2022.
2. The Letter directed PG&E and SCE to submit Tier 2 Advice Letters establishing an alternate baseline methodology available to customers enrolled in the Base Interruptible Program (BIP), if those customers fully suspend operations during the

Extreme Heat Emergency that began with a Governor's Proclamation of Emergency on August 31, 2022.

3. The alternate baseline calculation should be available from August 31, 2022 through September 9, 2022, inclusive.
4. The alternate baseline allows BIP-enrolled customers to contribute to grid reliability during the Emergency without causing a decrease in their monthly BIP incentive levels.
5. The alternate baseline eliminates negative baseline implications for the BIP customers who suspend operations during the Extreme Heat Emergency, to support grid reliability.
6. PG&E proposes to allow the alternate baseline calculation during the year 2022, while SCE proposes an open-ended alternate baseline availability to allow for its use during future Extreme Heat Emergencies proclaimed by the Governor.
7. The Letter states that the alternate baseline shall be available to "BIP customers who suspend operations while the Governor's August 31, 2022 Proclamation is in effect."

THEREFORE, IT IS ORDERED THAT:

1. The request of PG&E to amend its Base Interruptible Program tariff as described in Advice Letter 6700-E is approved.
2. The request of SCE to amend its Base Interruptible Program tariff as described in Advice Letter 4867-E is approved with the modification that the alternate baseline methodology shall only be available from August 31, 2022 through September 9, 2022, inclusive.
3. Within 15 days of the effective date of this Resolution, SCE shall submit a Tier 1 Supplemental Advice Letter to update its Base Interruptible Program tariff. The supplement shall incorporate the change ordered above.

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 30, 2024; the following Commissioners voting favorably thereon:

Rachel Peterson
Executive Director

Attachment 1

CPUC Executive Director Peterson's September 2, 2022
letter to PG&E and SCE

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
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September 2, 2022

VIA E-MAIL

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Southern California Edison Company
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SUBJECT: EMERGENCY ACTION TO COMBAT EXTREME HEAT EVENT

I write to you in light of Governor Newsom's August 31, 2022 Proclamation of a State of Emergency (Proclamation) in California due to the Extreme Heat Event in the state which began on August 31, 2022 and is projected to last until September 6, 2022.¹

This letter serves as notice that the California Public Utilities Commission (CPUC) intends to take action to modify the demand response (DR) baseline calculation for the Base Interruptible Program (BIP) for customers who temporarily suspend operations in response to the Governor's Proclamation.

You are directed to act on the direction in this letter immediately; the CPUC will vote to ratify these actions in a later resolution.

As the Governor states in the Proclamation, the California Independent System Operator (CAISO) advises that it is forecasting electricity supply deficiencies of over 3,000 megawatts during evening hours from September 4, 2022, through September 6, 2022, advises that emergency alerts may follow, and advises that emergency interventions would allow energy customers to make contingency plans ahead of the Labor Day holiday weekend.

In light of the extreme weather emergency facing the state, and in order to prevent grave harm to the health and safety of California residents at the prospect of the loss of sufficient electricity supplies and impacts on critical services, it is necessary for the large electric investor-owned utilities to

¹ Governor Newsom's Proclamation of a State of Emergency, August 31, 2022, available at: <https://www.gov.ca.gov/wp-content/uploads/2022/08/8.31.22-Heat-Proclamation.pdf?emrc=78e3fc>

achieve real load reductions through demand response programs and to ensure that customers are fairly compensated for real reductions in load.

In response to the State of Emergency, the CPUC expects that certain customers who have enrolled in BIP will elect to temporarily suspend all operations in order to conserve energy and support grid reliability. Under the current tariffs on file for Pacific Gas and Electric Company (PG&E) and Southern California Edison Company's (SCE) BIP programs, some customers who reduce energy use below their Firm Service Level (FSL) may see their BIP capacity payments reduced due to the inclusion of days when operations are suspended in the baseline used to measure load drop.

In order to ensure that customers participating in BIP are correctly incentivized to reduce load as much as possible, the CPUC directs PG&E and SCE to modify their BIP tariffs as necessary to allow an alternate baseline and compensation calculation for BIP customers who suspend operations while the Governor's August 31, 2022 Proclamation is in effect. BIP customers who have fully suspended operations shall have the option to elect to use a bill credit calculation where the calculated baseline excludes the days covered by the Proclamation from the standard baseline calculation. The alternate baseline shall only be allowable for days included in the Governor's Proclamation.

PG&E and SCE are directed to submit a Tier 2 advice letter, effective today, that modifies the BIP tariff as described above for customers who suspend operations in response to an emergency proclamation by the Governor of the State of California.

Sincerely,



Rachel
Peterson
Executive
Director

cc: Nora Sheriff, outside counsel, California Large Energy Consumers
Association Barbara Barkovich, consultant, California Large Energy
Consumers Association