

DRAFT

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

ENERGY DIVISION

**Agenda ID# 23262
RESOLUTION E-5371
February 20, 2025**

R E S O L U T I O N

Resolution E-5371 Southern California Edison Company's Mid-Term Reliability Energy Storage Contracts

PROPOSED OUTCOME:

- Approves two Southern California Edison's Mid-Term Reliability 4-hour energy storage contracts for a total of 220 MW nameplate capacity, expected to come online June 1, 2026 and April 1, 2027.
- Approves one Southern California Edison's Mid-Term Reliability 8-hour energy storage contract for a total of 400 MW nameplate capacity, expected to come online June 1, 2028.

SAFETY CONSIDERATIONS:

- SCE's Technology Neutral Pro Forma Contract requires the Seller to operate the energy storage facility in accordance with "Prudent Electrical Practices." See Section 6.01(a) of SCE's Technology Neutral Pro Forma Contract.
- SCE's Technology Neutral Pro Forma Contract also includes a provision providing that, prior to commencement of any construction activities on the project site, the seller must provide to SCE a report from an independent engineer certifying that the seller has a written plan for the safe construction and operation of the project in accordance with Prudent Electrical Practices.

ESTIMATED COST:

- Contract costs are confidential at this time.

By Advice Letter 5431-E, filed on December 5, 2024.

SUMMARY

This Resolution approves three Southern California Edison Company (SCE) Mid-Term Reliability (MTR) energy storage contracts (MTR Contracts) totaling 620 megawatts (MW) of nameplate capacity for delivery periods of 15 years. These three contracts are RA capacity with financial settlement for new in-front-of-the-meter (IFOM) storage projects, expected to come online June 1, 2026, April 1, 2027, and June 1, 2028, respectively. This Resolution approves the requested contracts and cost recovery in Advice Letter (AL) 5431-E.

The three MTR Contracts are summarized in the table below:

Project Name	Technology Type	Contract Type	Expected Delivery Period	Nameplate Capacity	ELCC Value for MTR Compliance
Pier S Energy Storage	4-Hr Lithium-Ion Battery	RA w/ Financial Settlement	6/1/2026 – 5/31/41	70 MW	54 MW
Overnight Storage	4-Hr Lithium-Ion Battery	RA w/ Financial Settlement	4/1/2027 – 3/31/42	150 MW	111 MW
Euismod	8-Hr Lithium-Ion Battery	RA w/ Financial Settlement	6/1/2028 – 5/31/43	400 MW	360 MW
Total Capacity				620 MW	525 MW

BACKGROUND

A. Overview of Midterm Reliability Procurement Requirements

On June 30, 2021, the Commission issued (D.) 21-06-035 (2021 MTR Decision), which takes steps to address the MTR needs of the electricity system for years 2023 through 2026. D.21-06-035 requires CPUC jurisdictional Load Serving Entities (LSEs) to undertake incremental procurement of 11,500 MW of additional September net qualifying capacity

(NQC)¹. To replace the current supply of energy from Diablo Canyon Nuclear Power Plant and ensure that it would not result in an increase in greenhouse gas (GHG) emissions with its retirement, D.21-06-035 also requires that at least 2,500 MW of the total procured capacity be either from zero-emission resources that generate electricity, generation resources paired with storage, or demand response (Diablo Canyon Replacement Requirement).² Specifically, the decision requires that the “zero-emitting capacity” shall have the following characteristics:

- (a) Be from a generation resource, a generation resource paired with storage (physically or contractually), or a demand response resource;
- (b) Be available every day from 5 p.m. to 10 p.m. (the beginning of hour ending 1800 through the end of hour ending 2200), Pacific Time, at a minimum; and
- (c) Be able to deliver at least 5 megawatt-hours of energy during each of these daily periods for every megawatt of incremental capacity claimed.”³

As documented in Table 6 of the 2021 MTR Decision, of the 11,500 MW⁴ procurement order, 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 2026⁵. 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 by 2026 [Extended to 2028⁶].

These revised totals include a minimum of 880 MW of zero-emitting generating capacity by 2025. The 2021 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

¹ Compliance would be measured based on September NQC calculations using marginal Effective Load Carrying Capability (ELCCs) calculated by the Commission for each resource type for each future online year

² On February 15, 2024, the Commission adopted D.24-02-047 which allows LSE to request extension on long lead time procurement. See OP 16-17.

³ OP 6 in [D.21-06-035](#) at 96.

⁴ Requirement MW are September net qualifying capacity.

⁵ D.21-06-035 at 57 and OP2: The Long Lead Time (LLT) resource requirements are divided into half from long-duration storage and half from firm, zero-emitting generation resources.

⁶ OP 2 in [D.23-02-040](#) at 87.

recovery for most of their MTR procurement capacity (with the exception of pumped storage or utility-owned resources) through Tier 3 ALs.⁷

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 supplemental procurement is:

- 684 MW for 2026; and
- 684 MW for 2027.

The Commission extended the online date for LLT resource procurement from June 1, 2026, to June 1, 2028.⁸

The Table below reflects the total ordered MTR procurement requirement and SCE’s initial and adjusted share of that procurement requirement. The adjusted requirement accounts for deregistered CCAs and the extension of LLT procurement timelines granted in D.23-02-040.

D.21-06-035 Ordered Procurement as Adjusted by D.23-02-040								
<u>MW</u> <u>September</u> <u>NQC</u>	8/1/2023	6/1/2024	6/1/2025	6/1/2026	6/1/2027	<u>LLT</u> <u>6/1/2028</u>	<u>Total</u>	<u>Min. zero-</u> <u>emitting</u> <u>capacity by</u> <u>2025</u>
All LSEs	2,000	6,000	1,500	2,000	2,000	2,000	15,500	2,500
SCE’s Share	687	2,060	515	684	684	687	5,317	858
SCE’s Adjusted Share	705	2,114	529	684	684	705	5,421	880

B. Overview of SCE’s Midterm Reliability Procurement Process

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.

On October 20, 2022, SCE launched Phase 2 of its MTR RFO for third-party incremental resource offers to come online in the years 2025 through 2026 timeframe. The RFO sought incremental zero-emitting resources and/or resources that otherwise meet RPS eligibility requirements that also provide RA benefits. SCE also provided specific guidance for

⁷ OP 13 in [D.21-06-035](#) at 97. OP 13 in [D.21-06-035](#) at 97.

⁸ OP 2 in [D.23-02-040](#) at 87.

procurement of resources eligible to meet its Diablo Canyon Replacement Requirement, including RA only and RA with Financial Settlement contracts for energy storage projects and RPS contracts, including RPS contracts for firm zero-emitting resources.⁹

The following Table 1 documents SCE’s Phase 2 MTR RFO schedule.¹⁰

Table 1.

Date	Phase 2 RFO Event
October 20, 2022	RFO Launch
November 18, 2022	Offer Submittal Due
December 16, 2022	Offeror Redline Comments on MTR Pro-Forma Due
January 27, 2023	Shortlist Notification
February 3, 2023	Shortlist Deliverables Deadline
May 19, 2023	Commercial Lockdown
May 26, 2023	Final Offer Submittal Deadline
June 30, 2023	Contract Execution Deadline

SCE launched Phase 3 of its MTR RFO on February 23, 2023 for supplemental incremental resources to come online during years 2026 and/or 2027 and for LLT resources, in accordance with D.23-02-040.

Table 2 documents SCE’s Phase 3 MTR RFO schedule.¹¹

⁹ The RA with Financial Settlement contract structure provides SCE with an energy settlement payment that approximates energy arbitrage revenue (i.e., energy settlement payment that would reduce the overall payments to the bidder), accounting for the project’s round-trip efficiency factor (i.e., charging-discharging energy losses) and variable O&M cost (VOM). The energy market benefits are calculated from a formula that used actual day-ahead hourly market prices and operational/pricing parameters that were set by the Seller. The formula is designed to estimate the likely profits that the Seller might achieve in the daily energy markets. SCE AL 5431-E at 14, and Appendix D at 8.

¹⁰ SCE AL 5431-E at 8.

¹¹ SCE AL 5431-E at 8-9.

Table 2.

Date	Phase 3 RFO Event
February 23, 2023	RFO Launch
March 8, 2023	Bidders' Conference Webinar; 10 MW Minimum Capacity for RPS and 30-Year Collateral Requirement Updated
March 31, 2023	Update Pricing Due
April 3, 2023	Offer Submittal Due
April 24, 2023	Offer Redline Comments on MTR Pro Forma Due
June 2, 2023	Shortlist Notification
June 9, 2023	Shortlist Deliverables Due
Q4 2023	Contract Execution Deadline

SCE states that since launching the MTR RFO Phase 2, bidders were requested to update potentially outdated pricing by March 31, 2023, because offers were originally received in November 2022. SCE adds that Phases 2 and 3 of SCE's MTR RFO were combined into one single solicitation schedule, with contracts executed on a "first come first served basis" when ready.¹²

Earlier contracts yielded from these two RFOs have been approved for the 2025, 2026, 2027, Diablo Canyon Replacement Requirement, and LLT MTR procurement requirements.

Appendix A includes SCE's MTR contracts filed and approved to date.

C. Mid-Term Reliability Contracts That Require Approval

On December 5, 2024, SCE Submitted AL 5431-E seeking approval of three energy storage contracts selected as part of its MTR Phase 2 and 3 RFO efforts. The MTR contract total 620 MW of nameplate capacity and are expected to come online June 1, 2026, April 1, 2027, and June 1, 2028.

SCE requests approval for the following three MTR Contracts:

1. **Pier S Energy Storage**, developed by Pier S Energy Storage, LLC, a project owned by Elevate Renewables, which is owned by ArcLight Capital company, a major

¹² SCE AL-5431 at 9.

- energy infrastructure investor. The project has a Generator Interconnection Agreement and would connect to SCE’s distribution system.
2. **Overnight Storage**, developed by ASHUSA Inc., a subsidiary of Atlantica North America LLC. The Seller, Overnight Solar LLC, is the same entity as the Seller under the solar photovoltaic MTR contract for the Overnight Solar project that was approved by the Commission under Advice 5248-E. The Overnight Storage project will be co-located with the Overnight Solar project. The project has a Large Generator Interconnection Agreement, and would interconnect to the SCE transmission system.
 3. **Euismod**, developed by Euismod Project LLC. The project was developed by Aypa Power, which is a portfolio company of Blackstone, a major energy infrastructure investor. This is an 8-hour energy storage contract that would fulfill SCE’s long duration energy storage requirement. The project is negotiating a Large Generator Interconnection Agreement with SCE to connect to the SCE transmission system.

Table 4 below provides a detailed summary of the three MTR Contracts.

Table 4.

	Pier S Energy Storage	Overnight Storage	Euismod
Parent Company	Elevate Renewables, an ArcLight Capital Company	ASHUSA Inc	Aypa Power
Storage Technology and Discharge Duration	Li-ion Battery, 4-hr.	Li-ion Battery, 4-hr.	Li-ion Battery, 8-hr.
Co-located	No	With Overnight Solar PV project	No
Nameplate Capacity	70 MW	150 MW	400 MW
Incremental ELCC Value for MTR Compliance	54 MW	111 MW	360 MW
Initial Delivery Date (IDD) and period	June 1, 2026 – May 31, 2041	April 1, 2027 – March 31, 2042	June 1, 2028 – May 31, 2043
Contract Terms (Years)	15 years	15 years	15 years
Contract Type	RA w/ Financial Settlement	RA w/ Financial Settlement	RA w/ Financial Settlement
Interconnection Type and Point	Distribution. SCE Long Beach 66 kV substation	Transmission. SCE Kramer 220 kV station	Transmission. SCE Whirlwind 220 kV station
Location	Long Beach, CA	Hinkley, CA	Rosamond, CA

	Pier S Energy Storage	Overnight Storage	Euismod
Procurement	2023 MTR Tranche 4	2023 MTR Tranche 5	2021 MTR-Long Duration Storage

D. SCE Advice Letter 5431-E Request

In AL 5431-E, SCE requests that the Commission adopt a Resolution no later than February 20, 2025. In its request for relief, SCE specifically urges that the Resolution contain the following:¹³

1. Approval of the MTR Contracts in their entirety;
2. A finding that the MTR Contracts are consistent with the Decisions;
3. A finding that the MTR Contracts are for a total of 525 MW of expected incremental September NQC for purposes of MTR compliance;
4. A finding that, of the 525 MW, the Euismod Contract is for a total of 360 MW of expected incremental September NQC for purposes of LLT compliance toward the LDES procurement requirement;
5. A finding that the MTR Contracts 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 MTR Contracts are recoverable in full by SCE through the Portfolio Allocation Balancing Account (PABA), subject only to SCE's prudent administration of the MTR Contracts;
6. Authorization for SCE to allocate the benefits and costs of the MTR Contracts to all applicable customers¹⁴ as described herein via the PABA;
7. Authorization for SCE to shift the allocation of the benefits and costs the MTR Contracts between the 2021 and 2023 PABA sub-accounts based on whether SCE is counting the contract toward the MTR procurement requirements in D.21-06-035 or D.23-02-040; and
8. Any other and further relief as the Commission finds just and reasonable.

NOTICE

Notice of AL 5431-E was made by publication in the Commission's Daily Calendar. Southern California Edison Company states that a copy of AL 5431-E was mailed and distributed in accordance with Section 4 of General Order 96-B.

¹³ SCE AL 5431-E at 25-26.

¹⁴ Per SCE AL5431-E footnote 32: "Applicable customers include all customers responsible for the 2021 sub-account of the PABA in the case of the Euismod Contract, and all customers responsible for the 2023 sub-account of the PABA in the case of the Pier S and Overnight Storage Contracts."

PROTESTS

No protests were received for AL 5431-E.

DISCUSSION

The Commission has reviewed AL 5431-E and finds that SCE's request for approval and cost recovery of the three MTR Contracts and the form and substance of the MTR Contracts to be reasonable.

1. Procurement Methodology, Evaluation, and Cost Reasonableness

SCE issued its Phase 2 MTR RFO on October 20, 2022, to solicit offers for incremental resources that could meet its MTR requirements for the years 2025 through 2026. SCE launched its Phase 3 RFO on February 23, 2023, for resources with deliveries in 2026 and 2027. SCE consulted the Procurement Review Group (PRG) regularly throughout the MTR RFO process, beginning with its announcement to the PRG on October 19, 2022 regarding the MTR RFO launch. SCE consulted with the PRG on March 3, 2023 and June 8, 2023, on its recommended shortlists for Phases 2 and 3, respectively.¹⁵ SCE subsequently consulted with the PRG on September 5, 2024, regarding the Pier S and Euismod contracts, and October 9, 2024, for the Overnight Storage contract.¹⁶

To evaluate the Phase 2 and Phase 3 MTR offers, SCE used its least-cost best-fit (LCBF) methodology, which incorporated a conformance screen, a Net Present Value (NPV) calculation, and a selection of offers with consideration of qualitative factors into its evaluation. The conformance screen required resources to meet D.21-06-035 requirements and other project variability criteria. The NPV calculations were based on a cost/benefit analysis, where NPV benefits were measured in value streams from resource adequacy, energy, ancillary services, renewable energy credits attributes, and a financial energy settlement. The NPV costs were measured in cost streams from contract payments, debt equivalence, energy, variable operations & maintenance expenses, and transmission upgrade attributes. After the NPV analysis was completed, viable projects were further selected based on their ability to meet the procurement required by D.21-06-035, as modified by D.23-02-040, which was implemented nearly one week after SCE's launched its Phase 3 MTR RFO.

SCE retained Sedway Consulting Inc. (Sedway) as the Independent Evaluator (IE) to oversee the MTR RFO. Sedway was involved in the review of MTR RFO documents, reviewed SCE's offer valuation process, participated in communications, conference calls and negotiation sessions; and reviewed email exchanges and other documents exchanged

¹⁵ SCE AL 5432-E at 10.

¹⁶ SCE AL 5432-E at 17.

by SCE and bidders. Sedway also participated in the PRG communications and conducted its own independent parallel evaluation of the offers.

In its IE Report, Sedway offered several conclusions to the following questions, with the respective summarized responses:

- a. Was The IOU's Methodology For Bid Evaluation and Selection Designed Fairly?
*Sedway Consulting concluded that the SCE evaluation design was rigorous and fair and did not favor or disadvantage any bidder or technology. In addition, to the best of Sedway's understanding, SCE methodologies were consistent with CPUC direction.*¹⁷
- b. Was The Least Cost Best Fit (LCBF) Evaluation Process Fairly Administered?
*Sedway consulting believes that SCE's LCBF was also fair and rigorous and consistent with evaluation approaches at it has seen applied in other utilities' solicitations and it complied with the LCBF criteria. Furthermore, Segway believes SCE's evaluation using the LCBF was fair to all bidders and product types were treated consistently and had equal opportunity to make it on the short list and complete the negotiation process.*¹⁸
- c. How Did the IOU Conduct Outreach to Bidders, and Was the Solicitation Robust?
*Sedway noted that SCE used the PowerAdvocate website and SCE issued emails to over 2,500 industry contacts of the MTR RFO.*¹⁹
- d. Does The Contract Merit CPUC Approval? Is The Contract Reasonably Priced and Needed and Does It Reflect a Functioning Market?
*Sedway concluded the above contracts merit CPUC approval and the contracts' economics and their general terms and conditions represent least-cost/best-fit projects for the Phase 2/3 MTR RFOs.*²⁰

The Commission has reviewed SCE's bid evaluation analysis and the IE Report. We agree with the IE findings that SCE procured the best resources for addressing its MTR needs. We find that SCE has conducted a robust, competitive solicitation with reasonable bid evaluation methodology and appropriately consulted the PRG and the IE throughout the MTR RFO process. The Commission finds the costs to be reasonable based on the competitive solicitation and bid evaluation methodology.

¹⁷ SCE AL 5431-E, Attachment D: Independent Evaluator Report - Public Version at 10-12.

¹⁸ SCE AL 5431-E, Attachment D: Independent Evaluator Report - Public Version at 11 and 24.

¹⁹ SCE AL 5431-E, Attachment D: Independent Evaluator Report - Public Version at 25.

²⁰ SCE AL 5431-E, Attachment D: Independent Evaluator Report - Public Version at 40.

2. Consistency with D.21-06-035 and D.23-02-040 (MTR Decisions)

We find SCE's AL 5431-E filing, to be consistent with the Commission's MTR Decision, D.21-06-035 and D.23-02-040. As directed by the MTR Decision, SCE filed a Tier 3 AL seeking cost recovery for the MTR Contract.

The MTR contracts also appear to meet the general capacity requirements of D.21-06-035 and D.23-02-040, which dictate that all resources used for compliance with the decisions must be associated with a new resource, or an expansion of an existing resource, and that they are under a long-term contract of at least ten years. Additionally, the MTR contracts are for 4-hour and 8-hour energy storage resources which are also consistent with the MTR Decision storage duration requirements. Final verification of specific resource eligibility for specific procurement categories is done via the IRP compliance process.

3. Safety

The MTR Contracts which SCE seeks approval require the seller to operate the energy storage facility in accordance with "Prudent Electrical Practices," as a condition of SCE's Technology Neutral Pro Forma Contract.²¹ The Contract also includes a provision providing that, prior to commencement of any construction activities on the project site, the seller must provide to SCE a report from an independent engineer certifying that the seller has a written plan for the safe construction and operation of the project in accordance with Prudent Electrical Practices.²²

4. Disadvantaged Community Designations

Senate Bill (SB) 350 (de León, Chapter 547, Stats. 2015) describes disadvantaged community goals that are cross-cutting and therefore will be integrated into all policy areas. Thus, in evaluating SCE's MTR Contracts, the Commission analyzes the impacts of procurement activities on such communities.

The California Environmental Protection Agency (CalEPA) is responsible for identifying DACs for purposes of Cap-and-Trade program funding. CalEPA has defined DACs as:

- Census tracts receiving the highest 25% of overall scores in CalEnviroScreen 4.0;
- Census tracts lacking overall scores in CalEnviroScreen 4.0 due to data gaps but receiving the highest 5% of CalEnviroScreen 4.0 cumulative pollution burden score; and

²¹ SCE AL 5431-E at 23 (describing Prudent Electrical Practices as, "those practices, methods and acts that would be implemented and followed by prudent operators of electric energy storage facilities in the Western United States, similar to the Project, during the relevant time period, which practices, methods and acts, in the exercise of prudent and responsible professional judgment in the light of the facts known or that should reasonably have been known at the time the decision was made, could reasonably have been expected to accomplish the desired result consistent with good business practices, reliability and safety"); Section 6.01(a) of SCE's Technology Neutral Pro Forma Contract.

²² *Id.* at 24-25, Section 4.01(d) of SCE's Technology Neutral Pro Forma Contract.

- Census tracts identified under the 2017 DAC designation (i.e., tracts qualifying as DAC under CalEnviroScreen 3.0) areas under the control of federally recognized Tribes.²³

The CalEnviroScreen tool combines twenty indicators in “population” and “pollution burden” categories. SB 350 directs the Commission to also use CalEPA’s tool to identify disadvantaged communities.

SCE notes that consistent with Public Utilities Code Section 454.52(a)(1)(I)’s requirement to minimize localized air pollutants and other GHG emissions, with early priority on DACs, it expressed a preference in its MTR RFO for preferred and energy storage resources located in DACs. SCE states that none of the three contracts are located in DACs.²⁴

Staff notes that Overnight Storage is located in Hinkley, CA, which is recognized in CalEnviroScreen tool as being significantly burdened²⁵ by environmental and socioeconomic factors due to the prevalence of hexavalent chromium in its groundwater.²⁶

5. Cost Recovery

SCE proposes to allocate the costs associated with the MTR Contract to applicable customers,²⁷ using the Portfolio Allocation Balancing Account (PABA). Pursuant to AL 4589-E, costs and benefits associated with procurement complying with the MTR Decision will be recovered from applicable customers through the 2021 and/or 2023 vintage sub-account of the PABA and include incremental administrative costs.²⁸

a) Pier S and Overnight Storage Contracts Cost Recovery

In accordance with D.23-02-040, SCE proposes to allocate the costs associated with the Pier S and Overnight Storage Contracts to applicable customers, which includes bundled service customers and departing load customers with 2023 vintage cost responsibility, using the PABA in accordance with SCE’s Advice 5019-E. Pursuant to Advice 5019-E, costs and benefits associated with procurement complying with D.23-02-040

²³ “[Final Designation of Disadvantaged Communities Pursuant to Senate Bill 535](#),” May 2022.

²⁴ SCE AL 5431-E at 17.

²⁵ Hinkley, California has an overall percentile of 78 out of 100 (highest score) by the CalEnviroScreen tool. Retrieved on Jan 14, 2025, from: <https://oehha.ca.gov/calenviroscreen/report/calenviroscreen-40>

²⁶ Hexavalent chromium is a toxic form of chromium commonly found in industrial processes such as electroplating, welding, and pigment production. In Hinkley Valley, hexavalent chromium was used to prevent corrosion in industrial machinery during 1952-64. Retrieved from: <https://www.usgs.gov/centers/california-water-science-center/science/results-hexavalent-chromium-background-study>

²⁷ Includes bundled service customers and departing load customers with 2021 and/or 2023 vintage cost responsibility.

²⁸ Such costs include, but are not limited to, Independent Evaluator costs.

will be recovered from applicable customers through the 2023 vintage sub-account of the PABA and include incremental administrative costs, which include, but are not limited to, the IE costs.²⁹

b) Euismod Storage Contracts Cost Recovery

SCE intends to recover costs from the Euismod Contract through the 2021 vintage sub-account of the PABA.³⁰ This is consistent with meeting the requirement in the D.21-06-035 to acquire long duration energy storage.

c) Cost Recovery and Vintage Accounts

SCE is requesting that the Commission provide SCE the authority to shift the cost recovery for the MTR Contracts between the 2021 vintage sub-account of the PABA and the 2023 vintage sub-account of the PABA based on what MTR compliance tranche the contracts are actually counting toward. SCE explains that contracted projects to meet its MTR compliance requirements may be delayed or terminated, SCE may be required to shift which MTR compliance tranche certain projects count toward. This may include moving MTR projects originally contracted to meet the MTR procurement requirements in D.21-06-035 (with cost recovery through the 2021 vintage sub-account of the PABA) to count towards the MTR procurement requirements in D.23-03-040 (with cost recovery through the 2023 vintage sub-account of the PABA) and vice versa.

Staff find that the cost associated with the MTR Contracts are PCIA-eligible with an assigned vintage of 2021 for purposes of D.21-06-035 procurement requirements and vintage of 2023 for purposes of D.23-02-040 procurement requirements for the duration of their term.

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.

²⁹ SCE AL 5431-E at 22.

³⁰ SCE AL 5431-E at 22.

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. D.21-06-035 directed LSEs to procure 11,500 MW of incremental September NQC 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. D.21-06-035 ordered the three large IOUs to file Tier 3 ALs to request cost recovery for any procurement conducted because of that decision, except if the procurement is associated with a pumped storage resource or a utility-owned resource, for which full applications are required.
3. D.23-02-040 directed LSEs to procure an additional combined total of 4,000 MW of September NQC from non-emitting, storage, and/or renewable resources in 2026 and 2027, with resources required to be online by June 1 of each year.
4. D.21-06-035 originally directed LSEs to procure 2,000 MW LLT resources (which includes long duration storage resources) by June 1, 2026. D.23-02-040 extended the LLT resource online deadline to June 1, 2028.
5. By AL 5431-E, filed on December 5, 2024, SCE has submitted for approval three MTR Contracts intended to partially meet SCE portion of the MTR requirements established by D.21-06-035 and D.23-02-040.
6. The AL 5431-E MTR contracts are for a total of 620 MW of in-front-of-the-meter energy storage nameplate capacity.
7. The Pier S and Overnight Storage MTR Contracts for 70 and 150 MW of nameplate capacity, 4-hour duration energy storage, and 15-year term are expected to come online June 1, 2026 and April 1, 2027, respectively, are intended to help SCE meet its general MTR requirements.
8. The Euismod MTR Contract, for 400 MW of nameplate capacity, 8-hour duration energy storage, and 15-year term is expected to come online June 1, 2028, is intended to help SCE meet its LLT resource MTR requirement.

9. SCE's methodology used to evaluate the bids in its competitive solicitation that resulted in the selection of the MTR Contracts was reasonable.
10. The cost of the three MTR Contracts presented in SCE AL 5431-E are reasonable based on the robust competitive solicitation and bid evaluation methodology.
11. SCE's request to allocate the benefits and costs of the Pier S and Overnight storage MTR Contracts to all applicable customers using the 2021 or 2023 vintage PABA sub-account, including incremental administrative costs, is reasonable.
12. SCE's request to allocate the benefits and costs of the Eusimod MTR Contract to all applicable customers using the 2021 vintage PABA subaccount, including incremental administrative costs, is reasonable.
13. SCE's proposed cost recovery of the MTR Contracts is consistent with D.21-06-035, D.23-02-040 and Energy Division's approval of AL 4589-E and AL 5019-E.

THEREFORE, IT IS ORDERED THAT:

1. Southern California Edison's request in SCE AL 5431-E for approval of Pier S, Overnight, and Eusimod MTR Contracts and related costs for a total of 620 MW nameplate capacity, expected to come online June 1, 2026, April 1, 2027, and June 1, 2028, respectively, is approved.
2. Southern California Edison's request in SCE AL 5431-E, to allocate the benefits and costs of the Pier S and Overnight Storage MTR Contracts to all applicable customers via the 2021 or 2023 vintage sub-account of SCE's Portfolio Allocation Balancing Account, including incremental administrative costs, is approved.
3. Southern California Edison's request in SCE AL 5431-E, to allocate the benefits and costs of the Eusimod MTR Contract 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 February 20, 2025; the following Commissioners voting favorably thereon:

Rachel Peterson
Executive Director

APPENDIX A

SCE Mid-Term Reliability Contracts Filed to Date							
Advice Letter (AL) and Resolution	AL Approval Date	Seller, Project Name	Technology Type	Contract Type	Expected Delivery Period	Name Plate Capacity or Expected Generation	Contract ELCC Value for MTR Compliance
AL 4739-E, Resolution E-5205	May 19, 2022	AES Alamos BESS II	Energy Storage	RA w/Put	8/1/2023-7/31/2043	82 MW	79 MW
		Calpine Santa Ana III	Energy Storage	RA Only	8/1/2023-7/31/2038	40 MW	39 MW
		LS Power Gateway	Energy Storage	RA Only	8/1/2023-7/31/2038	75 MW	72 MW
		Tenaska/Facon Energy Condor	Energy Storage	RA Only	6/1/2024-5/31/2039	200 MW	181 MW
		Tenaska/Falcon Energy Peregrine	Energy Storage	RA Only	6/1/2024-5/31/2039	100 MW	91 MW
AL 4800-E, Resolution E-5225	August 25, 2022	NextEra Desert Peak Energy Storage II	Energy Storage	RA w/Put	8/1/2023-7/31/2038	75 MW	72 MW
AL 4850-E, Resolution E-5234	November 4, 2022	174 Power/ Total Energies Silver Peak Solar-Silver Peak II Project	Energy Storage	RA w/Put	8/1/2023-7/31/203	109 MW	105 MW
					6/1/2024-5/31/2034		99 MW

SCE Mid-Term Reliability Contracts Filed to Date							
Advice Letter (AL) and Resolution	AL Approval Date	Seller, Project Name	Technology Type	Contract Type	Expected Delivery Period	Name Plate Capacity or Expected Generation	Contract ELCC Value for MTR Compliance
		174 Power/ Total Energies Silver Peak Solar-Silver Peak III Project	Energy Storage	RA Only	8/1/2023-7/31/2033	110 MW	106 MW
					6/1/2024-5/31/2034		100 MW
		174 Power/ Total Energies Silver Peak Solar, LLC - Silver Peak PV Project	Solar PV	Entire Output	6/1/2024-5/31/2034	7 MW	N/A
		AES McFarland Solar A, LLC - McFarland Solar A Project	Energy Storage	RA Only	6/1/2024-5/31/2038	100 MW	91 MW
		Hecate Grid Humidor Storage 115 LLC	Energy Storage	RA Only	6/1/2024-5/31/2039	115 MW	104 MW
AL 4885-E, Resolution E-	December 9, 2022	Calpine Nova I	Energy Storage	RA w/ Put	6/1/2024-5/31/2039	230 MW	208.6 MW

SCE Mid-Term Reliability Contracts Filed to Date							
Advice Letter (AL) and Resolution	AL Approval Date	Seller, Project Name	Technology Type	Contract Type	Expected Delivery Period	Name Plate Capacity or Expected Generation	Contract ELCC Value for MTR Compliance
5251		Calpine Nova II	Energy Storage	RA w/ Put	6/1/2024-5/31/2039	230 MW	208.6 MW
		Next Era Proxima RA Storage	Energy Storage	RA Only	6/1/2024-5/31/2039	90 MW	82 MW
		WPower Stanton	Energy Storage	RA Only	8/1/2023-7/30/203	69 MW	66 MW
AL 4920-E, Resolution E-5253	February 23, 2023	Clearway Arica	Energy Storage	RA Only	6/1/2024-5/31/203	15 MW	14 MW
		Clearway Rosamond	Energy Storage	RA Only	6/1/2024-5/31/203	147 MW	133 MW
		Gridstor Santa Fe Springs	Energy Storage	RA Only	6/1/2024-5/31/2039	90 MW	82 MW
		Gridstor Upland	Energy Storage	RA Only	6/1/2024-5/31/2039	120 MW	109 MW
		Tenaska/Falcon Energy Condor	Energy Storage	RA Only	6/1/2024-5/31/2039	200 MW	181.4 MW
		Tenaska/Falcon Energy Peregrine	Energy Storage	RA Only	6/1/2024-5/31/2039	100 MW	90.7 MW
AL 4990-E, Resolution E-5271	June 8, 2023	Leeward AVEP BESS, LLC	Energy Storage	RA w/ Put	6/1/2024-5/31/2039	126 MW	114 MW
		MN8 Energy	Energy Storage	RA Only	6/1/2024-5/31/2039	73.8 MW	67 MW

SCE Mid-Term Reliability Contracts Filed to Date							
Advice Letter (AL) and Resolution	AL Approval Date	Seller, Project Name	Technology Type	Contract Type	Expected Delivery Period	Name Plate Capacity or Expected Generation	Contract ELCC Value for MTR Compliance
		American Kings					
		AES McFarland Solar B	Energy Storage	RA Only	6/1/2024-5/31/2034	150 MW	136 MW
		AES Raceway	Energy Storage	RA Only	6/1/2024-5/31/2037	80 MW	73 MW
		Calpine Nova IV	Energy Storage	RA w/Put	9/1/2024-8/31/2039	110 MW	100 MW
		TerraGen Sanborn	Energy Storage	RA Only	8/1/2023-7/31/2038	85 MW	82 MW
AL 5127-E, Resolution E-5307	February 15, 2024	AES Alamitos 2 Amendment	Energy Storage	RA Only	6/1/2024-5/31/2044	82 MW	78.97 MW
		RWE Ventasso Contract	Energy Storage	RA Only	6/1/2024-5/31/2039	50 MW	45 MW
AL 5155-E, Resolution E-5309	March 21, 2024	AES McFarland Storage C	Energy Storage	RA w/ Financial Settlement	6/1/2025-5/31/2045	185 MW	139 MW
		ASHUSA Mordor ES1	Energy Storage	RA w/ Financial Settlement	4/1/2025-3/31/2040	25 MW	19 MW
		ASHUSA Mordor ES2	Energy Storage	RA w/ Financial Settlement	4/1/2025-3/31/2040	20 MW	15 MW
		TransGrid Atlas VII	Energy Storage	RA Only	6/1/2025-5/31/2040	300 MW	225 MW
		TransGrid Atlas VIII	Energy Storage	RA Only	6/1/2026-5/31/2046	382.4 MW	293 MW

SCE Mid-Term Reliability Contracts Filed to Date							
Advice Letter (AL) and Resolution	AL Approval Date	Seller, Project Name	Technology Type	Contract Type	Expected Delivery Period	Name Plate Capacity or Expected Generation	Contract ELCC Value for MTR Compliance
		TransGrid Atlas IX	Energy Storage	RA Only	6/1/2025-5/31/2040	150 MW	113 MW
		AES Bellefield 1	Energy Storage	RA Only	6/1/2026-5/31/204	500 MW	383 MW
AL 5207-E, Resolution E-5313	January 26, 2024	Fervo Energy, Cape Generating Station 3	Geothermal (Binary)	RA and RPS-Eligible Energy	1/1/2027-1/1/2042	70 MW	65.1 MW
		Fervo Energy, Cape Generating Station 4	Geothermal (Binary)	RA and RPS-Eligible Energy	06/01/2028 - 06/01/2043	250 MW	232.5 MW
		174 Power Global, Atlas Solar V	Solar PV	RPS-Eligible Energy	02/01/2026 - 02/01/2041	200 MW	
		174 Power Global, Atlas Solar VI	Solar PV	RPS-Eligible Energy	06/01/2026 - 06/01/2041	100 MW	
		174 Power Global, Atlas Solar X	Solar PV	RPS-Eligible Energy	06/01/2026 - 06/01/2041	225 MW	
AL 5257-E, Resolution E-5334	July 11, 2024	NextEra Energy Desert Peak Energy Silver State	Energy Storage	RA w/ Financial Settlement	6/1/2025-5/31/2040	200 MW	181 MW

SCE Mid-Term Reliability Contracts Filed to Date							
Advice Letter (AL) and Resolution	AL Approval Date	Seller, Project Name	Technology Type	Contract Type	Expected Delivery Period	Name Plate Capacity or Expected Generation	Contract ELCC Value for MTR Compliance
		South Storage					
AL 5397-E, Draft Resolution E- 5365	Pending	Upstream HC-1 LLC, Copia Power/Centennial Phase 1 Solar	Solar PV	RPS-Eligible Energy and Capacity	06/01/2026 - 06/01/2041	166.67 MW	N/A: Contribute energy towards DCR
		Upstream HC-1 LLC, Copia Power/Centennial Phase 2 Solar	Solar PV	RPS-Eligible Energy and Capacity	08/01/2026 - 08/01/2041	166.67 MW	N/A: Contribute energy towards DCR
		Upstream HC-1 LLC, Copia Power/Centennial Phase 3 Solar	Solar PV	RPS-Eligible Energy and Capacity	09/01/2026 - 09/01/2041	166.67 MW	N/A: Contribute energy towards DCR
		Upstream HC-1 LLC, Copia Power/Centennial Phase 1 BESS	Energy Storage	RA w/ Financial Settlement	06/01/2026 - 06/01/2041	89.12 MW	68.26 MW
		Upstream HC-1 LLC, Copia Power/Centennial	Energy Storage	RA w/ Financial Settlement	08/01/2026 - 08/01/2041	89.12 MW	68.26 MW

SCE Mid-Term Reliability Contracts Filed to Date							
Advice Letter (AL) and Resolution	AL Approval Date	Seller, Project Name	Technology Type	Contract Type	Expected Delivery Period	Name Plate Capacity or Expected Generation	Contract ELCC Value for MTR Compliance
		Phase 2 BESS					
		Upstream HC-1 LLC, Copia Power/Centennial Phase 3 BESS	Energy Storage	RA w/ Financial Settlement	09/01/2026 - 09/01/2041	89.12 MW	68.26 MW
AL 5371-E, Draft Resolution E- 5431	Pending	Pier S Energy Storage	Energy Storage	RA w/ Financial Settlement	6/1/2026 – 5/31/2042	70 MW	54 MW
		Overnight Storage	Energy Storage	RA w/ Financial Settlement	4/1/2027 – 3/31/2043	150 MW	111 MW
		Euismod	Energy Storage 8 -hour	RA w/ Financial Settlement	6/1/2028 – 5/31/2043	400 MW	360 MW
Total Capacity						7,055.57	5,405.65

(End of Appendix A)