PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

 **Agenda ID# 23262**

 **ENERGY DIVISION** **RESOLUTION E-5371**

 **February 20, 2025**

RESOLUTION

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.

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# 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** | **ExpectedDelivery 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

## 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]](#footnote-2). 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]](#footnote-3) Specifically, the decision requires that the “zero-emitting capacity” shall have the following characteristics:

1. 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]](#footnote-4)

As documented in Table 6 of the 2021 MTR Decision, of the 11,500 MW[[4]](#footnote-5) 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 2026[[5]](#footnote-6). 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 2028[[6]](#footnote-7)].

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 recovery for most of their MTR procurement capacity (with the exception of pumped storage or utility-owned resources) through Tier 3 ALs.[[7]](#footnote-8)

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]](#footnote-9)

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 |
| MWSeptember NQC | 8/1/2023 | 6/1/2024 | 6/1/2025 | 6/1/2026 | 6/1/2027 | LLT 6/1/2028 | Total | Min. zero- emitting capacity by2025 |
| 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’sAdjusted Share | 705 | 2,114 | 529 | 684 | 684 | 705 | 5,421 | 880 |

## 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 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]](#footnote-10)

The following Table 1 documents SCE’s Phase 2 MTR RFO schedule.[[10]](#footnote-11)

*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]](#footnote-12)

*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]](#footnote-13)

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.

## 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 energy infrastructure investor. The project has a Generator Interconnection Agreement and would connect to SCE’s distribution system.
2. O**vernight 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 |
| **Procurement** | 2023 MTR Tranche 4 | 2023 MTR Tranche 5 | 2021 MTR-Long Duration Storage |

## 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]](#footnote-14)

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 customers[[14]](#footnote-15) 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.

# 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.

### 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]](#footnote-16) 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]](#footnote-17)

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 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:

1. 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]](#footnote-18)

1. 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]](#footnote-19)

1. 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]](#footnote-20)

1. 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]](#footnote-21)

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.

### 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.

### 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]](#footnote-22) 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]](#footnote-23)

### 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
* 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]](#footnote-24)

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]](#footnote-25)

Staff notes that Overnight Storage is located in Hinkley, CA, which is recognized in CalEnviroScreen tool as being significantly burdened[[25]](#footnote-26) by environmental and socioeconomic factors due to the prevalence of hexavalent chromium in its groundwater.[[26]](#footnote-27)

### Cost Recovery

SCE proposes to allocate the costs associated with the MTR Contract to applicable customers,[[27]](#footnote-28) 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]](#footnote-29)

1. 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 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]](#footnote-30)

1. Euismod Storage Contracts Cost Recovery

SCE intends to recover costs from the Euismod Contract through the 2021 vintage sub-account of the PABA.[[30]](#footnote-31) This is consistent with meeting the requirement in the D.21-06-035 to acquire long duration energy storage.

1. 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.

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 Contacts 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 Euismod 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 Euismod 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 Alamitos 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  |
| 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-5251  |  December 9, 2022  | Calpine Nova I  | Energy Storage  | RA w/ Put  | 6/1/2024-5/31/2039 | 230 MW  | 208.6 MW  |
| 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, ResolutionE-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 American Kings  | Energy Storage  | RA Only  | 6/1/2024-5/31/2039  | 73.8 MW  | 67 MW  |
| 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  |
| 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 | Geotermal (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, ResolutionE-5334  | July 11, 2024  | NextEra Energy Desert Peak Energy Silver State South Storage | Energy Storage  | RA w/ Financial Settlement  | 6/1/2025-5/31/2040  | 200 MW  | 181 MW  |
| AL 5397-E, Draft ResolutionE- 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 Phase 2 BESS | Energy Storage | RA w/ Financial Settlement | 08/01/2026-08/01/2041 | 89.12 MW | 68.26 MW |
| 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 ResolutionE- 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 Storage8 -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)

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 [↑](#footnote-ref-2)
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. [↑](#footnote-ref-3)
3. OP 6 in [D.21-06-035](https://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M389/K603/389603637.PDF) at 96. [↑](#footnote-ref-4)
4. Requirement MW are September net qualifying capacity. [↑](#footnote-ref-5)
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. [↑](#footnote-ref-6)
6. OP 2 [in D.23-02-040](https://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M502/K956/502956567.PDF) at 87. [↑](#footnote-ref-7)
7. OP 13 in [D.21-06-035](https://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M389/K603/389603637.PDF) at 97. OP 13 in [D.21-06-035](https://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M389/K603/389603637.PDF) at 97. [↑](#footnote-ref-8)
8. OP 2 [in D.23-02-040](https://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M502/K956/502956567.PDF) at 87. [↑](#footnote-ref-9)
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. [↑](#footnote-ref-10)
10. SCE AL 5431-E at 8. [↑](#footnote-ref-11)
11. SCE AL 5431-E at 8-9. [↑](#footnote-ref-12)
12. SCE AL-5431 at 9. [↑](#footnote-ref-13)
13. SCE AL 5431-E at 25-26. [↑](#footnote-ref-14)
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.” [↑](#footnote-ref-15)
15. SCE AL 5432-E at 10. [↑](#footnote-ref-16)
16. SCE AL 5432-E at 17. [↑](#footnote-ref-17)
17. SCE AL 5431-E, Attachment D: Independent Evaluator Report - Public Version at 10-12. [↑](#footnote-ref-18)
18. SCE AL 5431-E, Attachment D: Independent Evaluator Report - Public Version at 11 and 24. [↑](#footnote-ref-19)
19. SCE AL 5431-E, Attachment D: Independent Evaluator Report - Public Version at 25. [↑](#footnote-ref-20)
20. SCE AL 5431-E, Attachment D: Independent Evaluator Report - Public Version at 40. [↑](#footnote-ref-21)
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. [↑](#footnote-ref-22)
22. *Id.* at 24-25, Section 4.01(d) of SCE’s Technology Neutral Pro Forma Contract. [↑](#footnote-ref-23)
23. “[Final Designation of Disadvantaged Communities Pursuant to Senate Bill 535](https://calepa.ca.gov/wp-content/uploads/sites/6/2022/05/Updated-Disadvantaged-Communities-Designation-DAC-May-2022-Eng.a.hp_-1.pdf),” May 2022. [↑](#footnote-ref-24)
24. SCE AL 5431-E at 17. [↑](#footnote-ref-25)
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> [↑](#footnote-ref-26)
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> [↑](#footnote-ref-27)
27. Includes bundled service customers and departing load customers with 2021 and/or 2023 vintage cost responsibility. [↑](#footnote-ref-28)
28. Such costs include, but are not limited to, Independent Evaluator costs. [↑](#footnote-ref-29)
29. SCE AL 5431-E at 22. [↑](#footnote-ref-30)
30. SCE AL 5431-E at 22. [↑](#footnote-ref-31)