

**PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA**

**ENERGY DIVISION**

**RESOLUTION E-5365**

**January 30, 2025**

**R E S O L U T I O N**

Resolution E-5365. Southern California Edison Company Mid-Term Reliability Contracts for Review and Approval Pursuant to Decisions (D.) 21-06-035 and D.23-02-040.

**PROPOSED OUTCOME:**

- Approves six Southern California Edison Company mid-term reliability contracts for 767.36 MW of nameplate capacity coming online between June 1 and September 1, 2026.

**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 5397-E, Filed on November 5, 2024.

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**SUMMARY**

This Resolution approves six Southern California Edison Company (SCE) Midterm Reliability (MTR) Contracts for a total of 767.36 MW of nameplate capacity. These contracts are for three paired (co-located) resources composed of three solar photovoltaic (PV) contracts and three battery energy storage system (BESS) contracts, procured as a result of Phases 2 and 3 of SCE’s Midterm Reliability Request for Offers (MTR RFO). These contracts represent all of the capacity and energy from one project: the Centennial Flats project, which will be brought online in three phases, beginning June 1, 2026 through September 1, 2026. This Resolution approves the requested relief in Advice Letter (AL) 5397-E.

The contracts for which SCE seeks approval in AL 5397-E are summarized in the table below:

<b>Seller, Parent Company/ Project Name</b>	<b>Resource Type</b>	<b>Contract Type</b>	<b>Nameplate Capacity (MW)</b>	<b>ELCC for MTR Compliance (MW)</b>	<b>Expected Generation (MWh/yr.)</b>	<b>Contract Term (yrs.)</b>	<b>Initial Delivery Date</b>
Upstream HC-1 LLC, Copia Power/Centennial Phase 1 Solar	Solar PV	RPS-Eligible Energy	166.67	N/A (Energy towards DCR)	513,888	15	06/01/2026
Upstream HC-1 LLC, Copia Power/Centennial Phase 2 Solar	Solar PV	RPS-Eligible Energy	166.67	N/A (Energy towards DCR)	514,370	15	08/01/2026
Upstream HC-1 LLC, Copia Power/Centennial Phase 3 Solar	Solar PV	RPS-Eligible Energy	166.67	N/A (Energy towards DCR)	509,252	15	09/01/2026
Upstream HC-1 LLC, Copia Power/Centennial Phase 1 BESS	Energy Storage	RA w/ Financial Settlement	89.12	68.26	N/A	15	06/01/2026
Upstream HC-1 LLC, Copia Power/Centennial Phase 2 BESS	Energy Storage	RA w/ Financial Settlement	89.12	68.26	N/A	15	08/01/2026
Upstream HC-1 LLC, Copia Power/Centennial Phase 3 BESS	Energy Storage	RA w/ Financial Settlement	89.12	68.26	N/A	15	09/01/2026

**BACKGROUND**

**A. Overview of the Integrated Resource Planning (IRP) Mid-Term Reliability Requirements**

On June 24, 2021, the Commission adopted Decision (D.) 21-06-035 requiring load serving entity (LSE) procurement to meet midterm reliability for the 2023 through 2026 compliance years. The Decision requires that LSEs procure, at a minimum, their share of 11,500 MW of additional September Net Qualifying Capacity (NQC). The Investor-Owned Utilities (IOUs) are authorized to seek approval and cost recovery for their MTR procurement

capacity via a Tier 3 AL, with the exception of pumped storage or utility-owned resources.<sup>1</sup> If an IOU procures resources that would count toward both their IRP and RPS procurement goals, the IOU may seek only one request for contract approval through a single Tier 3 advice letter.<sup>2</sup>

On February 23, 2023, the Commission adopted D.23-02-040 which requires supplemental MTR procurement of 4,000 MW of September NQC in addition to the 11,500 MW ordered in D.21-06-035: 2,000 MW by June 1, 2026, and 2,000 by June 1, 2027. 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 community choice aggregators (CCAs) and the extension of long-lead time (LLT) procurement timelines granted in D.23-02-040.

D.21-06-035 Ordered Procurement as Adjusted by D.23-02-040								
Sept. NQC (MW)	8/1/2023	6/1/2024	6/1/2025	6/1/2026	6/1/2027	LLT 6/1/2028	Total	Min. zero- emitting capacity by 2025
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	3,948	858
SCE’s Adjusted Share	705	2,114	529	684	684	705	5,421	880

On February 15, 2024, in response to parties’ Petitions for Modifications of D.23-02-040 and D.21-06-035, the Commission adopted D.24-02-047, which allows LSEs to request extensions of the required online date for their LLT procurement from June 1, 2028, to no later than June 1, 2031. In this decision the Commission also authorized the three IOUs “to conduct flexible procurement activities as market conditions dictate, including solicitations and bilateral negotiations, to meet the resource needs identified in their 2022 individual IRPs, 25 million metric ton (MMT) portfolios.”<sup>3</sup> On September 12, 2024, the Commission adopted D.24-09-006, allowing certain bridge resources to meet alternative compliance with the Diablo Canyon Replacement (DCR) requirement in D.21-06-035.

**B. Overview of the Renewable Portfolio Standard (RPS) Program Requirements**

The California RPS program was established by Senate Bill (SB) 1078, and has been subsequently modified by SB 107, SB 1036, SB 2 (1X), SB 350 and SB 100. The RPS program is codified in Public Utilities Code Sections 399.11-399.33.4. The CPUC’s RPS program requires each retail seller to procure eligible renewable energy resources so that the

<sup>1</sup> D.21-06-035 at Ordering Paragraph (OP) 13.

<sup>2</sup> D.21-06-035 at p.65.

<sup>3</sup> D.24-02-047 at p.44.

<sup>4</sup> Unless otherwise specified, further statutory references are to the Public Utilities Code.

amount of electricity generated from eligible renewable resources equals 60 percent of retail sales by December 31, 2030.<sup>5</sup>

### **C. Previously Approved MTR Procurement Contracts**

On July 30, 2021, SCE launched Phase 1 of its MTR RFO for incremental resources that could come online in the 2023 through 2024 timeframe.<sup>6</sup> On October 20, 2022, SCE launched its Phase 2 MTR RFO for incremental resources that can come online in the 2025 through 2026 timeframe, including LLT resources. On February 23, 2023, SCE launched Phase 3 of its MTR RFO for supplemental incremental resources to come online in 2026 and 2027, and for LLT resources. Earlier contracts yielded from these two RFOs have been approved for the 2025, 2026, 2027, DCR, and LLT MTR procurement requirements.<sup>7</sup>

A table summary of all MTR contracts filed and approved to date can be found in Appendix A.

### **NOTICE**

Southern California Edison Company states that a copy of Advice Letter 5397-E was mailed and distributed, in accordance with Section 4 of General Order 96-B, to R.20-05-003, R.24-01-017, and SCE's GO 96-B service lists.

### **PROTESTS**

SCE AL 5397-E was not protested.

### **DISCUSSION**

The Commission has reviewed SCE AL 5397-E and finds SCE's request for approval of the contracts presented to be reasonable, as discussed below.

#### **A. Approval Sought for Selected Contracts**

SCE's AL 5397-E seeks approval of the MTR Contracts procured as a result of Phases 2 and 3 of SCE's MTR RFO for meeting both MTR procurement requirements and RPS

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<sup>5</sup> D.11-12-020 established a methodology to calculate procurement requirement quantities for the three different compliance periods covered in SB 2 (1X) (2011-2013, 2014-2016, and 2017-2020). D.16-12-040 established additional procurement requirement quantities for the three compliance periods established by SB 350: 2021-2024, 2025-2027, 2028-2030.

<sup>6</sup> Phase 1 MTR contracts were approved in Resolutions E-5205, E-5225, E-5234, E-5251, E-5253, E-5271, E-5307, E-5316, and E-5334.

<sup>7</sup> Resolutions E-5309, E-5313, E-5333, E-5344.

compliance requirements. SCE states that the BESS MTR Contracts are expected to provide approximately 205 MW NQC of Effective Load Carrying Capacity (ELCC) toward SCE's MTR procurement requirements. The solar PV MTR Contracts, totaling approximately 500 MW nameplate capacity, are expected to provide storage-paired renewable energy to help meet SCE's DCR requirement. The solar PV MTR Contracts will also provide RPS-eligible energy that will contribute toward SCE's RPS procurement requirements, as well as IRP clean energy goals.

To evaluate these 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 net present value 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 launch of its Phase 3 MTR RFO.

### **B. Consistency With Commission MTR Decisions**

D.21-06-035, Ordering Paragraph (OP) 6 requires that zero-emitting capacity have the following characteristics:

- (a) Be from a generation resources, a generation resource paired with storage (physically or contractually), or a demand 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 Standard Time, at a minimum, and
- (c) Be able to deliver at least 5 MW-hours of energy during each of the daily periods for every megawatt of incremental capacity claimed.<sup>8</sup>

SCE's AL 5397-E appears consistent with the requirements of D.21-06-035 for Diablo Canyon Replacement. As SCE explains in AL 5397-E, the MTR contracts may be used to satisfy the DCR requirements in D.21-06-035 because SCE is able to pair the RPS projects with energy storage resources. SCE states that it will provide the engineering assessments for this contract in its IRP compliance filing.<sup>9</sup> The MTR contracts are for storage-paired

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<sup>8</sup> D.21-06-035, OP 6, p.96.

<sup>9</sup> SCE AL 5397-E at 22.

RPS-eligible energy and capacity that are expected to help SCE meet its DCR requirement of 880 MW.

The MTR contracts also meet the general capacity requirements of D.21-06-035 and D.23-02-040, which dictate that all imports used for compliance with these decisions must be associated with either a new resource, or an expansion of an existing resource, and that they are under a long-term contract of at least ten years. Final verification of specific resource eligibility for specific procurement categories will be conducted via the IRP compliance process.

### **C. Consistency with Requirements of SCE's 2023 RPS Plan**

Pursuant to statute, SCE's RPS Procurement Plan includes an assessment of RPS supply and demand to determine the optimal mix of renewable generation resources; description of existing RPS portfolio; description of potential RPS compliance delays; status update of projects within its RPS portfolio; an assessment of the project failure and delay risk within its RPS portfolio; and bid solicitation protocol setting forth the need for renewable generation of various operational characteristics.<sup>10</sup> California's RPS statute also requires that the Commission review the results of a renewable energy resource solicitation submitted for approval by a utility.<sup>11</sup> The Commission reviews the results to verify that the utility conducted its solicitation according to its Commission-approved procurement plan.

In SCE's 2023 RPS Plan, SCE showed a need for additional RPS-eligible energy in the Compliance Period 2025 through 2027 and beyond, and recognized that MTR procurement would be used to contribute to meeting that RPS procurement need.<sup>12</sup> Additionally, within its RPS Plan, SCE noted that it plans to procure long-term contracts to meet IRP targets as required under D.21-06-35 and D.23-02-040 to ensure compliance with its RPS obligations.<sup>13</sup>

Therefore, the procurement facilitated by the MTR contracts is consistent with SCE's renewable resource needs as identified in its 2023 RPS Plan.

### **D. Procurement Methodology, Evaluation, and Cost Reasonableness**

SCE launched Phase 2 of its MTR RFO on October 20, 2022, to solicit offers for incremental resources that can meet its MTR procurement requirements for the 2025 through 2026 timeframe. On February 23, 2023, SCE launched Phase 3 of its MTRRFO for supplemental incremental and LLT resources that can meet its MTR procurement requirements for the 2026 and 2027 timeframe.

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<sup>10</sup> PUC § 399.13(a)(5).

<sup>11</sup> PUC § 399.13(d).

<sup>12</sup> SCE 2023 Draft RPS Plan, at 3.

<sup>13</sup> SCE 2023 Draft RPS Plan, at 1.

In AL 5397-E, SCE articulates that its MTR RFO processes were consistent with its past RFOs and met all requirements of the MTR Decisions. Moreover, SCE states that the projects procured represent the best value portfolio to meet its MTR procurement requirements in the most efficient manner. In the Independent Evaluator (IE) Report attached to AL 5397-E, Sedway Consulting provides an evaluation of SCE's outreach efforts, LCBF methodology design, shortlist, and project negotiations. Sedway Consulting's opinion about these components of Phase 2 and Phase 3 of the MTR RFO concurred with SCE's conclusion. Sedway Consulting states that the selected contracts merit Commission approval as the economics and general terms and conditions represent LCBF projects for the Phase 2 and 3 MTR RFOs. Further, Sedway Consulting notes that its parallel evaluation yielded results that confirmed the appropriateness of the selection of these contracts.<sup>14</sup>

Staff have reviewed SCE's MTR RFO evaluation methodology and the IE Report. We agree with IE's findings that SCE selected the most appropriate offers on the table at the time of Phases 2 and 3 of its MTR RFO (See Confidential Appendix B).

#### **E. RPS Eligibility and CPUC Approval**

Pursuant to Section 399.13, the California Energy Commission (CEC) certifies eligible renewable energy resources. Generation from a resource that is not CEC-certified cannot be used to meet RPS requirements. To ensure that only CEC-certified energy is procured under a Commission-approved RPS contract, the Commission has required standard and non-modifiable "eligibility" language in all RPS contracts. That language requires a seller to warrant that the project qualifies and is certified by the CEC as an "eligible renewable energy resource," that the project's output delivered to the buyer qualifies under the requirements of the RPS, and that the seller uses commercially reasonable efforts to maintain eligibility should there be a change in law affecting eligibility.<sup>15</sup>

The Commission requires a standard and non-modifiable clause in all RPS-eligible contracts that requires CPUC approval to include an explicit finding that "any procurement pursuant to this Agreement is procurement from an eligible renewable energy resource for purposes of determining Buyer's compliance with any obligation that it may have to procure eligible renewable energy resources pursuant to the California Renewables Portfolio Standard (*Public Utilities Code Sections 399.11 et seq.*), D.11-12-020 and D.11-12-052, or other applicable law."<sup>16</sup>

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<sup>14</sup> SCE AL 5397-E at 83.

<sup>15</sup> See, e.g., D.08-04-009 at Appendix A, STC 6, Eligibility.

<sup>16</sup> See, e.g., D. 08-04-009 at Appendix A, STC 1, CPUC Approval.

Notwithstanding this language, given that the Commission has no jurisdiction to determine whether a project is an “eligible renewable energy resource” for RPS purposes, this finding and the effectiveness of the non-modifiable “eligibility” language is contingent on the CEC’s certification of each of the five projects as “eligible renewable energy resources.” The contract language that each project is procurement from an “eligible renewable energy resource” must be a true statement at the time of the first delivery of energy, not at the signing of the PPA or at the issuance of this Resolution.

While we include the required findings here, this finding has never been intended, and shall not be read now, to allow the generation from a non-RPS-eligible resource to count towards an RPS compliance obligation absent CEC certification. Nor shall such finding absolve the seller of its obligation to obtain CEC certification, or the utility of its obligation to pursue remedies for breach of contract. Such contract enforcement activities shall be reviewed pursuant to the Commission’s authority to review the utilities’ administration of such contracts.

#### **F. Consistency with Portfolio Content Categories Requirements**

In D.11-12-052, the Commission defined and implemented portfolio content categories (PCC) for the RPS program and required the investor-owned utilities to provide information to the Director of Energy Division regarding the proposed contract’s PCC classification in each advice letter seeking Commission approval of an RPS-eligible contract. The purpose of the information is to ensure the MTR contracts’ RPS eligibility and allow the Commission to evaluate the claimed portfolio content category of the proposed contracts and the risks and values to ratepayers if the proposed contracts ultimately result in renewable energy credits in another, less preferred, portfolio content category.

In SCE AL 5397-E, SCE states it expects that the energy and associated renewable energy credits (RECs) from the Centennial Solar MTR contracts to have their first point of interconnection within the CAISO balancing authority and expects that the bundled energy and RECs sold through the contracts will qualify as PCC 1 RECs. Furthermore, SCE states that the RECs associated with the electricity from the MTR contracts have not been unbundled or transferred to another owner and will be transferred to SCE pursuant to the terms of the contracts.<sup>17</sup>

Consistent with D.11-12-052, SCE provided information in AL 5397-E regarding the expected PCC classification of the renewable energy credits procured pursuant to the MTR contracts. However, the Commission makes no determination regarding the contracts’ PCC classification at this time. The RPS contract evaluation process is separate from the RPS compliance and portfolio content category classification process, which

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<sup>17</sup> SCE AL 5397-E at 25.



requires consideration of several factors based on various showings in a compliance filing. Thus, making a PCC classification determination in this Resolution regarding the procurement considered herein is not appropriate. SCE should incorporate the procurement resulting from the approved the MTR contracts and all applicable supporting documentation to demonstrate PCC classification in the appropriate compliance showings consistent with all applicable RPS program rules.

### **G. Consistency with Long-Term Contracting Requirement**

In D.12-06-038, the Commission established a long-term contracting requirement that must be met in order for retail sellers to count RPS procurement from contracts less than ten years in duration for compliance with the RPS program.<sup>18</sup> In D.17-06-026 the Commission implemented long-term contracting requirements established by SB 350.<sup>19</sup> D.17-06-026 also afforded retail sellers the option to elect early compliance with the long-term contracting requirements of SB 350,<sup>20</sup> which SCE elected to by letter to the Commission on August 28, 2017.

The SCE MTR contracts each have a 15-year term and are for procurement beginning in Compliance Period 2025 through 2027. Because each MTR contract in SCE AL 5397-E is greater than ten years in length, RPS-eligible procurement pursuant to the contracts will contribute to SCE's long-term contacting requirement established in D.17-06-26 beginning with the Compliance Period 2025 through 2027.

### **H. Disadvantaged Community Goals**

Senate Bill 350 (de León, Chapter 547, Stats. 2015) and SB 2 (1X) (Simitian, Stats. 2011, ch.1) contain disadvantaged community goals that are cross-cutting and therefore will be integrated into all policy areas. The Commission typically analyzes California project locations relative to such communities using the CalEnviroScreen tool.<sup>21</sup> However, on a federal scale, the Climate and Economic Justice Screening Tool (CEJST) can and has been used by Federal programs such as the Justice40 Initiative to identify disadvantaged

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<sup>18</sup> Per D.12-06-038, for the purposes of the long-term contracting requirement, contracts of less than 10 years duration are considered "short-term" contracts.

<sup>19</sup> PUC § 399.13: "Beginning January 1, 2021, at least 65 percent of the procurement a retail seller counts toward the renewables portfolio standard requirement of each compliance period shall be from its contracts of 10 years or more in duration...."

<sup>20</sup> D.16-06-026, OP 23 at p. 56.

<sup>21</sup> The California Environmental Protection Agency's Office of Environmental Health Hazard Assessment (OEHHA) created CalEnviroScreen through a public process in order to help the state identify disadvantaged communities, and the tool "uses environmental, health, and socioeconomic information to produce scores for every census tract in the state." (<https://oehha.ca.gov/calenviroscreen/>)

communities that are marginalized by underinvestment and overburdened by pollution.<sup>22</sup> The Centennial projects are not located in a DAC.

### **I. Independent Evaluator (IE) Review**

SCE retained Sedway Consulting as the IE for its MTR solicitation efforts, pursuant to D.04-12-048 and D.06-05-039. In compliance with these decisions, Sedway Consulting reviewed and evaluated the planning of the solicitation, participated in SCE's bidders conferences, reviewed evaluation methodologies and subsequent offers, assisted in shortlist development, was included in all written/verbal communication with offerors, and attended contract negotiations.

The IE determined that SCE's evaluation and selection process for Phase 2 and Phase 3 was rigorous, and that all technologies and types of bidders were treated fairly, employing a consistent methodology that recognized justifiable offer-specific differences (e.g., project development status) while simultaneously not favoring or disadvantaging any offer product, technology, or bidder.<sup>23</sup> Additionally, the IE noted that Sedway Consulting performed an entirely independent and parallel evaluation of all solicited resource types, using its own models to determine each offer's expected costs and benefits without any further input from SCE. This independent, parallel evaluation ensured that both evaluation teams were following consistent methodologies and thereby underscored the appropriateness of the mutual selection of the final executed contracts.<sup>24</sup>

Further, the IE concludes that the MTR contracts merit Commission approval as the economics and the general terms and conditions of the contracts represent least-cost/best-fit projects for the Phase 2/3 MTR RFOs.<sup>25</sup>

### **J. Procurement Review Group (PRG) Participation**

Established by the Commission in D.02-08-071, the PRG reviews and assesses the details of the utilities' overall procurement strategy, solicitations, specific proposed procurement contracts and other procurement processes prior to submitting filings to the Commission as a mechanism for procurement review by non-market participants.

SCE consulted with its PRG during each milestone of Phase 2 and Phase 3 of its MTR RFO, informing the participants of the initial bid results and the short list of bids. SCE informed the PRG of the initial results of its Phases 2 and 3 MTR RFO on March 3, 2023, and

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<sup>22</sup> The [Justice40 Initiative](#) was implemented by the Federal government and aims for 40 percent of the overall benefits of certain Federal climate, clean energy, affordable and sustainable housing, and other investments flow to disadvantaged communities.

<sup>23</sup> SCE AL 5397-E, IE Report at 13.

<sup>24</sup> SCE AL 5397-E, IE Report at 17.

<sup>25</sup> SCE AL 5397-E, IE Report at 39.

June 8, 2023, respectively. At each PRG, SCE explained the evaluation process and updated the PRG concerning the status of contract formation from its Phase 2 and Phase 3 MTR RFOs. Pursuant to D.02-08-071, SCE's Procurement Review Group participated in the review of the MTR contracts.

### **K. Compliance with the Interim Greenhouse Gas (GHG) Emissions Performance Standard**

SB 1368 requires that the Commission consider emissions costs associated with new long-term (five years or greater) baseload power contracts procured on behalf of California ratepayers.<sup>26</sup> D.07-01-039 adopted an interim Emissions Performance Standard (EPS) that establishes an emission rate for obligated facilities at levels no greater than the greenhouse gas emissions of a combined-cycle gas turbine power plant. Generating facilities using certain renewable resources are deemed compliant with the EPS.<sup>27</sup>

In AL 5397-E, SCE states that the MTR Contracts are exempted from or compliant with SB 1368 and D.07-01-039 requirements based on their underlying resources. The MTR contracts are for solar PV resources which are exempt from the EPS due to the underlying resources; moreover, because they provide electricity at an annualized plant capacity factor under 60%, they are not covered by EPS per Commission requirements.<sup>28</sup>

### **L. Cost Recovery**

In accordance with D.21-06-035, SCE proposes to allocate the costs associated with the solar PV MTR Contracts to applicable customers, which includes bundled service customers and departing load customers with 2021 vintage cost responsibility, using the Portfolio Allocation Balancing Account (PABA) in accordance with SCE's AL 4589 E. Pursuant to AL 4589-E, costs and benefits associated with procurement complying with D.21-06-035 will be recovered from applicable customers through the 2021 vintage sub-account of the PABA and include incremental administrative costs, which include, but are not limited to, the IE costs.

In accordance with D.23-02-040, SCE proposes to allocate the costs associated with the BESS MTR 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

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<sup>26</sup> "Baseload generation" is electricity generation at a power plant "designed and intended to provide electricity at an annualized plant capacity factor of at least 60%." PUC §8340(a).

<sup>27</sup> Attachment 7 of D.07-01-039, at 4.

<sup>28</sup> D.07-01-039 at pp. 2-3.

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.<sup>29</sup>

Additionally, in AL 5397-E, SCE requests the Commission provide authority to shift cost recovery for the MTR Contracts between 2021 and 2023 vintage sub-account of the PABA, depending on the tranche that a project is providing compliance for.

Staff find that the cost associated with the MTR Contracts are PCIA-eligible pursuant to D.21-06-035, D.23-02-040 and Energy Division's approval of AL 4589-E and AL 5019-E. Thus, any payments to be made by SCE pursuant to the MTR Contracts are recoverable by SCE through the PABA, subject to SCE's prudent administration of the MTR Contracts.

### **M. Confidential Information**

The Commission, through the implementation of Pub. Util. Code § 454.5(g), has determined in D.06-06-066, as modified by D.07-05-032 and D.21-11-029, that certain material submitted to the Commission as confidential should be kept confidential to ensure that market sensitive data does not influence the behavior of bidders in future RPS solicitations. D.06-06-066, as modified, adopted a time limit on the confidentiality of specific terms in RPS contracts. Such information, such as price, may be kept confidential until 30 days after the commercial operation date/energy delivery start date or eighteen months from the date of Commission approval, whichever comes first or one year after contract termination, except contracts between IOUs and their affiliates, which are public.

### **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 is neither waived nor reduced. Accordingly, this draft resolution was mailed to parties for comments on December 24<sup>th</sup>, 2024. SCE filed timely, non-substantial comments on January 13<sup>th</sup>, 2025. SCE expressed its support for the conclusions of the Draft Resolution and reiterated its request made in AL 5397-E regarding an additional cost recovery authority. Specifically, in the case of project delay or termination, SCE requests authority to shift the cost recovery

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<sup>29</sup> SCE AL 5397-E at 27

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 actually 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. The Commission reviewed SCE's comments and clarified the resolution to address SCE's request.

## **FINDINGS**

1. By AL 5397-E, filed on November 5, 2024, SCE has submitted for approval of six MTR Contracts that are intended to partially meet SCE's portion of CPUC IRP procurement orders established by D.21-06-035 and D.23-02-040 requirements.
2. The MTR contracts are for three paired (co-located) resources composed of three solar PV contracts and three BESS storage contracts.
3. The Solar PV MTR contracts total 500.01 MW of nameplate capacity.
4. The BESS MTR contracts total 267.348 MW of nameplate capacity.
5. The MTR Contracts are consistent with D.21-06-035, as modified by Ordering Paragraph 2 of D.23-02-040.
6. The Solar PV MTR contracts are consistent with SCE's 2023 Draft Renewable Portfolio Standard Procurement Plan.
7. SCE's methodology used to evaluate the bids in its competitive solicitation that resulted in the selection of the MTR Contracts was reasonable.
8. The MTR contracts costs are reasonable based on the robust competitive solicitation and bid evaluation methodology.
9. SCE's request to allocate the costs of the Solar PV MTR Contract to all applicable customers via the 2021 vintage sub-account PABA, including incremental administrative costs, is reasonable.
10. SCE's request to allocate the costs of the BESS MTR Contract to all applicable customers via the 2023 vintage sub-account PABA, including incremental administrative costs, is reasonable.
11. The cost associated with the MTR Contracts are PCIA-eligible pursuant to D.21-06-035, D.23-02-040 and Energy Division's approval of AL 4589-E and AL 5019-E.
12. Procurement pursuant to the PV Solar MTR contracts must be procurement from an eligible renewable energy resource certified by the California Energy Commission for

purposes of determining SCE's compliance with any obligation that it may have to procure eligible renewable energy resources pursuant to the California Renewables Portfolio Standard (Sections 399.11, et seq.), D. 11-12-020 and D.11-12-052.

13. The above finding has never been intended, and shall not be read now, to allow the generation from a non-Renewables Portfolio Standard-eligible resource to count towards a Renewables Portfolio Standard compliance obligation absent California Energy Commission certification. Nor shall such finding absolve the seller of its obligation to obtain California Energy Commission certification, or the utility of its obligation to pursue remedies for breach of contract.

**THEREFORE, IT IS ORDERED THAT:**

1. The request of Southern California Edison Company for approval of the MTR Contracts and associated costs, as requested in Advice Letter 5397-E, are approved.
2. Southern California Edison's request to allocate the costs of the Solar PV MTR Contracts to all applicable customers via the 2021 vintage sub-account of SCE's Portfolio Allocation Balancing Account, including incremental administrative costs, is approved.
3. Southern California Edison's request to allocate the costs of the BESS MTR Contracts to all applicable customers via the 2023 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 January 30, 2025; the following Commissioners voting favorably thereon:

/s/ RACHEL PETERSON

Rachel Peterson  
Executive Director

ALICE REYNOLDS  
President

DARCIE HOUCK  
JOHN REYNOLDS  
KAREN DOUGLAS  
MATTHEW BAKER  
Commissioners

# 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 Alamosa 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	8/1/2023-7/31/2033	109 MW	105 MW
					6/1/2024-5/31/2034		99 MW
		174 Power/ Total Energies	Energy Storage	RA Only	8/1/2023-7/31/2033	110 MW	106 MW
			6/1/2024-5/31/2034	100 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
		Silver Peak Solar-Silver Peak III Project					
		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

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
		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 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

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 5127-E, Resolution E-5307	February 15, 2024	AES Alamos 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	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

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 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 South Storage	Energy Storage	RA w/ Financial Settlement	6/1/2025-5/31/2040	200 MW	181 MW
AL 5397-E, Draft Resolution E- 5365	November 5, 2024	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

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
		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
<b>Total Capacity</b>						<b>6,435.57</b>	<b>4,880.65</b>