PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Agenda ID# 23537

ENERGY DIVISION **RESOLUTION E-5404**

June 26, 2025

R E D A C T E D
R E S O L U T I O N

Resolution E-5404. Southern California Edison requests approval of Mid-Term Reliability Resource Contract and Amendments.

PROPOSED OUTCOME:

- Approves one Southern California Edison Company mid-term reliability resource contract and two amendments to existing mid-term reliability resource contracts without modification.

SAFETY CONSIDERATIONS:

- The owners and sellers of the projects are responsible for the safe construction and operation of their facilities in compliance with all applicable laws, including safety regulations.
- The contracts include a requirement that the seller follow Prudent Electrical Practices, which are defined as those practices, methods and acts engaged in or approved by a significant portion of the electric power industry during the relevant time period, or any of the practices, methods and acts which, in exercise of reasonable judgment in light of the facts known at the time a decision is made, could have been expected to accomplish a desired result consistent with good business practices, reliability, and safety.

ESTIMATED COST:

- Contract costs are confidential at this time.

By Advice Letter 5517-E, Filed on April 7, 2025.

SUMMARY

This Resolution approves one mid-term reliability (MTR) battery energy storage system (BESS) contract and amendments to two existing MTR geothermal contracts previously executed as part of Phases 2 and 3 of Southern California Edison's (SCE) Mid-Term Reliability Request for Offers (MTRRFO). SCE contracted these resources to help meet its MTR requirements (full summary of contract terms found in Confidential Appendix A). The contract and amendments for which SCE seeks approval in Advice Letter (AL) 5517-E are summarized in the table below:

Seller/Parent Company	Resource Type	Contract Type	Nameplate Capacity/ Contract Value for MTR Compliance	Expected Generation (MWh/year)	Contract Term	Initial Delivery Date
Westminster Reliability Project, LLC / RWE Clean Energy, LLC	4-hour Lithium-ion BESS	Resource Adequacy – Only	110 MW; 81 MW Capacity Value for MTR Compliance	NA	15	10/01/2026
Cape Generating Station 3, LLC / Fervo Energy, LLC	Geothermal (Binary)	RPS-Eligible Energy and Capacity	62 MW; 58 MW Capacity Value for MTR Compliance	425,634	15, with 5-year extension option if mutually agreed	01/01/2027
Cape Generating Station 4, LLC / Fervo Energy, LLC	Geothermal (Binary)	RPS-Eligible Energy and Capacity	336 MW; 310 MW Capacity Value for MTR Compliance	2,306,399	15, with 5-year extension option if mutually agreed	06/01/2028

The Westminster BESS facility will be located in Westminster, California, while the Cape Station 3 and 4 generating facilities will be located in Milford, Utah. The Cape Station 3 and 4 contract amendments increase the combined capacity and generation of the original contracts, but the price and all other terms and conditions remain as approved by the CPUC in Resolution E-5313. The Cape Station 3 Amendment decreases the original contract capacity of the Cape Station 3 Contract by 8 MW (from 70 MW to 62 MW) and the Cape Station 4 Amendment increases the contract capacity of the Cape Station 4 Contract by 86 MW (from 250 to 336 MW). Together, the net increase to the original total contract capacity of the Cape Station 3 and 4 Contracts is 78 MW (from 320 MW to 398 MW).

BACKGROUND

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

Decision (D.) 21-06-035 requires load serving entities (LSEs) to procure at least their share of 11,500 MW of September net qualifying capacity (NQC), with at least 2,000 MW online by August 1, 2023; an additional 6,000 MW online by June 1, 2024; an additional 1,500 MW online by June 1, 2025; and an additional 2,000 MW of long lead time (LLT) resources online by June 1, 2026, for MTR purposes. Of the 11,500 MW NQC required, 2,000 MW must be from resources with LLT. At least 1,000 MW of this LLT requirement must be obtained from clean firm, zero-emitting resources, such as geothermal, and 1,000 MW of Long Duration Energy Storage (LDES). D.21-06-035 also requires at least 2,500 MW from firm zero-emitting generation paired with storage, or demand response resources by 2025 to replace Diablo Canyon Nuclear Power Plant (sometimes referred to as “Diablo Canyon Replacement (DCR) procurement”).

D.23-02-040, adopted on February 28, 2023 orders supplemental MTR procurement of 2,000 MW NQC for 2026 and 2,000 MW NQC for 2027, and revised the online date for LLT resources from June 1, 2026 to June 1, 2028. With the mutually agreed-upon reallocations and the additional MTR procurement ordered in D.23-02-040, SCE’s annual share of the MTR procurement requirements are as follows:[1]

[1] SCE AL 5517-E, IE Report at 2.

Table 1: SCE Annual MTR Procurement Requirements (MW)							
	2023	**2024**	**2025**	**2026**	**2027**	**2028**	**Total**
MTR Capacity	705	2,114	529	684	684		3,836
DCR capacity and Energy	880 total						880
Long-Duration Storage (8+ hours)						353	353
Firm Zero-Emitting Generation Paired with Storage, or Demand Response Resources						352	352
Total Need	**705**	**2,114**	**529**	**684**	**684**	**705**	**5,420**

On February 15, 2024, the CPUC adopted D.24-02-047, modifying the procurement deadlines outlined in the two MTR Decisions. Specifically, D.24-02-047 allows for an extension of the D.23-02-040 2028 deadline to procure LLT resources, when certain conditions are met by an LSE.[2] Under this decision, load-serving entities (LSEs) that require an extension to bring online the required LLT resources beyond the June, 2028 deadline must procure generic capacity to cover the shortfall, and still bring online LLT resources by no later than June 1, 2031.

On September 12, 2024, the Commission adopted D.24-09-006, which allowed certain bridge resources for alternative compliance with the 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.[3] The RPS program is codified in Public Utilities Code Sections 399.11-399.33.[4]

[2] See D.24-02-047, at OP 16.

[3] SB 1078 (Sher, Chapter 516, Statutes of 2002); SB 107 (Simitian, Chapter 464, Statutes of 2006); SB 1036 (Perata, Chapter 685, Statutes of 2007); SB 2 (1X) (Simitian, Chapter 1, Statutes of 2011, First Extraordinary Session); SB 350 (de León, Chapter 547, Statutes of 2015); SB 100 (de Leon, Chapter 312, Statutes of 2018).

[4] All further statutory references are to the Public Utilities Code unless otherwise specified.

The RPS program administered by the CPUC requires each retail seller to procure eligible renewable energy resources so that the amount of electricity generated from eligible renewable resources equals 60 percent of retail sales by December 31, 2030.[5] Additional background information about the CPUC's RPS Program is available at http://www.cpuc.ca.gov/PUC/energy/Renewables/overview.htm.

C. Solicitations of the MTR Contracts

On July 30, 2021, SCE launched Phase 1 of its Mid-Term Reliability Request for Offers (MTRRFO) for incremental resources that could come online in the 2023-2024 timeframe. As a result of this MTRRFO, SCE submitted advice letters for the approval of these contracts, most of which have been approved by the Commission to date.[6]

On October 20, 2022, SCE launched Phase 2 of its MTRRFO for incremental resources that can come online in the 2025-2026 timeframe. Consistent with D.21-06-035, SCE's MTRRFO sought incremental zero-emitting resources or resources that otherwise meet RPS eligibility requirements that provide Resource Adequacy (RA) benefits or otherwise contribute to SCE's MTR procurement requirements.

On February 23, 2023, SCE launched Phase 3 of its MTRRFO for supplemental incremental and LLT resources to come online in 2026 and 2027, in accordance with D.21-06-035 and D.23-02-040. Much like Phase 2 of SCE's MTRRFO, Phase 3 solicited resources eligible to meet its DCR requirement, including RA-only and RA with Financial Settlement contracts for energy storage projects, and RPS-eligible contracts, including RPS contracts for firm zero-emitting resources.

NOTICE

Notice of AL 5517-E was made by publication in the Commission's Daily Calendar. Southern California Edison Company states that a copy of AL 5517-E was mailed and

[5] 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.

[6] See SCE AL 4739-E (approved by Resolution E-5205); SCE AL 4800-E (approved by Resolution E-5225); SCE AL 4850-E (approved by Resolution E-5234); SCE AL 4885-E (approved by Resolution E-5251); SCE AL 4920-E (approved by Resolution E-5253); SCE AL 4990-E (approved by Resolution E-5271); SCE AL 5127-E (approved by Resolution E-5307); SCE AL 5194-E (approved by Resolution E-5316); SCE AL 5257-E (approved by Resolution E-5334).

distributed to the R.20-05-003, R.24-01-017, and GO 96-B service lists in accordance with Section 4 of General Order 96-B.

PROTESTS

Advice Letter 5517-E was not protested.

DISCUSSION

The Commission has reviewed AL 5517-E and finds SCE's request for approval of the contract and amendments presented to be reasonable, as discussed below.

SCE requests in AL 5517-E that the Commission issue a resolution that:

1. Approves the Westminster Contract and the Cape Station 3 and 4 Amendments in their entirety;

2. Finds that the Westminster Contract and the Cape Station 3 and 4 Amendments are consistent with the relevant CPUC Decisions;

3. Finds that the Westminster Contract is for a total of approximately 81 MW Effective Load Carrying Capability (ELCC) of expected incremental September net qualifying capacity for purpose of Mid-Term Reliability compliance;

4. Finds that the Cape Station 3 and 4 Contracts, as amended by the Cape Station 3 and 4 Amendments (Cape Station 3 and 4 Amended Contracts), count for 58 MW and 310 MW, respectively, towards SCE's firm zero-emitting procurement requirement;

5. Finds that any procurement pursuant to the Cape Station 3 and 4 Amended Contracts is procurement from eligible renewable energy resources for purposes of determining SCE's compliance with any obligation that it may have to procure eligible renewable energy resources pursuant to the California Renewable Portfolio Standard (Public Utilities Code Section 399.11 et seq.) or other applicable law;

6. Finds that the Cape Station 3 and 4 Amendments are consistent with SCE's 2024 RPS Procurement Plan;

7. Finds that the Cape Station 3 and 4 Amended Contracts are deemed compliant with the EPS because the generating facilities are geothermal resources;

8. Finds that the deliveries from the Cape Station 3 and 4 Amended Contracts shall be categorized as procurement under the portfolio content category in Public Utilities Code Section 399.16(b)(1)(A) or Section 399.16(b)(1)(B), subject to the Commission's after-the-fact verification that all applicable criteria have been met;

9. Finds that the Westminster Contract and the Cape Station 3 and 4 Amended 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 Westminster Contract and the Cape Station 3 and 4 Amended Contracts are recoverable in full by SCE through the Portfolio Allocation Balancing Account (PABA), subject only to SCE's prudent administration of the Westminster Contract and the Cape Station 3 and 4 Amended Contracts;

10. Finds that all procurement and administrative costs, as provided by Public Utilities Code Section 399.13(g), associated with the Westminster Contract and the Cape Station 3 and 4 Amended Contracts shall be recoverable in rates;

11. Authorizes for SCE to allocate the benefits and costs of the Westminster Contract and the Cape Station 3 and 4 Amended Contracts to all applicable customers responsible for the 2021 subaccount of the PABA in the case of the Cape Station 3 and 4 Amended Contracts, and all customers responsible for the 2023 sub-account of the PABA in the case of the Westminster Contract;

12. Authorizes for SCE to shift the allocation of the benefits and costs of the Westminster Contract between the 2023 and 2021 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.

Energy Division evaluated the Westminster Contract and the Cape Station 3 and 4 Amendments[7] based on the following criteria:

- Consistency with D.21-06-035 and D.23-02-040;
- Consistency with SCE's 2024 Renewable Portfolio Standard Procurement Plan;
- Procurement Methodology, Evaluation, and Cost Reasonableness;
- Consistency with RPS standard terms and conditions (STC);
- RPS Eligibility and CPUC Approval;

[7] The Cape Station 3 and 4 amendments request approval to increase the original total contract capacity of the geothermal contracts previously approved by Resolution E-5313. Accordingly, this Resolution is focused on the reasonableness of SCE's request to increase the total capacity of the existing contracts, rather than the reasonableness of the unchanged components of the original contracts.

- Consistency with Portfolio Content Categories Requirements;
- Consistency with RPS standard terms and conditions (STC);
- Use of Independent Evaluator Review;
- Procurement Review Group Participation;
- Compliance with the Interim Greenhouse Gas Emissions Performance Standard; and
- Cost Recovery.

Consistency with D.21-06-035 and D.23-02-040

D.21-06-035 and D.23-02-040 require SCE to procure at least 5,420 MWs of incremental September marginal ELCC NQC. Of this total requirement, 352 MW must come from firm zero-emitting generation resources paired with storage or demand response resources. The Westminster contract is for a BESS resource adequacy-only resource set to begin deliveries on October 1, 2026 and will provide 81 MW ELCC toward SCE's procurement buffer to ensure that SCE meets its 5,420 MW MTR procurement requirement despite the risk of delay or termination for SCE's previously executed MTR contracts.

Consistent with D.21-06-035, the Cape Station 3 and 4 Amended Contracts are for new RPS-eligible geothermal resources that have forecasted capacity factors above 80 percent, and therefore may contribute toward SCE's firm zero-emitting requirement. Specifically, the Cape Station 3 and 4 Amended Contracts which increase the total original contract capacity of the geothermal contracts by 78 MW, may contribute 368 MW toward SCE's firm zero-emitting procurement requirement.

Given that the contracts are for new facilities with a 15 year delivery period, the Westminster contract and the Cape Station 3 and 4 Amended 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. However, this AL process cannot make a determination on consistency with IRP requirements on resource amounts, technology duration, and contract terms. Staff reiterate that eligibility and counting rules associated with IRP compliance will not be addressed as part of the disposition of this Advice Letter request, and that final verification of specific resource eligibility for specific procurement categories is done via the IRP compliance process.

Consistency with SCE's 2024 Renewable Portfolio Standard Procurement Plan

Pursuant to statute, SCE's RPS Procurement Plan (RPS 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.[8] California's RPS statute also requires that the Commission review the results of a renewable energy resource solicitation submitted for approval by a utility.[9] The Commission reviews the results to verify that the utility conducted its solicitation according to its
Commission-approved procurement plan.

D.24-12-035 accepted, with modifications, SCE's Draft 2024 RPS Procurement Plan.[10] In accordance with the decision, SCE submitted a final version of its 2024 RPS Procurement Plan on January 23, 2025. SCE's approved 2024 RPS Procurement Plan showed a need for additional RPS-eligible energy in RPS Compliance Period 2028-2030 and beyond and recognized that MTR procurement would contribute to meeting that RPS procurement need.[11]

Therefore, the roughly 672 GWh/year of additional RPS procurement added by the Cape Station 3 and 4 Amendments beginning in 2027 is consistent with SCE's renewable resource needs as identified in its 2024 Final RPS Plan.

Procurement Methodology, Evaluation, and Cost Reasonableness

SCE launched Phase 2 of its MTRRFO 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.

The Westminster contract and Cape Station 3 and 4 Amendments are the result of SCE's Phase 2 and 3 RFOs, respectively. In AL 5517-E, SCE asserts that its MTRRFO processes were consistent with its past RFOs and met all requirements of the MTR

[8] Pub. Util. Code § 399.13(a)(5).
[9] Pub. Util. Code § 399.13(d).
[10] *See* D.24-12-035 at OP 1.
[11] *See* SCE's 2024 RPS Procurement Plan at 8.

Decisions. To evaluate its 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. [12] 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 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 MTRRFO.

SCE asserts that based on its NPV analysis the Westminster project and amended Cape Station 3 and 4 projects procured represent the best value portfolio to meet its MTR procurement requirements in the most efficient manner.[13] The Westminster project was regarded for its lower price and longer term relative to other similar offers. The Cape Station 3 and 4 Amendments were valued for their ability to provide SCE the remaining capacity needed to meet its firm zero-emitting requirement before the 2028 deadline. In the Independent Evaluator (IE) Report attached to AL 5517-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 MTRRFO concurred with SCE's conclusion. Sedway Consulting states that the Westminster Contract merits Commission approval as it believes that the Westminster contract is well-priced and represents an appropriate addition to SCE's MTR portfolio.[14]

Staff have reviewed SCE's MTRRFO evaluation methodology and the IE Report. We agree with IE's findings that SCE's evaluation methodology was reasonable, that SCE selected the most appropriate offers available at the time of Phases 2 and 3 of its MTRRFO in accordance with the MTR Decisions, and furthermore that the Westminster Contract and Cape Station 3 and 4 Amendments are reasonably priced additions to

[12] In SCE AL 5517-E, SCE described the qualitative factors that were considered during their assessment of offers. The qualitative benefits include project viability, projects located in an area designated as a DAC, and project size.
[13] SCE AL 5517-E at 24.
[14] SCE AL 5517-E Attachment D, IE Report at 155.

SCE's portfolio based on their NPV ranking. See Appendix B for a confidential analysis summary.

Compliance with RPS Standard Terms and Conditions

The CPUC adopted a set of standard terms and conditions (STCs) required in RPS contracts, five of which are considered "non-modifiable." The STCs were compiled in D.08-04-009 and subsequently amended in D.08-08-028, D.10-03-021, as modified by D.11-01-025, and D.13-11-024.

The Cape Station 3 and 4 Amended Contracts include all CPUC-adopted RPS "non-modifiable" standard terms and conditions, as set forth in D.08-04-009, D.08-08-028, and D.10-03-021, as modified by D.11-01-025 and D.13-11-024.

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.

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."

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 the Cape Station 3 and 4 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.

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 value to ratepayers if the proposed contracts ultimately result in renewable energy credits in another, less preferred, portfolio content category.

In SCE AL 5517-E, SCE states it expects that the energy and associated renewable energy credits (RECs) from the additional procurement contracted in the Cape Station 3 and 4 Amendments would qualify as PCC 1 RECs for RPS compliance. The Cape Station 3 and 4 projects are contractually required to be dynamically scheduled at the CAISO Intermountain scheduling point. Furthermore, SCE states that the renewable energy credits (RECs) associated with the electricity from the Cape Station 3 and 4 Amended Contracts will not be unbundled or transferred to another owner and will be transferred to SCE pursuant to the terms of the contracts.

Consistent with D.11-12-052, SCE provided information in AL 5517-E regarding the expected PCC classification of the renewable energy credits procured pursuant to the Cape Station 3 and 4 Amended Contracts.

In this Resolution, the Commission makes no determination regarding the contracts' PCC classification. The RPS contract evaluation process is separate from the RPS compliance and portfolio content category classification process, which 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 Cape Station 3 and 4 Amended Contracts and all applicable supporting documentation to demonstrate PCC classification in the appropriate compliance showings consistent with all applicable RPS program rules.

Compliance with RPS Standard Terms and Conditions

The CPUC adopted a set of standard terms and conditions (STCs) required in RPS contracts, five of which are considered "non-modifiable." The STCs were compiled in D.08-04-009 and subsequently amended in D.08-08-028, D.10-03-021, as modified by D.11-01-025, and D.13-11-024.

The Cape Station 3 and 4 Amended Contracts include all CPUC-adopted RPS "non-modifiable" standard terms and conditions, as set forth in D.08-04-009, D.08-08-028, and D.10-03-021, as modified by D.11-01-025 and D.13-11-024.

Independent Evaluator (IE) Review

SCE retained Sedway Consulting as the IE for its MTRRFO Phases 2 and 3, 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.[15] 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 contract and amendments.[16]

[15] SCE AL 5517-E, IE Report at 12.
[16] SCE AL 5517-E, IE Report at 16.

Further, the IE provided their opinion that the Westminster Contract and Cape Station 3 and 4 Amendments merit Commission approval as the general terms and conditions of the contracts represent the most viable and immediate least-cost/best-fit solution to meeting SCE's MTR procurement requirements.[17]

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 RFOs on March 3, 2023, and 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. SCE also consulted with its PRG regarding the Cape Station 3 and 4 Amendments on September 5, 2024, and regarding the Westminster Contract on January 24, 2025.[18]

Pursuant to D.02-08-071, SCE's Procurement Review Group participated in the review of the Westminster Contract and Cape Station 3 and 4 Amendments.

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. [19] 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.[20]

In AL 5517-E, SCE asserts that the Westminster Contract and the Cape Station 3 and 4

[17] SCE AL 5517-E, IE Report at 24.
[18] SCE AL 5517-E, at 20.
[19] "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).
[20] Attachment 7 of D.07-01-039, at 4.

Amended Contracts are exempted or otherwise compliant with SB 1368 and D.07-01-039 requirements based on their underlying resources. The Westminster Contract is for a non-generation energy storage resource, meaning it is exempt from the EPS, and the Cape Station 3 and 4 Amended Contracts are geothermal resources, which are considered compliant with the EPS. [21]

Cost Recovery

In accordance with D.21-06-035, SCE proposes to allocate the costs associated with the Cape Station 3 and 4 Amended 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 Westminster Contract 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.[22]

Additionally, in AL 5517-E, SCE requests the Commission provide authority to shift cost recovery for the Westminster Contract 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 Westminster Contract and the Cape Station 3 and 4 Amended 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 Westminster Contract and the Cape Station 3 and 4 Amended Contracts, are recoverable by SCE through the PABA, subject to SCE's prudent administration of the Contracts.

[21] D.07-01-039 at Conclusion of Law 35.
[22] SCE AL 5517-E at 28.

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.

The confidential appendices marked "[REDACTED]" in the public copy of this resolution, as well as the confidential portions of the advice letter, should remain confidential at this time.

COMMENTS

This is an uncontested matter in which the resolution grants the relief requested. Accordingly, pursuant to PU Code 311(g)(2), the otherwise applicable 30-day period for public review and comment is being waived.

FINDINGS AND CONCLUSIONS

1. By AL 5517-E, filed on April 7, 2025, SCE has submitted for approval one battery energy storage contract (Westminster Contract) and amendments to two geothermal energy contracts (Cape Station 3 and 4 Amendments) 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 Westminster Contract totals 110 MW of nameplate capacity.

3. The Cape Station 3 and 4 Contracts, as amended by the Cape Station 3 and 4 Amendments (Cape Station 3 and 4 Amended Contracts), total 398 MW of nameplate capacity.

4. The Cape Station 3 and 4 Amended Contracts are consistent with SCE's 2024 Final Renewables Portfolio Standard Procurement Plan.

5. SCE's methodology used to evaluate the bids in the competitive solicitation that resulted in the Westminster Contract and Cape Station 3 and 4 Amendments presented in SCE AL 5517-E is reasonable.

6. The contract costs presented in SCE AL 5517-E are reasonable based on the robust competitive solicitation and bid evaluation methodology.

7. The Cape Station 3 and 4 Amended Contracts include all CPUC-adopted RPS "non-modifiable" standard terms and conditions, as set forth in D.08-04-009, D.08-08-028, and D.10-03-021, as modified by D.11-01-025 and D.13-11-024.

8. Procurement pursuant to the Cape Station 3 and 4 Amended 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.

9. 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.

10. Consistent with D.11-12-052, SCE provided information in AL 5517-E regarding the expected Portfolio Content Category classification of the RECs procured pursuant to the Cape Station 3 and 4 Amended Contracts.

11. The CPUC makes no determination regarding the proposed Contracts' Portfolio Content Classification because the RPS contract evaluation process is a separate process from the Portfolio Content Category classification review and determination.

12. Pursuant to D.02-08-071, SCE's Procurement Review Group participated in the review of the Westminster Contract and the Cape Station 3 and 4 Amendments.

13. The Cape Station 3 and 4 Amended Contracts are deemed compliant with the Emissions Performance Standard because the generating facilities are geothermal resources.

14. The Westminster Contract is exempt from the Emissions Performance Standard because storage facilities are not a form of covered procurement.

15. SCE's request to allocate the benefits and the costs of the Westminster Contract to all applicable customers using the 2021 or 2023 vintage Portfolio Allocation Balancing Account sub-account, including incremental administrative costs, is reasonable.

16. SCE's request to allocate the benefits and costs of the Cape Station 3 and 4 Amended Contracts, to all applicable customers using the 2021 vintage Portfolio Allocation Balancing Account subaccount, including incremental administrative costs, is reasonable.

17. SCE's proposed cost recovery of the Westminster Contract and the Cape Station 3 and 4 Amended Contracts is reasonable and consistent with D.21-06-035, D.32-02-040.

18. The confidential portions of Advice Letter 5517-E, should remain confidential at this time.

THEREFORE IT IS ORDERED THAT:

1. Southern California Edison's request in SCE AL 5517-E for approval of the Westminster Contract and Cape Station 3 and 4 Amendments and related costs, is approved.

2. Southern California Edison's request in SCE AL 5517-E, to allocate the benefits and costs of the Westminster Contract to all applicable customers using 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 5517-E, to allocate the benefits and costs of the Cape Station 3 and 4 Contracts, as amended by the Cape Station 3 and 4 Amendments, to all applicable customers using the 2021 vintage sub-account of SCE's Portfolio Allocation Balancing Account, including incremental administrative costs, is approved.

This Resolution is effective today.

The foregoing resolution was duly introduced, passed and adopted at a conference of the Public Utilities Commission of the State of California held on June 26, 2025; the following Commissioners voting favorably thereon:

Dated June 26, 2025, at Sacramento, California

Confidential Appendix A

Summary of Major Contract Terms

REDACTED

Confidential Appendix B

Summary of Evaluation and Cost Reasonableness

REDACTED