

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

ENERGY DIVISION

**Agenda ID# 23620
RESOLUTION E-5407
August 14, 2025**

R E S O L U T I O N

Resolution E-5407: Southern California Edison Company's Annual Report on the Renewable Charging Status, Grid Charging Fees, and Other Costs and Revenues for Co-Located Resources Pursuant to Resolution E-5101.

PROPOSED OUTCOME:

- Southern California Edison Company's Annual Report on the Renewable Charging Status, Grid Charging Fees, and Other Costs and Revenues for Co-Located Resources Pursuant to Resolution E-5101 is approved.
- The annual reporting requirement specified in Resolution E-5101 is rescinded.

SAFETY CONSIDERATIONS:

- There are no safety considerations associated with this resolution.

ESTIMATED COST:

- There are no costs associated with this resolution.

By Advice Letter 5471-E, filed on February 3, 2025

SUMMARY

This Resolution approves Southern California Edison's (SCE) SCE Annual Report on the Renewable Charging Status, Grid Charging Fees, and Other Costs and Revenues for Co-Located Resources, as required by Resolution E-5101. The Energy Division no longer requires the information provided in these reports as the concerns over possible grid charging fees associated with the contracts have not materialized. Therefore, future annual reports, pursuant to E-5101, are rescinded.

BACKGROUND

In Advice Letter (AL) 4218-E/E-A, SCE sought approval for 770 megawatts (MW) of nameplate capacity from seven resources, including five storage resources co-located at existing solar sites, to meet SCE's procurement obligations for incremental Resource Adequacy (RA) capacity pursuant to Decision (D.)19-11-016. The five storage co-located contracts (three tolling agreements and two RA with put options contracts) provided SCE the right (or option) to schedule the resource in CAISO markets. These contracts also included provisions for SCE to compensate the seller for the loss of the Investment Tax Credit (ITC) due to possible charging from the electric grid.

In Resolution E-5101 the Commission approved the seven contracts but expressed concern about the uncertainty of ITC and possible Grid Charging Fees associated with the five co-located resource contracts.¹ To address this concern Resolution E-5101 directed SCE to provide information on the renewable charging status, grid charging fees and other costs and revenues unique to the five co-located resources annually via a Tier 1 advice letter; which expires in 2028.²

On February 3, 2025, SCE filed AL 5471-E which included the annual report required by resolution E-5101.

NOTICE

Notice of AL 5471-E was made by publication in the Commission's Daily Calendar. SCE states that a copy of the AL was mailed and distributed in accordance with Section 4 of General Order 96-B.

PROTESTS

SCE AL 5471-E was not protested.

DISCUSSION

We have reviewed the annual report submitted in AL 5471-E and determine that it meets the compliance requirements directed by Resolution E-5101.

¹ Resolution E-5101 at 15.

² Resolution E-5101 at 15 and ordering paragraph 3.

The five co-located contracts approved in E-5101 include provisions specifying that if the project fails to receive the full ITC due to actions taken by SCE – such as charging from the grid instead of the co-located renewable resource – the seller will be made whole for the resulting loss of the ITC. In Resolution E-5101, the Commission noted that:

SCE was offered other contract forms with varying levels of renewable charging requirements but determined that the 100% renewable charging level mandated in the chosen contracts was the best option. The uncertainty of the ITC must be recognized. We do not question SCE's decision that the 100% renewable charging contract was the appropriate selection at this time, but we also recognize that changing conditions in the future could alter the path of price and energy use expectations.³

Further Resolution E-5101 concluded that:

[u]se of the Federal Investment Tax Credit allows for substantial potential cost savings. Given the current uncertain nature of renewable charging the Commission finds it reasonable to monitor the status of renewable charging through the use of a Tier 1 Advice Letter submitted annually by the IOU that has procured capacity from a hybrid resource dependent on the ITC.⁴

In 2020, co-located resources were a new development in the resource mix, and the impact of their operation on ITC eligibility was uncertain. Since August 2021, each of the five contracts has incurred only two Grid Charging Fees events, with an average cost of \$1.47 million per instance. This amount is not significant enough to affect the overall cost effectiveness of the contracts. Further, the passage of the Inflation Reduction Act in 2022 allowed stand-alone battery projects to qualify for the ITC, eliminating the need for pairing with renewable resources. The Commission finds that initial concerns regarding these contracts have not materialized, and current ITC rules support stand-alone battery storage. As a result, the annual reporting requirement is no longer necessary and is hereby discontinued.

³ Resolution E-5101 at 15.

⁴ Resolution E-5101 at 19-20.

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 was neither waived nor reduced. Accordingly, this draft resolution was mailed to parties for comments, and will be placed on the Commission's agenda no earlier than 30 days from today.

FINDINGS AND CONCLUSIONS

1. Resolution E-5101 required SCE to file a Tier 1 advice letter annually to advise the Commission of renewable charging status, grid charging fees and other costs and revenues unique to co-located resources.
2. On February 3, 2025, SCE filed AL 5471-E which included the annual report required by resolution E-5101.
3. SCE's AL5471-E meets the compliance requirements directed by Resolution E-5101.
4. Initial concerns regarding these co-located resource contracts have not materialized.
5. The annual reporting requirement directed by Resolution E-5101, is no longer necessary.

THEREFORE IT IS ORDERED THAT:

1. SCE is no longer required to file the annual report as previously required in Resolution E-5101.

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 August 14, 2025; the following Commissioners voting favorably thereon:

Commissioner Signature blocks to be added
upon adoption of the resolution

Dated August 14, 2025, at Sacramento, California.