

ALJ/DMG/rs6

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Decision 13-02-015 February 13, 2013

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking to Integrate
and Refine Procurement Policies and
Consider Long-Term Procurement Plans.

Rulemaking 12-03-014
(Filed March 22, 2012)

**DECISION AUTHORIZING LONG-TERM
PROCUREMENT FOR LOCAL CAPACITY REQUIREMENTS**

R.12-03-014 ALJ/DMG/rs6

In order to determine a reasonable level of demand response likely to be available by 2020 to reduce LCR needs, we take a conservative approach. We will assume a nominal level of 200 MW of dispatchable demand response resources that will be available in the LA Basin to reduce LCR needs by 2020. Since there appears to be at least 100 MW of demand response in the most effective locations now in the LA Basin (and 549 MW of total demand response resources now in that area), by 2020 it is likely that the actual amount available to reduce LCR needs in the LA Basin will be significantly higher – perhaps closer to DRA and CEJA’s estimates of around 1000 MW. As the Commission, the ISO and the industry work together over time to clarify the technical characteristics for the circumstances in which demand response resources should count for meeting local capacity requirements (such as local dispatchability), our confidence in the viability of these resources for such purposes should grow. In the future, it is likely that there will be more consensus about how to include demand response resources in LCR forecasts.

4.2.4.3. Distributed Generation

Under Governor Brown’s June 2010 Clean Energy Jobs Plan, approximately 6500 MW of new CHP would be added to the grid over the next 20 years with a plan to add 12,000 MW of distributed generation statewide by 2020. The Assembly Bill (AB) 32 Scoping Plan sets a goal of 4000 MW of new CHP by 2020.

The Commission’s commitment to expanded distributed generation is supported by a multitude of programs, including the California Solar Initiative, Net Energy Metering, Self-Generation Incentive Program (SGIP), the Renewable Auction Mechanism (RAM), Renewable Market Adjusting Tariff (Re-MAT), Combined Heat and Power tariffs, and the Utility Photovoltaic and

R.12-03-014 ALJ/DMG/rs6

Fuel Cell Programs. In 2013 the Commission will implement Senate Bill (SB) 1122 expanding offerings to bioenergy distributed generation projects. These programs commit IOU customers to substantial investment in distributed generation and promise to deliver thousands of megawatts.

The ISO scenarios assume between 271 MW and 1519 MW of distributed generation actually will be developed in the LA basin local area over the next 10 years, based on the standardized planning assumptions developed in R.10-05-006.¹⁵² Most of this appears to be rooftop solar and other small solar installations. ISO witness Millar testified that if distributed generation increased beyond what the ISO is forecasting, that generally would lower the local capacity need. However, the ISO does not recommend relying on the 1519 MW distributed generation forecast in the Environmentally Constrained scenario, but on a range from 271 MW to 687 MW embedded within the other three scenarios. This is because the ISO claims the distributed generation level in the Environmentally Constrained scenario may be an “admirable goal” but “it is not a capacity amount that can be depended on for ensuring reliability of the bulk power system.”¹⁵³

The ISO does not consider it reasonable or prudent to rely on incremental CHP programs beyond what has been considered in the 2009 CEC forecast due to uncertainty that exists with regard to future increases in CHP development. However, Millar also contends that CHP should not be excluded from meeting reliability needs if such facilities can meet ISO technical characteristics. Further,

¹⁵² DRA similarly estimates between 347 MW and 2468 MW of new CHP in SCE’s region by 2020.

¹⁵³ Exhibit ISO-2 (Sparks/Millar) at 6-7.

R.12-03-014 ALJ/DMG/rs6

Millar testified, in the context of state policy objectives supporting CHP: "We want to support [CHP] if there's some work we can do to help those programs or those resources meet these [reliability] needs providing they have the like characteristics."

As ISO witness Millar states, with regard to including energy efficiency in a demand forecast, "we would turn largely to the judgment of the CEC in developing their forecast."¹⁵⁴ We agree, and find that similar consideration should be given with regard to distributed generation forecasts by state agencies. We do not agree with the ISO's decision to unilaterally dismiss the CEC forecast of 1519 MW of distributed generation under the Environmentally Constrained scenario. This forecast has the same validity as CEC forecasts in the other three scenarios and should be considered as part of our analysis. However, we will adopt the ISO's recommendation to use the 339 MW projection of distributed generation, except for uncommitted CHP.

SCE witness Cushnie testified: "CHP has some of the same characteristics that conventional gas-fired resources would have, but they are not going to be as effective as (gas-fired resources) in meeting the need."¹⁵⁵ CEJA contends the ISO should have considered more CHP in its analysis, citing to the Governor's goals and a CARB 2008 Scoping Plan adopting a CHP goal of an additional 4000 MW of installed CHP capacity by 2020. Specifically, CEJA recommends inclusion of at least 285 MW of incremental CHP should be included in the ISO forecast for the LA basin local area, which is a proportion of 360 MW of incremental CHP for SCE's total territory (this amount is taken from the Scoping Memo in

¹⁵⁴ RT 492.

¹⁵⁵ RT 731.

R.12-03-014 ALJ/DMG/rs6

R.10-05-006.) CCC presents a report showing a medium projection of 621 MW of additional CHP by 2020.

We find that there is the potential for additional CHP to be realized over the ISO's Trajectory scenario. The exact amount that can be assumed is not clear from the record; however, it is reasonable to assume that some amount of uncommitted CHP will come to fruition in the LA basin local area before 2021. Thus, we find there will be more distributed generation than was included in the ISO Trajectory scenario. SCE's point that CHP may not be as effective as gas-fired generation in meeting LCR needs is important; it is necessary to model the impacts of increased CHP. This is what the ISO has done in the four scenarios it studied; Table 3 - 6 herein show that the ISO assumed between 271 MW (Base scenario) and 1519 MW (Environmentally Constrained scenario) of distributed generation. The ISO's recommended Trajectory scenario includes 339 MW of distributed generation.

As with uncommitted energy efficiency, we are convinced that the ISO should have included some projection of uncommitted CHP into its models. As with energy efficiency, a significant amount of what the CEC categorized in 2009 as uncommitted CHP is now more certain to exist. As discussed in Section 4.2.4.1 herein, we find that the ISO's Environmentally Constrained scenario sensitivity analysis includes a reasonable maximum level of uncommitted energy efficiency for the LA basin local area. This same forecast also includes the full amount of uncommitted CHP in the CEC forecast. The combination of uncommitted energy efficiency and uncommitted CHP led to a reduction in LCR needs of 828 MW in the one ISO scenario which modeled this modification. We will consider this level as part of our authorization of what level of LCR need SCE is authorized to seek.

R.12-03-014 ALJ/DMG/rs6

storage capacity in its territory (although largely outside of the LA Basin).¹⁶⁵ As a result, CEJA recommends a minimum procurement level of 48 MW of energy storage resources, based upon a storage assumption of 100 MW for the LA Basin, with the Western LA Basin as approximately 48% of the LA Basin.¹⁶⁶ As explained below, we will require that SCE procure at least 50 MW of energy storage resources for LCR purposes in the LA basin local area. We view this as a reasonable and modest level of targeted procurement of an emerging resources, and as an opportunity to assess the cost and performance of energy storage resources.

5. Minimum and Maximum Procurement Authorizations

As noted above, SCE recommends that we authorize a range of procurement from zero to 3871 MW. While SCE and many parties have significant concerns about the LCR procurement levels recommended by the ISO, SCE proposes the widest possible range of procurement flexibility. Other parties find fault in SCE's expansive proposal. CEJA, for example, recommends that SCE's proposal be rejected as "a bad idea to take an economically risky (and environmentally harmful) scenario, and simply shift the burden of this risk to ratepayers."¹⁶⁷

To address this concern, TURN recommends both a minimum and maximum procurement authorization level, partially to "provide purchaser flexibility when negotiating with bidders."¹⁶⁸ SCE contends that a minimum

¹⁶⁵ CEJA Opening Brief, pp. 55-56.

¹⁶⁶ CEJA Reply Brief, p. 2.

¹⁶⁷ Exhibit CEJA-5 (May) at 2.

¹⁶⁸ Exhibit TURN-1 (Woodruff) at 22.

R.12-03-014 ALJ/DMG/rs6

LCR procurement target is not useful as the specific proposals and options available to meet the LCR need are not known at this time; instead SCE would have the Commission finalize appropriate LCR levels in SCE's future application for approval of proposed LCR projects.¹⁶⁹

We agree with SCE that not all information is known. We can and will further refine LCR authorization requirements in future long-term procurement planning proceedings. However, we take seriously the ISO's concern (seconded by SCE and others) that there are some procurement opportunities associated with gas-fired power plants which may be lost if there is a delay in moving forward, due to a likely seven to nine year lead time. We do not agree with DRA that "there is zero reliability risk of waiting to procure additional fossil resources" for 2021.¹⁷⁰ Gas-fired resources are appropriate resources to procure for their technical reliability characteristics and for cost considerations; however, we discuss below that procurement should be consistent with the Loading Order to the extent possible.

We will set a minimum LCR procurement level. There is some uncertainty about what how much uncommitted energy efficiency will be available to reduce demand by 2021, and how much uncommitted CHP will be available to fill LCR needs. However the forecast of zero for these resources included in the ISO Trajectory scenario is not reasonable. Therefore, the LCR need is less than the ISO forecasts in its Trajectory scenario. At the same time, the record establishes that there is a significant need for LCR resources to replace retiring OTC plants

¹⁶⁹ Exhibit SCE-2 (Cushnie) at 7.

¹⁷⁰ RT 912.

R.12-03-014 ALJ/DMG/rs6

by 2021 under every ISO scenario and sensitivity analysis. It is reasonable to require a minimum procurement level to ensure reliability.

TURN recommends a “circuit breaker” mechanism if the Commission allows procurement of a lower amount of capacity than the ISO recommends (which is the maximum level SCE recommends.) The “circuit breaker” would occur “if the prices of one or more bids greatly exceed a reasonable cost.”¹⁷¹ SCE argues this proposal is not needed if the Commission does not adopt a minimum LCR procurement target.¹⁷² However, we do adopt a minimum LCR procurement level. While we are cognizant of the potential for bids with excessive cost, already existing mechanisms such as cost-of-service contracts and reliance upon requests for offers provide some ratepayer protection. Further, the Commission-established Procurement Review Groups, Independent Evaluators and Energy Division staff review also provide important and substantive ratepayer protections.

Adjustments to the ISO forecasts to include the maximum reasonable level of uncommitted energy efficiency and CHP, lead to the ISO’s Environmentally Constrained scenario sensitivity analysis. As shown in Table 2, this analysis leads to a forecast of 1042 MW of LCR need for effective sites. However, this scenario is a derivative of the Environmentally Constrained scenario. The difference between the Trajectory scenario and the Environmentally Constrained scenario is that the latter included 1519 MW of supply-side distributed generation,¹⁷³ as compared to 339 MW in the Trajectory scenario. There is no

¹⁷¹ Exhibit TURN-1 (Woodruff) at 22.

¹⁷² Exhibit SCE-2 (Cushnie) at 9-10.

¹⁷³ Some distributed generation is embedded in the CEC’s demand forecast.

R.12-03-014 ALJ/DMG/rs6

credible evidence in the record that there will be 1519 MW of supply-side distributed generation in the LA Basin by 2020.

We agree with the ISO, SCE and others that the Trajectory scenario is appropriate for determining LCR needs. However, we have determined herein that it is appropriate to reduce the ISO forecasts to account for the likelihood that 828 MW of uncommitted energy efficiency and CHP will exist, and that at least 200 MW of locally-dispatchable demand response will exist.

The ISO did not provide a sensitivity analysis for the Trajectory scenario. It is possible to roughly calculate the impact of including more energy efficiency, CHP and demand response resources into the Trajectory scenario. The sole difference between the ISO Environmentally Constrained scenario and the sensitivity study for this scenario is the inclusion of uncommitted energy efficiency and CHP. The ISO shows that these resources would decrease LCR needs by 828 MW. It is reasonable to assume that modeling uncommitted energy efficiency and CHP into the Trajectory scenario would result in at least this much reduction in LCR needs (given that the Trajectory scenario starts with a higher LCR need). We will assume that inclusion of 100% of uncommitted energy efficiency and 100% of uncommitted CHP will reduce the LCR need in the Trajectory scenario by 800 MW (with rounding). In addition, we have determined that we will assume a conservative projection of 200 MW of locally dispatchable demand response resources.

In sum, the Trajectory scenario LCR forecast should be reduced by a maximum of 1000 MW to account for undercounted resource availability. We therefore adopt a minimum LCR need of 1400 MW for the West LA sub-area of the LA basin local area.

R.12-03-014 ALJ/DMG/rs6

We have stated herein that potential demand response and energy storage resources are likely to be able to reduce LCR needs in the future. A way of looking at this is that even if some uncommitted energy efficiency and/or CHP resources included in the ISO forecast do not ultimately appear, there is a reasonable likelihood that other resources including locally-dispatchable demand response (beyond our conservative forecast of 200 MW) and/or energy storage resources will appear which can similarly fill or reduce LCR needs. Alternatively, there may also be transmission-related improvements which can decrease LCR needs. These additional potential resources strengthen our determination that far lower levels of new generation procurement are needed to satisfy LCR needs in the LA basin local area than recommended by the ISO in the Trajectory scenario.

We will also set a maximum procurement level. SCE's proposal for a maximum procurement level is based on the highest ISO forecast level, given less efficient locations.¹⁷⁴ Our analysis of the demand forecast used by the ISO convinces us that the ISO's recommendations for procurement of LCR needs in the LA basin local area are too high. Further, we are convinced that inevitably changing circumstances over the next several years must be taken into consideration. By adopting a lower maximum procurement level than the ISO recommends, the maximum levels are unlikely to turn out to be too high. If our adopted maximum procurement level is too low, there will be timely

¹⁷⁴ SCE's method for recommending maximum LCR levels appears to be slightly different than the ISO's method for calculating the upper bound for LCR needs in each scenario. The ISO considered the least effective OTC sites in each local area, while SCE used less effective locations in each local area.

R.12-03-014 ALJ/DMG/rs6

opportunities to obtain additional resources in future long-term procurement planning proceedings.

For determining the maximum procurement level, we reiterate that this projection should include a reasonable amount of uncommitted energy efficiency and uncommitted CHP. Again, this projection should also include information regarding potential demand response and energy storage resources which can meet LCR needs. In addition, the location of energy efficiency and CHP installations in the LA Basin local area (unknown at this time) may not be as effective in reducing LCR needs than other resources, such as gas-fired generation located at current OTC sites.

As with our determination of a minimum procurement level, we will assume subtraction of 1000 MW of uncommitted energy efficiency, uncommitted CHP and demand response resources from the Trajectory scenario forecast. For the maximum procurement level, we will add back 400 MW to reflect possible effectiveness factors. Therefore, we adopt a maximum LCR need of 1800 MW for the West LA sub-area of the LA basin local area.

The ISO forecasts provide a range of LCR needs depending upon location of new capacity. The low end of the ISO forecasts assume the new capacity is located at the most effective current OTC sites, and the high end assumes less effective OTC sites. Our determination of the minimum procurement level implicitly assumes that new capacity will be sited at the most effective sites. However, this may not be the case. SCE shall use the most up-to-date effectiveness ratings in its solicitation process.

As discussed further below, we will revisit LCR needs in the next long-term procurement proceeding, expected to commence in 2014. It is possible that in the next long-term procurement proceeding there will be shown to be a

R.12-03-014 ALJ/DMG/rs6

need for more LCR procurement than the maximum procurement levels we establish today. We consider today's decision a measured first step in a longer process. If as much or more of the preferred resources we expect do materialize, there may be no need for further LCR procurement in this time period. If circumstances change, there may be a need for further procurement. We are confident that today's decision is the appropriate and considered step at this time.

6. Long-Term Local Capacity Requirements for Big Creek/Ventura Local Area

In the Big Creek/Ventura local area, the Ormond Beach and Mandalay power plants are OTC plants with four units that are scheduled to shut down per SWRCB regulations before 2021. In total, these units currently have approximately 2000 MW of capacity.

The ISO recommends LCR procurement of 430 MW in the Moorpark sub-area of the Big Creek/Ventura local area under all RPS scenarios, without a range for effectiveness of sites. This results from a need to mitigate reliability issues in the Moorpark sub-area of the Big Creek/Ventura local area, caused by a contingency of voltage collapse from a potential loss of area transmission lines.¹⁷⁵ The ISO analysis for the Big Creek/Ventura local area is consistent with the methodologies discussed above for studying long-term local capacity needs for the LA Basin local area.

SCE recommends deferring authorization for procuring additional local capacity in the Big Creek/Ventura local area until the next LTPP cycle (expected to commence in 2014). SCE contends that barriers to construction of new

¹⁷⁵ Exhibit ISO-1 (Sparks) at 13-14.

R.12-03-014 ALJ/DMG/rs6

12. The four RPS scenarios analyzed by the ISO do not include any uncommitted energy efficiency or uncommitted CHP resources analyzed by the CEC.

13. To the extent uncommitted energy efficiency and uncommitted CHP resources ultimately develop, they can be helpful in reducing overall net demand. However, these resources are not likely to be as effective in reducing LCR needs as repowered gas-fired resources at existing OTC locations. Reducing overall net demand reduces LCR needs.

14. A significant amount of what is categorized by the CEC as uncommitted energy efficiency is certain to occur because it is based on standards already adopted by the CPUC, the CEC and federal agencies.

15. In the ISO's Environmentally Constrained scenario sensitivity analysis, the impacts of uncommitted energy efficiency and uncommitted CHP significantly reduced LCR needs for the LA basin local reliability area compared to other ISO scenarios.

16. There will be more uncommitted energy efficiency available in the LA basin local reliability area than was included in the ISO Trajectory scenario. The ISO Environmentally Constrained scenario sensitivity analysis includes a reasonable level of uncommitted energy efficiency for the LA basin local reliability area.

17. There is at least 100 MW of demand response in the most effective locations now in the LA Basin (and 549 MW of total demand response resources now).

18. By 2020 it is likely that the actual amount of demand response resources available to reduce LCR needs in the LA Basin will be considerably more than 100 MW, and possibly closer to DRA and CEJA's estimates of around 1000 MW.

R.12-03-014 ALJ/DMG/rs6

19. There will be more uncommitted CHP available in the LA basin local reliability area than was included in the ISO Trajectory scenario.

20. The ISO's Trajectory scenario includes a reasonable minimum level of distributed generation for the LA basin local reliability area for the purposes of determining the LCR need in this proceeding, except that it does not include a sufficient estimate for uncommitted CHP.

21. The ISO's Environmentally Constrained scenario sensitivity analysis includes a reasonable maximum level of uncommitted CHP for the LA basin local reliability area for the purposes of determining the LCR need in this proceeding.

22. In R.10-12-007, the Commission is considering multiple energy storage options to determine the cost-effectiveness of these potential resources. At this time there is not sufficient information to determine how much viable energy storage facilities will emerge between now and 2021 that can be used for local reliability purposes.

23. It is premature to consider a modification to the ISO local reliability need forecast for energy storage for the LA basin local area at this time.

24. It is reasonable to expect that some unidentified amount of energy storage resources will be available in the future, and it is likely that some amount of energy storage resources will be available to meet future LCR needs. It is unclear whether the costs of energy storage resources will be reasonable.

25. It is likely that some LCR procurement opportunities would be lost if there is a delay in approving a procurement process for the LA basin local reliability area and the Big Creek/Ventura local reliability area, due to a seven to nine year lead time for conventional gas-fired resources.

R.12-03-014 ALJ/DMG/rs6

26. Gas-fired resources at the current OTC sites are certain to meet the ISO's criteria for meeting LCR needs. Other resources can also meet or reduce LCR needs, but may not be effective in doing so.

27. There is a significant need for LCR resources to replace retiring OTC plants in the LA basin local area by 2021 under every ISO scenario, as well as under the Environmentally Constrained scenario sensitivity analysis.

28. Even if some uncommitted energy efficiency and/or uncommitted CHP resources included in the ISO Environmentally Constrained scenario sensitivity analysis do not ultimately appear, there is a reasonable likelihood that some demand response and/or energy storage resources and/or other distributed generation resources will be viable and able to similarly meet or reduce LCR needs.

29. The ISO's Environmentally Constrained scenario sensitivity analysis includes the highest reasonable levels of uncommitted energy efficiency and uncommitted CHP. This forecast shows an LCR need of 1042 MW for the LA basin local area for effective sites, which is 828 MW below the LCR need in the Environmentally Constrained scenario (everything else being equal).

30. It is necessary that a significant amount of this procurement level be met through conventional gas-fired resources in order to ensure LCR needs will be met.

31. In order to determine a minimum LCR procurement level for the LA basin local area with 100% of the CEC's forecast of uncommitted energy efficiency and uncommitted CHP, and 200 MW of demand response resources, it is reasonable to subtract the effects of these resources from the ISO's Trajectory scenario. Thus (with rounding), the ISO's projected need of 2400 MW in the Trajectory scenario would be reduced by 800 MW to account for 100% of

R.12-03-014 ALJ/DMG/rs6

uncommitted energy efficiency and CHP, and by 200 MW to account for a conservative estimate of demand response resources. This leads to a minimum procurement level of 1400 MW.

32. A maximum LCR procurement level will protect ratepayers from excessive costs resulting from potential over-procurement.

33. In order to determine a maximum LCR procurement level for the LA basin local area it is reasonable to include an additional 400 MW authorization to reflect potential reduced effectiveness.

34. If SCE procures more than the minimum MW amount for the LA basin local area, it will be consistent with the Loading Order to require some additional capacity to come from non-fossil-fueled sources.

35. The ISO did not include any values for uncommitted energy efficiency and uncommitted CHP for the Big Creek/Ventura local area.

36. The ISO did not include any values for demand response or energy storage resources in the Big Creek/Ventura local area.

37. The ISO evaluated and found feasible a transmission alternative for the Moorpark sub-area of the Big Creek/Ventura local area.

38. The ISO has shown that there is a need for in-area generation with operational characteristics similar to retiring OTC plants in the Moorpark sub-area of the Big Creek/Ventura local area.

39. The most likely locations for to meet LCR needs in the Moorpark sub-area are the sites of the current OTC plants. The record shows that it may take seven years or more until operations commence in these locations.

40. The most likely size for at least one replacement plant in the Moorpark sub-area of the Big Creek/Ventura local area is 215 MW, as this is the size of two existing OTC units in that area.

R.12-03-014 ALJ/DMG/rs6

7. It is reasonable, as a conservative approach, to assume a nominal level of 200 MW of locally-dispatchable demand response resource will be available in the LA Basin to reduce LCR needs by 2020.

8. Adoption of an LCR need range which takes into account the potential differences in the effectiveness of different resources, 100% of uncommitted energy efficiency and uncommitted distributed generation resources, and allows for the potential of demand response resources and energy storage resources which may meet ISO technical criteria for meeting LCR needs, is consistent with the applicable statutory and regulatory requirements for procurement of preferred resources, including the Loading Order.

9. SCE should be required to procure a minimum of 1400 MW and a maximum of 1800 MW in the West LA sub-area of the LA basin local reliability area. No more than 1200 MW should be from conventional gas-fired sources. At least 150 MW should be from preferred resources. Up to 600 MW of capacity may be from preferred resources or energy storage resources (in addition to resources already authorized or required to be obtained via Commission decisions in energy efficiency, demand response, RPS, energy storage and other relevant dockets), subject to the maximum procurement level.

10. SCE should be required to procure at least 50 MW of energy storage resources in the LA basin local area to meet LCR needs, subject to a showing that the costs of some or all of such procurement would not be reasonable.

11. SCE should be required to procure a minimum of 215 MW and a maximum of 290 MW in the Moorpark sub-area of the Big Creek/Ventura local reliability area.

12. SCE should be required to provide a procurement plan to Energy Division for compliance review of the requirements of this decision.

R.12-03-014 ALJ/DMG/rs6

20. If any extensions to the OTC closure deadlines occur, this can be taken into account in future procurement proceedings or in a review of a procurement application by SCE.

21. The cost allocation mechanism established in D.06-07-029 and refined in D.07-09-04, D.08-09-012 and D.11-05-005 remains reasonable for application in this proceeding without modification, and is fair and equitable as required by Section 365.1(c)(2)(A)-(B).

22. The appropriate procedural venue for SCE to seek any changes it considers appropriate due to debt equivalence related to contracts foreseen from today's decision is its next COC application.

23. The record is insufficient to resolve outstanding questions about a CAM opt-out at this time.

24. It is not within the scope of this proceeding to determine whether SSJID is a large municipalization for the purposes of the CAM.

25. The Motion of MSF should be denied because it seeks to modify a policy adopted by the Commission along with other state agencies, and may conflict with statute.

O R D E R

IT IS ORDERED that:

1. Southern California Edison Company shall procure between 1400 and 1800 Megawatts (MW) of electrical capacity in the West Los Angeles sub-area of the Los Angeles basin local reliability area to meet long-term local capacity requirements by 2021. Procurement must abide by the following guidelines:

R.12-03-014 ALJ/DMG/rs6

- a. At least 1000 MW, but no more than 1200 MW, of this capacity must be from conventional gas-fired resources, including combined heat and power resources;
- b. At least 50 MW of capacity must be procured from energy storage resources;
- c. At least 150 MW of capacity must be procured from preferred resources consistent with the Loading Order of the Energy Action Plan;
- d. Subject to the overall cap of 1800 MW, up to 600 MW of capacity, beyond the amounts specified required to be procured pursuant to subparagraphs (a), (b) and (c) above, may be procured through preferred resources consistent with the Loading Order of the Energy Action Plan (in addition to resources already required to be procured or obtain by the Commission through decisions in other relevant proceedings) and/or energy storage resources.

2. Southern California Edison Company shall procure between 215 and 290 Megawatts of electric capacity to meet local capacity requirements in the Moorpark sub-area of the Big Creek/Ventura local reliability area by 2021.

3. Southern California Edison Company (SCE) shall use existing Resource Adequacy (RA) program rules (as developed in Rulemaking 11-10-023 and successor proceedings) to assess the effectiveness of proposed generation solutions for meeting the local capacity requirements need established in this Order. SCE shall identify its assumptions on the effectiveness of any resource for which the RA program does not provide clear guidance.

4. Any Requests for Offers (RFO) issued by Southern California Edison Company pursuant to this Order shall include the following elements, in addition to any RFO requirements not delineated herein but specified by previous Commission procurement decisions (including Decision 07-12-052) and the authorization and requirements of this decision:

R.12-03-014 ALJ/DMG/rs6

11. Southern California Edison Company (SCE) shall file one Application for approval of any and all contracts entered into as a result of the procurement process authorized by this decision for the Los Angeles basin local reliability area, and one Application for these purposes for the Big Creek/Ventura local reliability area. An exception to the requirement of this paragraph is if SCE's procurement plan, as approved by Energy Division, provides for one separate and earlier Application to procure gas-fired generation for both local reliability areas. SCE shall not receive recovery in rates for the costs related to any such contract before Commission review and approval of these Applications. In addition to currently applicable rules, the Applications shall specify how the totality of the contracts meet the following criteria:

- a. Cost-effectiveness;
- b. Consistency with the Loading Order, including a demonstration that it has identified each preferred resource and assessed the availability, economics, viability and effectiveness of that supply in meeting the LCR need;
- c. Compliance with Ordering Paragraphs 1 and 2;
- d. For applicable bilateral contracts, compliance with Public Utilities Code Section 454.6; and
- e. A demonstration of technological neutrality, so that no resource was arbitrarily or unfairly prevented from bidding in SCE's solicitation process. To the extent that the availability, viability and effectiveness of resources higher in the Loading Order are comparable to fossil-fueled resources, SCE shall show that it has contracted with these preferred resources first.

12. In its application regarding the Los Angeles Basin local reliability area to implement this decision pursuant to Ordering Paragraph 11, Southern California Edison Company shall present contracts for at least 50 MW of energy storage resources (pursuant to Ordering Paragraph 1) to the Commission for approval,