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

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Application Of Southern California Edison  
Company (U 338-E) For Approval Of The  
Results Of Its Second Preferred Resources Pilot  
Request For Offers.

A1611002Application 16-11-XXX

**APPLICATION OF SOUTHERN CALIFORNIA EDISON COMPANY (U 338-E) FOR  
APPROVAL OF THE RESULTS OF ITS SECOND PREFERRED RESOURCES PILOT  
REQUEST FOR OFFERS**

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Dated: **November 4, 2016**

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

Application Of Southern California Edison  
Company (U 338-E) For Approval Of The  
Results Of Its Second Preferred Resources Pilot  
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Application 16-11-XXX

**APPLICATION OF SOUTHERN CALIFORNIA EDISON COMPANY (U 338-E) FOR  
APPROVAL OF THE RESULTS OF ITS SECOND PREFERRED RESOURCES PILOT  
REQUEST FOR OFFERS**

Pursuant to Rules 1 and 2 of the California Public Utilities Commission's (Commission or CPUC) Rules of Practice and Procedure, Sections 701 and 702 of the Public Utilities Code,<sup>1</sup> as well as D.13-02-015 (Track 1) and D.14-03-004 (Track 4) issued in the Rulemaking 12-03-014 -- the Long Term Procurement Plan (LTPP) proceeding -- Southern California Edison Company (SCE) submits this Application for Approval of the results of its Second Preferred Resources Pilot (PRP) Request for Offers (RFO) (Collectively PRP RFO 2) (Application). SCE's filing consists of this Application and concurrently served testimony in support of the Application and supporting Appendices to the Testimony (Exhibit SCE-1).<sup>2</sup>

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<sup>1</sup> Unless otherwise noted, all statutory section references are to the California Public Utilities Code.

<sup>2</sup> SCE is concurrently serving a confidential and public version of Exhibit SCE-1.

## I.

### INTRODUCTION

In this Application, SCE seeks approval of 19 Purchase and Sale Agreements (PSAs) for 125 Megawatts (MW) of preferred resources<sup>3</sup> that interconnect to the lower voltage level substations and circuits, electrically in-line with either the Johanna A-Bank substation or the Santiago A-Bank substation (J-S Region). SCE procured 60 MW of in-front of the meter (IFOM) energy storage (ES), 55 MW of Demand Response (DR) supported by ES and load reduction, and 10 MW of behind the meter (BTM) solar PV paired with ES (Hybrid).<sup>4</sup> These resources will support important endeavors informing the emerging, modernized grid, including (1) the Preferred Resource Pilot (PRP), (2) the Electric Program Investment Charge (EPIC) Investment Plan's Integrated Grid Project (IGP), and (3) at least two, and potentially three, proposed demonstration projects in SCE's Distribution Resources Plan (DRP), all of which are in furtherance of the State's important and ambitious energy and environmental policy goals. In addition to these primary purposes, the procurement may also offset 124.9 MW of SCE's current residual 169.4 MW Local Capacity Requirements (LCR) procurement requirement (which is contingent on the outcome of a pending California Independent System Operator (CAISO) analysis) with resources sited in the local J-S Region.

The backdrop for SCE's 2013 launch of the PRP in the J-S Region was the impending retirement of coastal Once-Through-Cooling (OTC) plants and the closure of San Onofre Nuclear Generating Station (SONGS). Combined, these resource retirements represent a total loss of approximately 7,000 MW of generation capacity from resources that have historically been deemed critical to system and local reliability. At the time, there was a concern about

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<sup>3</sup> Preferred Resources for purposes of this application include energy efficiency, demand response, renewable distributed generation and energy storage.

<sup>4</sup> SCE requests Commission approval to recover the costs of these PSAs in Generation rates through the Energy Resource Recovery Account (ERRA), distribution rates through the Base Revenue Requirement Balancing Account (BRRBA), or the Public Purpose Programs Charge (PPPC).

electric grid reliability in Southern California's Western Los Angeles (LA) Basin, which includes the J-S Region. In 2014, the CAISO released analysis showing that the Southwest sub area of the Western LA Basin, which includes the Johanna and Santiago A-bank substations, is the most effective area in which to site resources in the Western LA Basin to meet the area's long-term local capacity needs.

Irrespective of whether the retirement of the OTC plants and SONGS continues to present reliability issues, customer electricity demand in the J-S Region is growing. The load growth in the region presents an opportunity for SCE, through its PRP, to (1) demonstrate the ability to site locally preferred resources to offset the growing load in the J-S Region, driven by new commercial and residential developments and business expansion; (2) operationally integrate and manage distributed energy resources (DERs) as they potentially become more than 20% of the resources serving the J-S Region, and (3) enable customer choice in meeting their energy needs with cleaner preferred resources by providing sourcing avenues through alternative energy service markets.

SCE's principal purpose for launching the PRP RFO 2 was to support the PRP endeavor. An equally motivating objective was to procure preferred resources through the PRP RFO 2 to support other important State-led endeavors that focus on the emerging, modernized grid, including the EPIC Investment Plan's IGP and at least two DRP demonstration projects.

Perhaps most importantly, SCE's procurement of preferred resources for the J-S Region is reasonable and in the best interest of customers because it supports the State's important and ambitious environmental and energy policies, including those embodied in the Assembly Bill (AB) 32 and Senate Bill (SB) 32's Greenhouse Gas (GHG) Cap-and Trade Program, Renewables Portfolio Standard (RPS), SBs 327 and 350, and the Loading Order. As California moves toward a low-carbon future, the State is increasingly looking to electric utilities to procure cleaner sources of energy, or preferred resources, to meet energy and reliability needs. The preferred resources SCE procured for the J-S Region through the PRP RFO 2 will support the State's environmental and DER goals and provide valuable information for the future.

In addition to the primary purposes for the procurement described above, the PRP RFO 2 procurement may also contribute 124.9 MW of preferred resources,<sup>5</sup> sited in the effective area of the J-S Region, to help meet the remaining 550 MW preferred resource procurement requirement<sup>6</sup> established in the Long Term Procurement Plan (LTPP) Track 1 and 4 decisions. SCE currently has an obligation to procure 169.4 MW of preferred resources or energy storage.<sup>7</sup> The CAISO will release an updated analysis later this year or early next year indicating whether a need remains for long-term local capacity resources in the Western LA Basin. That analysis may conclude that the electric grid reliability issue has been resolved, assuming certain mitigation activities come to fruition.

In sum, the Commission should approve the PRP RFO 2 procurement and cost recovery because obtaining the understanding sought through the PRP, the EPIC Investment Plan IGP and DRP work, derived through a fairly conducted solicitation process, is unquestionably in the best interest of customers, as well as in furtherance of the state's important and ambitious energy and environmental policy goals. Moreover, the PRP RFO 2 procurement may offset a portion of the current outstanding LCR procurement requirement.

## II.

### **SUMMARY OF REQUEST**

In this Application, SCE seeks approval of 19 Purchase and Sale Agreements (PSAs) for 125 Megawatts (MW) of preferred resources<sup>8</sup> that interconnect to the lower voltage level

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<sup>5</sup> All of the resources procured in the PRP RFO 2 will contribute towards SCE's LCR Requirement, but, due to specific resource adequacy requirements for LCR procurement, only 124.9 MW of the installed capacity of 125 MW will offset SCE's current outstanding LCR requirement.

<sup>6</sup> D.14-03-004 at p. 100 (SCE "may also procure energy storage as part of [its] preferred resources requirement[] or all source authorization[] . . .").

<sup>7</sup> In addition to the resources procured in the PRP RFO 2, other procurement already undertaken by SCE will also count towards the outstanding LCR requirement of 169.4 MW. This procurement includes SCE's ES RFO, Aliso Canyon ES RFO and other Aliso Canyon related procurement.

<sup>8</sup> Preferred Resources for purposes of this application include energy efficiency, demand response, renewable distributed generation and energy storage.

substations and circuits, electrically in-line with either the Johanna A-Bank substation or the Santiago A-Bank substation. SCE procured 60 MW of IFOM ES, 55 MW of DR supported by ES and load reduction, and 10 MW of BTM hybrid solar PV paired with ES.

### **III.**

#### **ORGANIZATION OF SCE'S TESTIMONY**

Exhibit SCE-01, "Testimony of [SCE] In Support of Application for Approval of the Results of its [2016 PRP RFO 2]," is organized in a single volume with 9 chapters as follows:

Chapter 1	Introduction
Chapter 2	Circumstances Justifying the PRP RFO 2 Solicitation and Procurement for the J-S Region
Chapter 3	Solicitation Overview Process
Chapter 4	Summary of Participation
Chapter 5	Offer Valuation Methodology
Chapter 6	Shortlist and Waitlist
Chapter 7	Solicitation Results
Chapter 8	Consistency with Commission Decisions
Chapter 9	Cost Recovery and Revenue Allocation

Exhibit SCE-01 also includes the following Appendices to SCE's Testimony:

Public Appendix A	Witness Qualifications and Confidentiality Declarations
Confidential Appendix B	Purchase and Sale Agreements
Confidential Appendix C	Purchase and Sale Agreement Redlines From Pro Forma
Confidential / Public Appendix D	Independent Evaluator Report

#### IV.

### **STATUTORY AND PROCEDURAL REQUIREMENTS**

#### **A. Statutory and Other Authority**

SCE files this Application pursuant to the Commission's Rules of Practice and Procedure, Public Utilities Code sections 701 and 702, and D.13-02-015 (Track 1) and D.14-03-004 (Track 4) issued in the LTPP R.12-03-014. Specifically, SCE's Application complies with the Commission's Rules of Practice and Procedure 1.5 through 1.11 and 1.13, which specify the procedures for, among other things, filing documents. In addition, this Application complies with Rules 2.1 and 2.2. Rule 2.1 requires that all applications: (1) clearly and concisely state authority or relief sought; (2) cite the statutory or other authority under which that relief is sought; and (3) be verified by the applicant. SCE's Application sets forth the relief sought, the authority for such relief, and has been verified by an SCE officer as provided in Rules 1.11 and 2.1. Rule 2.1 sets forth further requirements that are addressed separately in the sections below.

#### **B. Legal Name, Principal Place of Business, and Correspondence or Communications**

The legal name of the applicant is Southern California Edison Company. SCE is a corporation organized and existing under the laws of the State of California, and is primarily engaged in the business of generating, purchasing, transmitting, distributing and selling electric energy for light, heat, and power in portions of central and southern California as a public utility subject to the jurisdiction of the Commission. SCE's properties, substantially all of which are located within the State of California, primarily consist of hydroelectric and thermal electric generating plants, together with transmission and distribution lines and other property necessary in connection with its business.

The location of SCE's principal place of business is 2244 Walnut Grove Avenue, Rosemead, California 91770, and its post office address and telephone number are:



Southern California Edison Company  
Post Office Box 800  
Rosemead, California 91770  
Telephone: (626) 302-1212

Rebecca Meiers-De Pastino is the attorney on this matter. Correspondence or communications regarding this Application should be addressed to:

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To request a copy of this Application, please contact:

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C. **Categorization, Hearings, Issues to be Considered and Proposed Schedule Pursuant to Rule 2.1(c)**

1. **Proposed Category**

SCE proposes that this proceeding be categorized as a “ratesetting” proceeding as defined in Rule 1.3(e) of the Commission’s Rules of Practice and Procedure and California Public Utilities Code Section § 1701.1(c)(3). In addition, Rule 7.1(e)(2) provides that if a proceeding does not clearly fit within one of the three established categories, the proceeding generally should be conducted under the rule for ratesetting proceedings.

SCE is not proposing specific rate increases at this time, but is seeking approval of all contracts entered into as a result of the PRP RFO 2, including cost recovery for those contracts. SCE proposes to include in its annual Energy Resource Recovery Account (“ERRA”) Forecast proceeding a forecast of the costs of the resources procured through the PRP RFO 2 to be included in rates for the following year. The costs of the PRP resources that will be included in rates will be trued-up to their actual recorded costs through balancing accounts.

**2. Need for Hearings**

SCE’s Application and supporting Testimony and appendices submitted herewith contain sufficient information and constitute a sufficient record for the Commission to rule on SCE’s Application without the need for evidentiary hearings. SCE believes that all interested parties can comment and express their views in writing through protests and comments.

**3. Proposed Schedule**

SCE proposes, and respectfully requests, the Commission adopt the following schedule for this proceeding. The dates in this schedule are keyed to the termination clauses contained in the PSAs, as well as the Commission’s Rules of Practice and Procedure and business meeting schedule.

Application Filed	Thursday, November 4, 2016
Daily Calendar Notice Appears	Friday, November 11, 2016
Protests and Responses Due	Monday, December 12, 2016
Reply to Protests and Responses Due	Thursday, December 22, 2016
Prehearing Conference	Friday, January 13, 2017
Evidentiary Hearings (if required)	Monday, April 3, 2017 - Friday, April 7, 2017
Concurrent Opening Briefing	Monday, May 8, 2017
Concurrent Reply Briefs	Monday, June 5, 2017

Proposed Decision Mailed	Monday, August 7, 2017
Comments on Proposed Decision Due	Monday, August 28, 2017
Reply Comments Due	Monday, September 4, 2017
Commission Issues Final Decision	Monday, October 2, 2017
Decision Distributed at Commission	Monday, October 16, 2017 <u>OR</u> Monday, October 30, 2017
Commission Vote	Thursday, October 26, 2017 <u>OR</u> Thursday, November 9, 2017

**4. Issues to be Considered**

The issues to be considered in connection with this Application are specified in SCE’s Testimony, the Summary of SCE’s Request in Section III above, and the Prayer for Relief set forth in Section VI below.

**D. Organization, Qualification to Transact Business and Articles of Incorporation Pursuant to Rule 2.2**

A copy of SCE’s Certificate of Restated Articles of Incorporation, effective on March 2, 2006, and presently in effect, certified by the California Secretary of State, was filed with the Commission on March 14, 2006, in connection with Application No. 06-03-020, and is incorporated herein by this reference pursuant to Rule 2.2 of the Commission’s Rules of Practice and Procedure.

A copy of SCE’s Certificate of Determination of Preferences of the Series D Preference Stock filed with the California Secretary of State on March 7, 2011, and presently in effect, certified by the California Secretary of State, was filed with the Commission on April 1, 2011, in connection with Application No. 11-04-001, and is by reference made a part hereof.

A copy of SCE’s Certificate of Determination of Preferences of the Series E Preference Stock filed with the California Secretary of State on January 12, 2012, and a copy of SCE’s Certificate of Increase of Authorized Shares of the Series E Preference Stock filed with the

California Secretary of State on January 31, 2012, and presently in effect, certified by the California Secretary of State, were filed with the Commission on March 5, 2012, in connection with Application No. 12-03-004, and are by reference made a part hereof.

A copy of SCE's Certificate of Determination of Preferences of the Series F Preference Stock filed with the California Secretary of State on May 5, 2012, and presently in effect, certified by the California Secretary of State, was filed with the Commission on June 29, 2012, in connection with Application No. 12-06-017, and is by reference made a part hereof

A copy of SCE's Certificate of Determination of Preferences of the Series G Preference Stock filed with the California Secretary of State on January 24, 2013, and presently in effect, certified by the California Secretary of State, was filed with the Commission on January 31, 2013, in connection with Application No. 13-01-016, and is by reference made a part hereof.

A copy of SCE's Certificate of Determination of Preferences of the Series H Preference Stock filed with the California Secretary of State on February 28, 2014, and presently in effect, certified by the California Secretary of State, was filed with the Commission on March 24, 2014, in connection with Application No. 14-03-013, and is by reference made a part hereof.

A copy of SCE's Certificate of Determination of Preferences of the Series J Preference Stock filed with the California Secretary of State on August 19, 2015, and presently in effect, certified by the California Secretary of State, was filed with the Commission on October 2, 2015, in connection with Application No. 15-10-001, and is by reference made a part hereof.

Certain classes and series of SCE's capital stock are listed on a "national securities exchange" as defined in the Securities Exchange Act of 1934 and copies of SCE's latest Annual Report to Shareholders and its latest proxy statement sent to its stockholders has been filed with the Commission with a letter of transmittal dated March 14, 2014, pursuant to General Order Nos. 65-A and 104-A of the Commission.

**E. Requirements That Are Not Applicable**

Because this Application does not request authority to increase rates and only seeks approval of the contracts selected through the PRP RFO 2, the requirements of 3.2(a)(1)-(5), (7)-(8), (10) and 3.2(b)-(e) of the Commission's Rules of Practice and Procedure are not applicable.

**F. Index of Exhibits and Appendices to This Application**

SCE's submissions in support of this Application include SCE-1, which is incorporated herein by reference, and is comprised of the Testimony of SCE in Support of its Application for Approval of the Results of its 2016 PRP RFO 2, as well as supporting appendices thereto.

**G. Service List**

The official service list has not yet been established in this proceeding. SCE is serving this Application and supporting Testimony on the service list established by the Commission for A.15-12-013. SCE has also served a copy of this Application and its supporting testimony on the Commission.

**V.**

**PRAYER FOR RELIEF**

SCE respectfully requests that the Commission:

1. Approve the Application in its entirety;
2. Approve the PRP RFO 2, and SCE's conduct with respect to the PRP RFO 2, as reasonable;
3. Approve the PSA's in their entirety;
4. Find the PSAs consistent with D.13-02-015 (Track 1) and D.14-03-004;
5. Find the PSAs compliant with the Emissions Performance Standard;

6. Find that any procurement pursuant to the PSAs is procurement of eligible preferred resource or energy storage resource for purposes of determining SCE's compliance with D.13-02-015 (Track 1) and D.14-03-004;
7. Find the PSAs, and SCE's entry into them, reasonable and prudent for all purposes, and find that any payments to be made by SCE pursuant to the contracts are recoverable in full by SCE through the ERRRA proceeding, subject only to SCE's prudent administration of the contracts;
8. Grant such other and further relief as the Commission finds just and reasonable.

Respectfully submitted,

JANET S. COMBS  
REBECCA MEIERS-DE PASTINO

/s/ Rebecca Meiers-De Pastino

By: Rebecca Meiers-De Pastino

Attorneys for  
SOUTHERN CALIFORNIA EDISON COMPANY

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November 4, 2016

**VERIFICATION**

I am Southern California Edison Company's (SCE's) Vice President of Energy Procurement and Management and am authorized to make this verification on SCE's behalf. I have read the foregoing **APPLICATION OF SOUTHERN CALIFORNIA EDISON COMPANY (U 338-E) FOR APPROVAL OF THE RESULTS OF ITS SECOND PREFERRED RESOURCES PILOT REQUEST FOR OFFERS**. I am informed and believe that the matters stated in the foregoing pleading are true.

I declare under penalty of perjury that the foregoing is true and correct.

Executed this **2<sup>nd</sup> day of November, 2016**, at Rosemead, California.

*/s/ Colin Cushnie*

By: Colin Cushnie

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SOUTHERN CALIFORNIA EDISON COMPANY

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