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May 27, 2022

California Energy Commission  
Docket Office, MS-4  
Re: Docket No. 21-ESR-01  
1516 Ninth Street  
Sacramento, CA 95814-5512  
docket@energy.ca.gov

Re: Southern California Edison Company's Comments on the California Energy Commission's Summer Supply Stack Analysis (CEC Stack Analysis) and the California Independent System Operator's Reliability Workshop Summer Analysis (CAISO Summer Analysis), Docket No. 21-ESR-01

Dear Commissioners:

On May 20, 2022, the California Energy Commission (CEC) and the California Independent System Operator (CAISO) provided updates on their outlooks for summer 2022 and midterm electric system reliability at the CEC's "Staff Workshop on Summer and Midterm Reliability" (Workshop). Southern California Edison (SCE) appreciates the efforts of the CEC and CAISO in undertaking these assessments and the opportunity to provide feedback on the assumptions and methodology used for their 2022 analyses.

## SCE Comments on the CEC Stack Analysis

SCE appreciates the efforts of the CEC in developing an "Extreme Scenario" that considers the simultaneous occurrence of different extreme conditions. As SCE has noted in previous comments in 21-ESR-01, the combination of conservative generation supply and extreme demand assumptions<sup>1</sup> represents a very low probability event that, based on historical reliability policy, should only be used as an upper-bound sensitivity scenario.

SCE agrees with the CEC's verbal statement that "the stack analysis is not necessarily meant to [reflect] whether [the CAISO system] is meeting a 1-in-10 [loss of load event (LOLE)] standard or not. It's meant to represent extreme conditions, so [the system] could be meeting the 1-in-10 LOLE standard and still be vulnerable to the...extreme conditions [included in the CEC Stack Analysis]."<sup>2</sup> A deterministic "Extreme Scenario" stack analysis is helpful in understanding the magnitude of the potential shortfall under worst-case conditions and informing contingency plans for low probability but high impact scenarios. However, this analysis should continue to be considered alongside frequent LOLE analyses to identify whether additional

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<sup>1</sup> The CEC Stack Analysis explains the 22.5% planning reserve margin Extreme Scenario includes a 9% weather variability component. The 1-in-20 forecast for 2022 is 8.3% higher than the 1-in-2 forecast. As such, a 1-in-2 forecast with a 9% weather variability adder is comparable to a 1-in-20 weather event. See Final 2021 Integrated Energy Policy Report (IEPR) California Energy Demand 2021-2035 Forecast - Mid Baseline - AAEE Scenario 3 - AAFS Scenario 3, Forms 1.5b and 1.5e.

<sup>2</sup> Recording at 1:22.

supply-side actions are needed. A stochastic LOLE analysis is able to comprehensively account for demand and supply uncertainties by considering hundreds of scenarios and identifying the MW needed to meet the industry standard of one event in 10 years (1-in-10) planning target. It is thus able to accurately identify reliability needs and appropriately balance reliability with affordability.

## SCE Comments on CAISO Summer Analysis

SCE appreciates CAISO's effort to supplement its traditional Summer Loads and Resource Assessment report with an analysis of whether the state is meeting the industry standard 1-in-10 planning target. However, SCE has concerns about the assumptions and methodology used in CAISO's "Comparison of Capacity vs. Performance Target" analysis (Comparison)<sup>3</sup> and believes those findings must be validated by an actual LOLE study. Moreover, SCE disagrees with CAISO's characterization of the identified shortfall as capacity needed "to meet planning standards in 2022."<sup>4</sup>

CAISO explains its Comparison leverages LOLE analysis performed on the California Public Utilities Commission's (CPUC) Preferred System Plan portfolio for 2026, which met the 1-in-10 planning standard, and "project[s] the PSP level back"<sup>5</sup> to 2022 to establish the annual performance target represented in their graph. CAISO's analysis implies any year that does not have the capacity margins expected in 2026 fails to meet reliability planning standards. SCE does not believe it is appropriate to use a 2026 LOLE study to establish the performance target needed to maintain reliability in 2022 because of the fundamental difference in resource portfolio mixes. SCE thus disagrees with the methodology used to establish the "1-in-10 LOLE" performance target in CAISO's Comparison.

Additionally, SCE is concerned that CAISO's Comparison underestimates the supply stack that will be available in 2022. First, CAISO appears to exclude certain resources expected to come online after June 1, which is similar to the assumption used in its 2022 Summer Loads and Resources Assessment which excluded all resources.<sup>6</sup> Next, CAISO limits imports to the "average level of import RA," which is inconsistent with the base case assumption used in its 2022 Summer Loads and Resource Assessment and may not reflect actual import levels given the IOUs mandate to attempt to procure to a 20-22.5% PRM on behalf of the system.

Comparing a supply stack with these conservative assumptions to a flawed "performance target" that is likely too high overstates the capacity shortfall and, more importantly, is an inappropriate method of quantifying the capacity needed to meet the 1-in-10 LOLE planning standard. An LOLE study for 2022 must be performed to identify whether additional capacity is needed to meet the 1-in-10 planning standard; definitive conclusions cannot be drawn from an extrapolation of a study for a different year and different portfolio. SCE understands CAISO

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<sup>3</sup> See CAISO slide 2 and CAISO's 2022 Summer Loads and Resources Assessment, published on May 18, 2022, p. 2.

<sup>4</sup> *Ibid.*

<sup>5</sup> Recording at 1:05.

<sup>6</sup> CAISO 2022 Summer Loads and Resource Assessment at p. 6.

will be performing an actual LOLE study for 2022 and looks forward to collaborating with them in that effort.

SCE thanks the CEC for consideration of the above comments. Please do not hesitate to contact me at (626) 302-0905 with any questions or concerns you may have. I am available to discuss these matters further at your convenience.

Very truly yours,

/s/

Dawn Anaiscourt