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STATE OF CALIFORNIA
STATE ENERGY RESOURCES
CONSERVATION AND DEVELOPMENT COMMISSION

IN THE MATTER OF:

RELIABILITY

**Docket No.: 21-ESR-01
ORDER INSTITUTING
INFORMATIONAL PROCEEDING**

I. INTRODUCTION

Energy reliability is essential to the safety and resilience of California residents, particularly during the most extreme weather conditions and unanticipated energy system challenges. California is committed to identifying statewide reliability needs and coordinating planning efforts to ensure electric grid reliability. The state has significantly enhanced its reliability planning activities and coordination since the August 14-15, 2020 rolling outages in the California Independent System Operator (California ISO) territory, putting in place recommendations from the January 13, 2021, *Final Root Cause Analysis* developed by the California Energy Commission (CEC), California Public Utilities Commission (CPUC) and the California ISO. The CEC has continued to expand its reliability analysis, developing annual summer and multi-year reliability analyses and providing state-wide reliability updates in the 2021 and 2022 Integrated Energy Policy Reports (IEPR).

In its role evaluating trends, informing the state, investigating solutions to challenges, and supporting energy policy development, the CEC is launching this informational proceeding to further explore, collect information, conduct assessments, and support recommendations for ensuring grid reliability in California's energy future. Where appropriate, the CEC will use this informational proceeding as an opportunity to collaborate and coordinate with reliability-related proceedings of the Public Utilities Commission and stakeholder initiatives at the California ISO.

II. AUTHORITY

The CEC is required under Public Resources Code (PRC) Section 25301(a) to "conduct assessments and forecasts of all aspects of energy industry supply, production, transportation, delivery and distribution, demand, and prices." These assessments and forecasts are used to develop recommendations for energy policies that conserve state resources, protect the environment, provide reliable energy, enhance the state's economy, and protect public health and safety. To perform these assessments and

forecasts, the CEC may require the submission of demand forecasts, resource plans, market assessments, related outlooks, and individual customer historic billing data, in a format and level of granularity specified by the CEC from electric, transportation technology suppliers, and other market participants. These assessments and forecasts are done in consultation with the appropriate state and federal agencies, including, but not limited to, CPUC, the Public Advocate's Office of the Public Utilities Commission, the California Air Resources Board, California ISO, and others.

PRC Section 25302 requires the CEC to adopt an IEPR that contains an overview of major energy trends and issues facing the state, including, but not limited to, supply, demand, pricing, reliability, efficiency, and impacts on public health and safety, the economy, resources, and the environment. The IEPR presents policy recommendations based on an in-depth and integrated analysis of the most current and pressing energy issues facing the state. Further, the IEPR serves to assess forecast system reliability and the need for resource additions, efficiency, and conservation that considers all aspects of energy industries and markets. These provisions of law give the CEC authority to collect the information necessary to address energy reliability issues.

Vice Chair Siva Gunda shall be the lead commissioner for this Order Instituting Informational Proceeding (OIIP). PRC Section 25210 authorizes the CEC to hold any hearings, take other actions necessary, and conduct any investigations in any part of the state necessary to carry out its powers and duties, and further affirms that the CEC has the same powers as are conferred upon heads of departments of the state pursuant to Government Code section 11180 et seq. The CEC may exercise or further delegate these authorities pursuant to this OIIP as appropriate to collect the information identified in this order.

III. NATURE AND PURPOSE OF THIS PROCEEDING

A. Scope of this proceeding

California is experiencing a substantial shift in conditions affecting the electric grid, which is transitioning to the state's clean energy future, while confronting the impacts of climate change. This is creating challenges for its residents, especially disadvantaged communities and low-income communities. Senate Bill 100 (De León, Chapter 312, Statutes of 2018) (SB 100) sets an ambitious target of powering all retail electricity sold in California and state agency electricity needs with renewable and zero-carbon resources by 2045 to reduce greenhouse gas emissions and help improve air quality and public health. The actions to achieve SB 100 are resulting in the addition of unprecedented quantities of clean energy resources, primarily solar and storage at utility scale.

At the same time, climate change is causing substantial variability in weather patterns and an increase in climate-driven natural disasters, which is resulting in more challenges to maintaining grid reliability. In 2020, a west-wide heat event resulted in rotating outages August 14 and 15. In 2021, dry conditions resulted in a wildfire in

Oregon that impacted transmission lines that California depends on for reliability, resulting in a loss of 3,000 megawatts (MW) of imports to the California ISO territory and 4,000 MW of overall import capacity to the state. In 2022, California experienced record-high temperatures between August 31 and September 9. On September 6, 2022, the California ISO recorded a new record peak load at 52,061 MW, nearly 2,000 MW higher than the previous record, despite significant efforts to reduce load during this peak period.

The CEC recognizes that to address California's reliability needs, a diverse portfolio of strategies needs to be utilized. These include improved planning, growing and diversifying clean energy resources, and providing support to the grid during extreme events. To accomplish this, California needs to coordinate state-wide efforts; support customers, in particular those in justice communities, and build out contingency resources such as the Strategic Reliability Reserve. For purposes of this OIIP, the CEC includes three main efforts to support reliability: improving resource planning, including transmission planning; diversifying supply and demand side resources; and ensuring sufficient contingency resources.

This OIIP launches a proceeding to continue the exploration of reliability topics and implement the 2022 IEPR recommendations. It is intended to foster interagency collaboration with the Governor's Office, California Natural Resources Agency, CPUC, Department of Water Resources, California ISO, and other state agencies, as well as stakeholders with an interest in reliability.

This proceeding will:

- Investigate issues and concerns the state is facing with reliability in the near-, mid-, and long-term.
- Evaluate California's clean energy resource needs for the bulk grid and distribution system, including how to diversify the state's resource portfolio.
- Evaluate transmission and distribution system needs.
- Describe and assess the benefits that reliability can provide to customers, communities, the electricity system, the environment, and society both quantitatively and qualitatively.
- Identify west-wide reliability trends for their impact on California.
- Evaluate policies to optimize reliability benefits and value in support of advancing state goals for decarbonization, resilience, affordability, and environmental justice and equity.
- Identify technology market trends and needs for research and development.

For each area of focus, the CEC will develop policy proposals and recommendations as appropriate. This proceeding will include extensive stakeholder engagement, including workshops, working groups, and outreach to communities and community-based organizations who cannot easily participate in regulatory proceedings. CEC may report interim findings and recommendations in IEPR proceedings. The CEC may also launch phases within the OIIP to further focus the proceeding's scope and to address new or emerging issues.

Other agencies in the state have ongoing activities and proceedings related to reliability. The CEC intends to conduct this proceeding in coordination with these agencies to complement rather than overlap or duplicate their activities.

The CEC also must take a whole-state perspective, so this proceeding will consider reliability-related issues in investor-owned utility (IOU) and publicly owned utility (POU) service areas, within and outside of California.

These specific topics may be added to or refined at the direction of the lead commissioner within the general scope of reliability planning.

IV. HEARINGS AND WORKSHOPS

The lead commissioner will issue notices at least 14 days before the first hearing and 10 days in advance of any subsequent hearings and workshops and will identify at that time when written comments or testimony will be due, as well as the manner of the filing. Public comment will be allowed at all workshops and hearings.

V. PUBLIC PARTICIPATION

The CEC encourages public participation in this proceeding. Any person participating in a hearing or workshop shall be afforded a reasonable opportunity to make comments. Petitions to intervene are not necessary.

To foster public participation in this proceeding, the executive director, in conjunction with the public advisor, shall ensure that information regarding this order and notices of hearings and workshops are distributed to all interested persons via the list serve and posted on the CEC website. To stay informed about this proceeding and receive documents and notices of upcoming workshops and hearings as they are filed, subscribe to the proceeding list serve at https://www.energy.ca.gov/listservers/index_cms.html. The list serve emails notifications and direct links when documents and notices are filed in the proceeding docket.

For additional information about how to participate in this proceeding, please contact the CEC's Office of the Public Advisor, Energy Equity, and Tribal Affairs at (916) 957-7910, or via email at publicadvisor@energy.ca.gov.

Media questions should be emailed to mediaoffice@energy.ca.gov.

The CEC therefore institutes an informational proceeding to explore the role of distributed energy resources in California's energy future and directs the executive director and staff to collect and evaluate the information needed to address the scope of the proceeding under guidance of the lead commissioner.

IT IS SO ORDERED.

CERTIFICATION

The undersigned Secretariat to the CEC does hereby certify that the foregoing is a full, true, and correct copy of an Order duly and regularly adopted at a meeting of the California Energy Commission held on July 26, 2023.

AYE: McAllister, Monahan, Gallardo

NAY: NONE

ABSENT: Hochschild, Gunda

ABSTAIN: NONE

Dated: July 27, 2023

SIGNED BY:

Kristine Banaag
Secretariat