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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 2013 Local Capacity Requirements Request for Offers for the Western Los Angeles Basin.

A14110A2pplication No. 14-11-XXX

SOUTHERN CALIFORNIA EDISON COMPANY'S (U 338-E) APPLICATION FOR APPROVAL OF THE RESULTS OF ITS 2013 LOCAL CAPACITY REQUIREMENTS REQUEST FOR OFFERS FOR THE WESTERN LOS ANGELES BASIN

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Dated: November 21, 2014

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 2013 Local Capacity Requirements Request)for Offers for the Western Los Angeles Basin.)

Application No. 14-11-XXX

SOUTHERN CALIFORNIA EDISON COMPANY'S (U 338-E) APPLICATION FOR APPROVAL OF THE RESULTS OF ITS 2013 LOCAL CAPACITY REQUIREMENTS REQUEST FOR OFFERS FOR THE WESTERN LOS ANGELES BASIN

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, and Decisions ("D.") 13-02-015¹ and 14-03-004,² Southern California Edison Company ("SCE") submits this Application for Approval of the results of its 2013 Local Capacity Requirements ("LCR") Request for Offers ("RFO) ("Application") for the Western Los Angeles Basin. SCE's filing consists of this Application. Concurrently with the filing of this Application, SCE is serving Testimony in support of this Application ("Exhibit SCE-1") and Appendices ("Exhibit SCE-2" and "Exhibit SCE-3").

¹ D.13-02-015 at 135 (Ordering Paragraph ("OP") 11).

² D.14-03-004 at 145-146 (OP 8).

INTRODUCTION

I.

On February 13, 2013, the Commission issued D.13-02-015 ("Track 1 decision") in the Long Term Procurement Plan ("LTPP") proceeding. The Track 1 decision ordered SCE to procure between 1,400 and 1,800 Megawatts ("MW") of electrical capacity in the Western Los Angeles sub-area of the Los Angeles basin ("Western LA Basin") local reliability area to meet long-term local capacity requirements by 2021, largely due to the expected retirement of once-through-cooling ("OTC") generation facilities.³

The Track 1 decision also ordered SCE to file an LCR procurement plan ("LCR Procurement Plan").⁴ SCE filed its LCR Procurement Plan on July 15, 2013. In accordance with the Track 1 decision, Energy Division reviewed SCE's LCR Procurement Plan and requested that SCE submit a modified LCR Procurement Plan with additional information. SCE filed its final modified LCR Procurement Plan on August 30, 2013. Energy Division approved SCE's modified LCR Procurement Plan on September 4, 2013. SCE launched its LCR RFO on September 12, 2013.

On March 13, 2014, the Commission issued D.14-03-004 ("Track 4 decision") in the LTPP proceeding, authorizing SCE to procure an additional 500 to 700 MW by 2021 to meet local capacity needs stemming from the retirement of the San Onofre Nuclear Generating Station ("SONGS").⁵

In total, the Commission authorized SCE to procure between 1,900 to 2,500 MW in the Western LA Basin. The Track 1 and Track 4 decisions require SCE to procure minimum

³ D.13-02-015 at 130-131 (OP 1). D.13-02-015 also authorized SCE to procure between 215 and 290 MW of electric capacity to meet local capacity requirements in the Moorpark sub-area of the Big Creek/Ventura local reliability area. D.13-02-015 at 131 (OP 2). The Commission required SCE to file a separate Application for approval of contracts for the Moorpark sub-area. *Id.* at 135 (OP 11). See A.14-11-XXX for the Moorpark Application and testimony.

 $[\]frac{4}{10}$ Id. at 133-134 (OP 5-7).

⁵ D.14-03-004 at 141-143 (OP 1).

amounts of Preferred Resources, Energy Storage ("ES")⁶ and Gas-Fired Generation ("GFG") in the Western LA Basin local reliability area.⁷ Specifically, SCE's minimum procurement authorization is 550 MW of Preferred Resources, 50 MW of ES, 1,000 MW of GFG, and an additional 300 MW from any resource type.⁸ SCE's maximum procurement authorization includes an additional 400 MW of Preferred Resources and ES, plus an additional 200 MW from any resource type. In order to satisfy the authorized procurement, SCE issued a RFO seeking new LCR resources, including Preferred Resources⁹ (*i.e.*, Energy Efficiency ("EE"), Demand Response ("DR"), renewable resources, Combined Heat and Power ("CHP") resources, and Distributed Generation ("DG")), ES resources, and GFG.

The Track 1 and 4 Decisions also ordered SCE to file an Application for approval of all contracts entered into as a result of the procurement process for new capacity in the Western LA Basin.¹⁰ SCE files this Application in accordance with D.13-02-015¹¹ and 14-03-004,¹² the LTPP Track 1 and Track 4 decisions.

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

⁷ D.13-02-015 at 130-131 (OP 1); D.14-03-004 at 141-143 (OP 1).

⁸ D.14-03-004 at 141-143 (OP 1).

⁹ Preferred Resources are defined in the State's Energy Action Plan II, at page 2, as follows: "The loading order identifies energy efficiency and demand response as the State's preferred means of meeting growing energy needs. After cost-effective [energy] efficiency and demand response, we rely on renewable sources of power and distributed generation, such as combined heat and power applications. To the extent [energy] efficiency, demand response, renewable resources, and distributed generation are unable to satisfy increasing energy and capacity needs, we support clean and efficient fossil-fired generation. Concurrently, the bulk electricity transmission grid and distribution facility infrastructure must be improved to support growing demand centers and the interconnection of new generation, both on the utility and customer side of the meter."

¹⁰ D.13-02-015 at 135 (OP 11); D.14-03-004 at 145-146 (OP 8).

¹¹ D.13-02-015 at 135 (OP 11).

¹² D.14-03-004 at 145-146 (OP 8).

II.

SUMMARY OF REQUEST

SCE requests Commission approval of 63 contracts selected through the LCR RFO process for the Western LA Basin. A summary of the selected offers is provided in the table below.

Product Category	Counterparty	Total Contracts	Max Quantity (LCR MW)
Preferred Resources and E	S	contracto	(2010111)
EE	 Onsite Energy Corporation Sterling Analytics LLC NRG Energy Efficiency-L LLC NRG Energy Efficiency-P LLC 	26	124.04
DR	NRG Distributed Generation PR LLC NRG Curtailment Solutions LLC	7	75.00
Renewable DG	 Solar Star California XXXV, LLC Solar Star California XXXVI, LLC Solar Star California XXXVII, LLC Solar Star California XXXVIII, LLC 	4	37.92
ES	 AES ES Alamitos, LLC Ice Bear SPV #1, LLC Hybrid-Electric Building Technologies Irvine 1, LLC Hybrid-Electric Building Technologies Irvine 2, LLC Hybrid-Electric Building Technologies West Los Angeles 1, LLC Hybrid-Electric Building Technologies West Los Angeles 2, LLC Stem Energy Southern California, LLC 	23	263.64
	Total Preferred Resources and ES	60	500.60
GFG			
GFG	 AES Alamitos Energy, LLC AES Huntington Beach Energy, LLC Stanton Energy Reliability Center, LLC 	3	1,382.00
T	otal Preferred Resources, ES, and GFG	63	1,882.60

SCE respectfully requests that the Commission approve the LCR RFO, SCE's conduct with respect to the LCR RFO, and the contracts selected through the LCR RFO process for the Western LA Basin as prudent and reasonable.

SCE also requests that the Commission order SCE to establish the LCR Products Balancing Account ("LCRPBA"). The LCRPBA is necessary to appropriately account for the costs of the contracts selected through the LCR RFO for the Western LA Basin and to ensure that customers only pay the assessed net cost of the resources procured through the LCR RFO.

III. ORGANIZATION OF SCE'S TESTIMONY

Exhibit SCE-01, "Testimony of Southern California Edison Company on the Results of Its 2013 Local Capacity Requirements Request for Offers (LCR RFO) for the Western Los Angeles Basin," is organized in a single volume with ten chapters as follows:

Chapter 1:	Introduction			
Chapter 2:	LCR RFO Background			
Chapter 3:	Description of the Western LA Basin Local Reliability Area			
Chapter 4:	LCR RFO Solicitation Process Overview			
Chapter 5:	LCR RFO Participation			
Chatper 6:	Valuation Process			
Chapter 7:	Solicitation Results			
Chapter 8:	Allocation of Benefits and Costs			
Chapter 9:	Cost Recovery and Revenue Allocation			
Chapter 10:	Residual Procurement to Meet Western LA Basin LCR Needs			
Exhibit SCE-02, includes Appendices to SCE's Testimony:				
Appendix A:		Witness Qualifications (including Confidentiality Declarations)		
Confidential Appendix B:		LCR RFO Contracts		
Confidential Appendix C:		LCR RFO Summary of Selected Offers		
Appendix D:		Independent Evaluator Report		

Exhibit SCE-03, also includes Appendices to SCE's Testimony:Appendix E:Solicitation MaterialsAppendix F:Roadmap of Decision Requirements

IV.

STATUTORY AND PROCEDURAL REQUIREMENTS

A. <u>Statutory and Other Authority</u>

SCE files this Application pursuant to Public Utilities Code sections 701 and 702, the Commission's Rules of Practice and Procedure and Decisions 13-02-015¹³ and 14-03-004.¹⁴ 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.

In particular, as detailed above, Decisions 13-02-015¹⁵ and 14-03-004,¹⁶ the LTPP Track 1 and Track 4 decisions, require SCE to file an Application with the Commission for approval of all contracts entered into as a result of the procurement process for new capacity in the Western LA Basin.

¹³ D.13-02-015 at 135 (OP 11).

¹⁴ D.14-03-004 at 145-146 (OP 8).

¹⁵ D.13-02-015 at 135 (OP 11).

¹⁶ D.14-03-004 at 145-146 (OP 8).

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

Tristan Reyes Close is the attorney on this matter. Correspondence or communications regarding this Application should be addressed to:

Tristan Reyes CloseSenior AttorneySouthern California Edison Company2244 Walnut Grove AvenuePost Office Box 800Rosemead, California 91770Telephone:(626) 302-2883Facsimile:(626) 302-6962E-mail:Tristan.ReyesClose@sce.com

To request a copy of this Application, please contact:

Norma Perez, Case Administrator Southern California Edison Company Post Office Box 800 Rosemead, California 91770 Telephone: (626) 302-6809 Facsimile: (626) 302-3119 E-mail: <u>Case.Admin@sce.com</u>

C. <u>Categorization, Hearings, Issues to be Considered and Proposed Schedule Pursuant</u> to Rule 2.1(c)

1. <u>Proposed Category</u>

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 LCR RFO for the Western LA Basin, 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 LCR RFO to be included in rates for the following year. The costs of the LCR resources that will be included in rates will be trued-up to their actual recorded costs through balancing accounts.

2. <u>Need for Hearings</u>

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. Although SCE does not foresee a need for hearings, SCE proposes two procedural schedules, one that includes evidentiary hearings and one that does not. Ultimately, the need for hearings will be determined by the assigned administrative law judge.

- 8 -

3. <u>Proposed Schedule</u>

SCE proposes the following schedules for this proceeding (one with hearings and one without), which meet the requirements of Rules 2.1(c) and 2.6 to resolve ratesetting proceedings within 18 months:

November 21, 2014
November 26, 2014
December 26, 2014
January 5, 2015
January 21, 2015
April 21, 2015
May 11, 2015
May 18, 2015
June 8, 2015

Schedule Without Evidentiary Hearings

Schedule With Evidentiary Hearings

Application Filed	November 21, 2014
Daily Calendar Notice Appears	November 26, 2014
Protests and Responses Due	December 26, 2014
Reply to Protests and Responses Due	January 5, 2015
Prehearing Conference	January 21, 2015
Intervenor Testimony Due	February 2, 2015
Rebuttal Testimony Due	March 2, 2015
Request Evidentiary Hearings	March 2, 2015
Evidentiary Hearings	March 24 – 26, 2015

Concurrent Opening Briefs Due	April 27, 2015
Concurrent Reply Briefs Due	May 18, 2015
Proposed Decision Mailed	August 18, 2015
Comments on Proposed Decision Due	September 7, 2015
Reply Comments Due	September 14, 2015
Commission Issues Final Decision	October 5, 2015

4. <u>Issues to be Considered</u>

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

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. <u>Requirements That Are Not Applicable</u>

Because this Application does not request authority to increase rates and only seeks approval of the contracts selected through the LCR RFO for the Western LA Basin, 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 the following, which are incorporated herein by reference:

Exhibits to Application	
Exhibit SCE-1	Testimony of Southern California Edison Company on the Results of Its 2013 Local Capacity Requirements Request for Offers (LCR RFO) for the Western Los Angeles Basin
Exhibit SCE-2	Appendices in support of Testimony
Exhibit SCE-3	Appendices in support of Testimony

G. <u>Service List</u>

The official service list has not yet been established in this proceeding. SCE is serving this Application and supporting Testimony and Appendices on the service list established by the Commission for R.12-03-014 and R.13-12-010. SCE has also served a copy of this Application and its supporting Testimony and Appendices on the Commission.

V.

PRAYER FOR RELIEF

SCE respectfully requests that the Commission:

- Grant expedited consideration of this Application, as the terms of the LCR RFO contracts are conditioned on the occurrence of final "CPUC Approval," as it is described in the LCR RFO contracts;
- 2. Approve the Application in its entirety;
- 3. Approve the LCR RFO, and SCE's conduct with respect to the LCR RFO, as reasonable;
- 4. Approve the LCR RFO contracts in their entirety;

- 5. Find that the EE, DR and renewable DG contracts, totaling 236.96 MW, entered into as a result of the LCR RFO for the Western LA Basin are needed to meet long-term local capacity requirements and count towards satisfying the 550 MW minimum Preferred Resources authorization in D.14-03-004¹⁷;
- 6. Find that the ES contracts, totaling 263.64 MW, entered into as a result of the LCR RFO for the Western LA Basin, are needed to meet long-term local capacity requirements and satisfy the 50 MW minimum ES authorization in D.13-02-015¹⁸ and D.14-03-004¹⁹ and, for procurement beyond 50 MW, count towards satisfying the 550 MW minimum Preferred Resources authorization in D.14-03-004²⁰;
- Find that the GFG contracts, totaling 1,382 MW, entered into as a result of the LCR RFO for the Western LA Basin, are needed to meet long-term local capacity requirements and satisfy the 1,000 MW minimum GFG authorization in D.13-02-015²¹ and D.14-03-004²²;
- Find that the LCR RFO contracts are compliant with the Emissions Performance Standard;
- 9. Find the LCR RFO contracts, 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 ERRA proceeding, subject only to SCE's prudent administration of the contracts;

- ¹⁹ D.14-03-004 at 141-142 (OP 1.b).
- ²⁰ D.14-03-004 at 141-142 (OP 1.c).
- ²¹ D.13-02-015 at 130-131 (OP 1.a).
- ²² D.14-03-004 at 141-143 (OP 1.a)

¹⁷ D.14-03-004 at 141-142 (OP 1.c).

¹⁸ D.13-02-015 at 130-131 (OP 1.b).

- Authorize SCE to allocate the benefits and costs of the contracts entered into as a result of the LCR RFO to all benefitting customers in accordance with D.13-02-015 and D.14-03-004;
- 11. Approve SCE's plan for the allocation of costs and benefits to all benefitting customers set forth in Chapter 8 of Exhibit SCE-1;
- 12. Order SCE to establish the LCR Products Balancing Account; and
- 13. Grant such other and further relief as the Commission finds just and reasonable.

Respectfully submitted,

WILLIAM V. WALSH TRISTAN REYES CLOSE

/s/ Tristan Reyes Close By: Tristan Reyes Close

Attorneys for SOUTHERN CALIFORNIA EDISON COMPANY

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November 21, 2014

VERIFICATION

I am an officer of the applicant corporation herein and am authorized to make this verification on its behalf. I am informed and believe that the matters stated in the foregoing document are true.

I declare under penalty of perjury that the foregoing is true and correct. Executed this 17th day of November 2014, at Rosemead, California.

/s/ Colin Cushnie

By: Colin Cushnie Vice President, Energy Procurement & Management SOUTHERN CALIFORNIA EDISON COMPANY 2244 Walnut Grove Avenue Post Office Box 800 Rosemead, California 91770