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CPUC Actions to Support Summer Reliability

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California Public
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Presentation Outline

- Emergency Reliability Rulemaking (R.20-11-003)
- Project Progress Tracking for Summer 2021
- Replacement Resources for Diablo Canyon Power Plant
- Other CPUC actions underway

Emergency Reliability Rulemaking (R.20-11-003)

- On November 19, 2020, the CPUC issued a new rulemaking (R.20-11-003) to establish policies, processes, and rules to ensure reliable electric service in California in the event of an extreme weather event in 2021 and 2022.
- In a **Feb. 2021** decision, the CPUC **ordered PG&E, SCE, and SDG&E** to seek contracts for **incremental capacity** that is available to serve peak and net peak demand in summer 2021 and 2022.
 - **Contracts approved for 564 MW incremental gas, biomass, and firm imports**
- In a **March 2021** decision, the CPUC took further action:
 - Ordered the IOUs to pilot a new **Emergency Load Reduction Program**
 - Modified existing IOU demand response programs
 - Modified IOU Critical Peak Pricing programs
 - Launched a **new statewide Flex Alert** paid media campaign
 - Increased the IOUs' **effective planning reserve margin from 15% to 17.5%**

Emergency Load Reduction Program (ELRP) Pilot

- Designed to allow the IOUs and CAISO to access additional reductions in electric demand outside the wholesale market during times of high grid stress when there may be limited generation to meet demand.
- Pilot duration: 2021-2025
- Event trigger: Tied to CAISO Alert declarations
- Eligible customers: Non-residential customers, customers with DERs that can generate electricity, Virtual Power Plants, and DR resources operated by IOUs or third-party providers.
- Customer compensation: \$1/kWh for electricity consumption reduced voluntarily during an ELRP event; no penalties for non-performance
- Test events: IOUs will conduct a test event during which a large subset of enrolled customers must participate and drop load. CPUC will coordinate with IOUs to ensure they collect data on participation and performance.
- **Estimated load reductions available: 500 – 720 MW**

Changes to IOU Demand Response (DR) Programs

- Several changes authorized to existing IOU DR programs, including:
 - Temporarily allows year-round enrollment in the IOUs' "interruptible programs" (BIP, AP-I) that allow industrial and large commercial customers to earn monthly bill credits in exchange for allowing the utility to curtail their energy usage when high electricity demand is threatening grid reliability.
 - Temporarily raises the DR reliability enrollment cap to 3 percent.
 - Increases various DR program enrollment incentives to attract new customers.
- Customer enrollment in existing IOU DR programs can begin immediately and is expected to grow throughout the summer as more customers sign up.
- **Total est. incremental MW: 167 – 367 MW**

Changes to IOU Critical Peak Pricing (CPP) Programs

- CPP programs charge higher prices for electricity consumption during peak hours on selected days.
- Several changes authorized to ensure CPP programs are more effective and responsive to the critical hours of need:
 - Shifting the CPP event window to the hours of 4:00 PM to 9:00 PM by 6/1/22
 - Increasing the max no. of CPP events allowed per year (SCE only)
 - Providing customer education with a focus on improving participation
- IOUs directed to host a workshop on the voluntary establishment of CPP rate design programs and other demand reduction programs by non-IOU LSEs
 - Workshop held on April 6, 2021; Energy Division has requested CCAs to follow-up and share their planned activities to support summer reliability

New Flex Alert Paid Media Campaign

- The Flex Alert campaign is intended to educate consumers about the positive impacts of conservation, help them understand grid conditions, and inform them of the need to conserve when energy demand is high.
- SCE authorized to develop a two-year, \$24 million contract with an existing vendor (DDB San Francisco) to conduct the campaign.
 - SCE must coordinate with Energy Division staff during program implementation and administration.

Interim Planning Reserve Margin (PRM) Increase

- IOUs directed to procure an additional 2.5% of resources above the 15% PRM for all their customers by summer, resulting in minimum targets of:
 - **450 MW for PG&E**
 - **450 MW for SCE**
 - **100 MW for SDG&E**
- All incremental demand- and supply-side resources procured through R.20-11-003 will count toward these targets
- The PRM increase will remain in place through 2022
- IOUs are encouraged to exceed their respective targets by as much as an additional 50 percent, resulting in **up to 1,500 MW** of incremental procurement (and an effective PRM of 19 percent)
 - Demand-side resource procurement may exceed these upper targets

Project Progress Tracking for Summer 2021

- In November 2020, the CPUC released an analysis of new resources under development across multiple proceedings, available at: <https://www.cpuc.ca.gov/WorkArea/DownloadAsset.aspx?id=6442466860>
- Findings:
 - Based on CPUC staff review of resources under existing contracts to LSEs (as of November 2020), significant quantities of new clean energy resources will come online between now and 2024.
 - New clean energy resources will largely replace gas-fired resources that are expected to retire over the next few years.

| | New Resources Expected Online by 8/2021 | New Resources Expected Online by 8/2024 |
|--|---|---|
| New Resources Expected, Net Qualifying Capacity (NQC) MW Contracted & Expected to Count Towards Resource Adequacy | 2,388 NQC MW | 3,977 NQC MW |
| New Resources Expected, Nameplate Capacity MW Contracted | 4,315 Nameplate MW | 8,191 Nameplate MW |
| Number of Projects Expected, Contracted | 62 projects | 121 projects |

Project Progress Tracking for Summer 2021 (continued)

- In Q2 of 2021, the CPUC will release an aggregation of data collected from IRPs filed by LSEs in Sept. 2020 (including info on existing, developing, planned resources)
- The CPUC is also tracking project progress toward the 3,300 MW NQC procurement ordered in D.19-11-016, to ensure there are no CPUC-related regulatory barriers that would prevent their meeting targeted online dates.
 - On February 1, 2021, LSEs that elected to self-provide their procurement obligation submitted status updates of their projects
 - The CPUC is using this data to determine whether any projects have suffered delays or failure that necessitate backstop procurement through IRP

Replacement Resources for Diablo Canyon Nuclear Power Plant

- In Feb. 2021, the CPUC issued a ruling in the IRP proceeding seeking feedback on mid-term reliability analysis and proposing new procurement requirements for LSEs.
 - The ruling recommends that the CPUC order procurement of 7,500 MW of new net qualifying capacity to come online in the years 2023–2025
 - The CPUC hosted a workshop in March to facilitate dialogue with stakeholders; party comments being reviewed by Energy Division.
- A proposed decision ordering procurement for mid-term reliability is expected in Q2 of 2021.

Other ongoing actions to address reliability

- Improving load scheduling accuracy
 - The CPUC is exploring technical solutions needed to allow IOUs to provide customer usage data to CCAs and ESPs more frequently
 - May seek remedies through the IOU budget process
- Exploring rule changes in the RA proceeding (R.19-11-019)
 - CPUC held a workshop in Feb. 2021 to cover PRM requirement, RA import rules, qualifying capacity rules for hybrid resources and demand response, changes to the RA penalties structure, and larger structural changes to the RA framework
- New IRP procurement framework
 - The CPUC hosted a workshop in Dec. 2020 to discuss a proposed framework for ordering future procurement through the IRP process
 - Party comments were filed on the staff proposal in March and are being reviewed by Energy Division; expected to inform the mid-term reliability procurement decision

Questions?

More information available at: www.cpuc.ca.gov/summerreadiness/

Appendix