

Integrated Resource Planning (IRP) Resource Procurement Framework Staff Proposal

Workshop

December 18, 2020



California Public
Utilities Commission

Workshop outline

Introduction <small>Staff Proposal sections 1.1, 1.2, 1.3, 1.4, 1.5, 1.6, 1.7, 1.8, 1.9, 1.10, 1.11, 1.12, 1.13, 1.14, 1.15, 1.16, 1.17, 1.18, 1.19, 1.20, 1.21, 1.22, 1.23, 1.24, 1.25, 1.26, 1.27, 1.28, 1.29, 1.30, 1.31, 1.32, 1.33, 1.34, 1.35, 1.36, 1.37, 1.38, 1.39, 1.40, 1.41, 1.42, 1.43, 1.44, 1.45, 1.46, 1.47, 1.48, 1.49, 1.50, 1.51, 1.52, 1.53, 1.54, 1.55, 1.56, 1.57, 1.58, 1.59, 1.60, 1.61, 1.62, 1.63, 1.64, 1.65, 1.66, 1.67, 1.68, 1.69, 1.70, 1.71, 1.72, 1.73, 1.74, 1.75, 1.76, 1.77, 1.78, 1.79, 1.80, 1.81, 1.82, 1.83, 1.84, 1.85, 1.86, 1.87, 1.88, 1.89, 1.90, 1.91, 1.92, 1.93, 1.94, 1.95, 1.96, 1.97, 1.98, 1.99, 2.00</small>	Framework background & purpose <small>Staff Proposal sections 2.1, 2.2, 2.3, 3.1, 3.2</small>	Guiding principles, criteria, & procurement process steps <small>Staff Proposal sections 2.4, 4, 5</small>	Need determination <small>Staff Proposal section 6</small>
Ordering procurement <small>Staff Proposal sections 7.1, 7.2, 7.3</small>	Approval, compliance & link to planning process <small>Staff Proposal sections 8, 9, 10</small>	Summary, assessment & next steps <small>Staff Proposal section 11</small>	

Introduction

Logistics & Scope

- Workshop slides are available at the [IRP Procurement Track webpage](#)
- The workshop will be recorded, with the recording posted to the same webpage
- This workshop is not for the IRP proceeding record, but rather to advance stakeholders' understanding in advance of written comments
- Out-of-scope:
 - Load-serving entity plan aggregation and Preferred System Portfolio development
 - Mid-term reliability analysis

Questions (1)

- This workshop is intended to advance parties' understanding of this Staff Proposal: [Staff Proposal for Resource Procurement Framework in IRP](#)
- We invite clarifying questions during the Q&A segment at the end of each topic; please do not advocate at this stage
- Stakeholders will have opportunity to provide written comments and advocate on specific aspects of this Staff Proposal in subsequent rulings, and in coordination with analysis about specific potential procurement in the near future
- All attendees have been muted. **To ask questions:**
 - In Webex:
 - Please “raise your hand”
 - Webex host will unmute your microphone and you can proceed to ask your question
 - Please “lower your hand” afterwards

Questions (2)

- For those with phone access only:
 - Dial *3 to “raise your hand”. Once you have raised your hand, you'll hear the prompt, "You have raised your hand to ask a question. Please wait to speak until the host calls on you“
 - WebEx host will unmute your microphone and you can proceed to ask your question
 - Dial *3 to “lower your hand”
- Questions may also be typed into the “Chat Room” feature of this Webex, though priority will be given to stakeholders who have “raised their hand”
- Should time not permit attention to every question, stakeholders may also email questions by the end of today (12/18) to Neil.Raffan@cpuc.ca.gov

Framework background & purpose

Staff Proposal sections 2.1, 2.2, 2.3, 3.1, 3.2

IRP Background (Section 2.1)

- First cycle of IRP, 2017-2018, was planning-focused
- April 2019: Decision (D.) 19-04-040 adopting the 2018 Preferred System Portfolio (PSP) initiated a “procurement track” in IRP

Term	Definition
Planning track	Planning-related activities in the IRP proceeding
Procurement track	Procurement-related activities in the IRP proceeding, including addressing the broad framework for requiring and conducting procurement, as well as procurement orders or other CPUC actions
IRP Procurement Framework	Collection of guiding principles, problem statement, criteria for success, and descriptions of steps to achieve the objectives of procurement in the IRP proceeding
IRP procurement process	Series of steps to achieve procurement within the IRP proceeding
Step	A particular part of the procurement process, undertaken by the CPUC

Table 1, p.14 of Staff Proposal

Procedural background (Section 2.2)

- Public Utilities (PU) Code sections relevant to describing the California Public Utility Commission's (CPUC) jurisdictional authority include:
 - Section 454.51
 - Section 454.52
 - Section 380
- November 2019: first major decision in the IRP procurement track: D.19-11-016
 - Requires load-serving entities (LSE) to procure 3,300 MW of system resource adequacy capacity by 2023
 - Recommended extension of operations for several once-through-cooling thermal generators for system reliability
- March 2020: D.20-03-028 adopted the 2019-2020 Reference System Portfolio (RSP) and reiterated the CPUC's intention of further developing the procurement track

Purpose of Staff Proposal (Section 2.3)

- Provide decision-makers, parties, and procurement entities with credible options and recommendations on the design of an IRP procurement framework
- Address the specific purpose, timing, and features of potential IRP procurement orders, in the context of the broader IRP process and LSEs planning to procure
 - Procurement track should complement the planning track → LSEs procure resources that are, in aggregate, broadly consistent with optimal portfolio adopted by the CPUC
 - LSEs will proactively procure a significant portion of future needs without being ordered to do so within the IRP process, given:
 - Guidance from planning track, via RSPs and PSPs
 - Existing compliance programs, most notably Resource Adequacy (RA) and Renewables Portfolio Standard (RPS)
 - Need common understanding of role of IRP procurement orders
 - Staff suggests role is to ensure the procurement of resources that would not otherwise be procured given existing programs and wholesale energy markets, but that are need from an integrated perspective
- Scope: all future procurement informed by IRP; next instance likely associated with mid-decade reliability needs
- Out of scope: changes to other programs

Overarching Problems Informed Staff Proposal (Section 3.1)



- Insufficiency of planning and procurement processes to ensure outcomes desired by State, articulated in [D.19-04-040](#).
 - Encouraging LSE progress on procurement has been achieved, e.g. see [Status of New Resources Expected](#)
- Electric Grid demands barriers to market entry and exit
- Zero Marginal Cost Resources will dominate the energy market in the future
- Heat Storm of August 2020 is a stark reminder of what is at stake + New reality of Wildfires, PSPS, and Electrification
- Overall new regulatory structures need to be built, "IRP Procurement Framework" without stopping IRP planning cycles

Specific Problems Proposal Seeks to Address (Section 3.2)

- Lack of clarity regarding CPUC's procurement process within IRP, ad hoc nature of [D.19-11-016](#)
- "Renewables integration", everything "new" will be used to integrate
- Risk of RPS as a GHG procurement program
- Weak alignment between IRP and RA
- Planning while evolving system reliability metrics and planning standards with high penetration of variable renewables
- Ensuring reliability in a fragmented LSE market
 - combined with development risk associated with new resource types
 - Combined with compliance complexity, e.g. Recent decision on progress showings and [backstop decision](#)
- Challenges specific to certain resource types (continuum of timeline and 'ease of procurement' characteristics)



Continuum of Procurement Characteristics by Resources Type (Table 2)

Timeline & Ease of Procurement	Example Resource Types	Potential IRP Procurement Framework Implications
Short; straightforward	Batteries, demand response, import contracts	<ul style="list-style-type: none"> • Need determination could inform existing programs' goals or other key features • May require a procurement order
Medium to long; moderate	Solar, wind, geothermal	<ul style="list-style-type: none"> • Continued monitoring of existing procurement program (RPS and RA), to determine whether changes are needed to meet requirements found in IRP • May require a procurement order
Long; complex	Pumped storage, out-of-state wind on new transmission, offshore wind	<ul style="list-style-type: none"> • Likely to require a procurement order and considerable regulatory involvement

Questions?



Guiding principles, criteria, & procurement process steps

Staff Proposal sections 2.4, 4, 5

Guiding Principles (Section 2.4)

- The following principles are intended to guide the establishment of the IRP Procurement Framework
 - **Broad Direction** - CPUC should direct procurement broadly and defer to LSEs for the soliciting, negotiating, and contracting of specific resources
 - **Specifics May Vary By Technology** - CPUC's IRP procurement need should typically be determined in as general terms as possible, however, there may be exceptions to this
- Structure and design of the CPUC's IRP Procurement Framework should:
 - Allow state to meet goals
 - Be transparent
 - Be repeatable
 - Align with needs of other planning agencies and entities
 - Link planning to procurement

Criteria for Evaluating Individual Options and Overall Framework (Section 4)

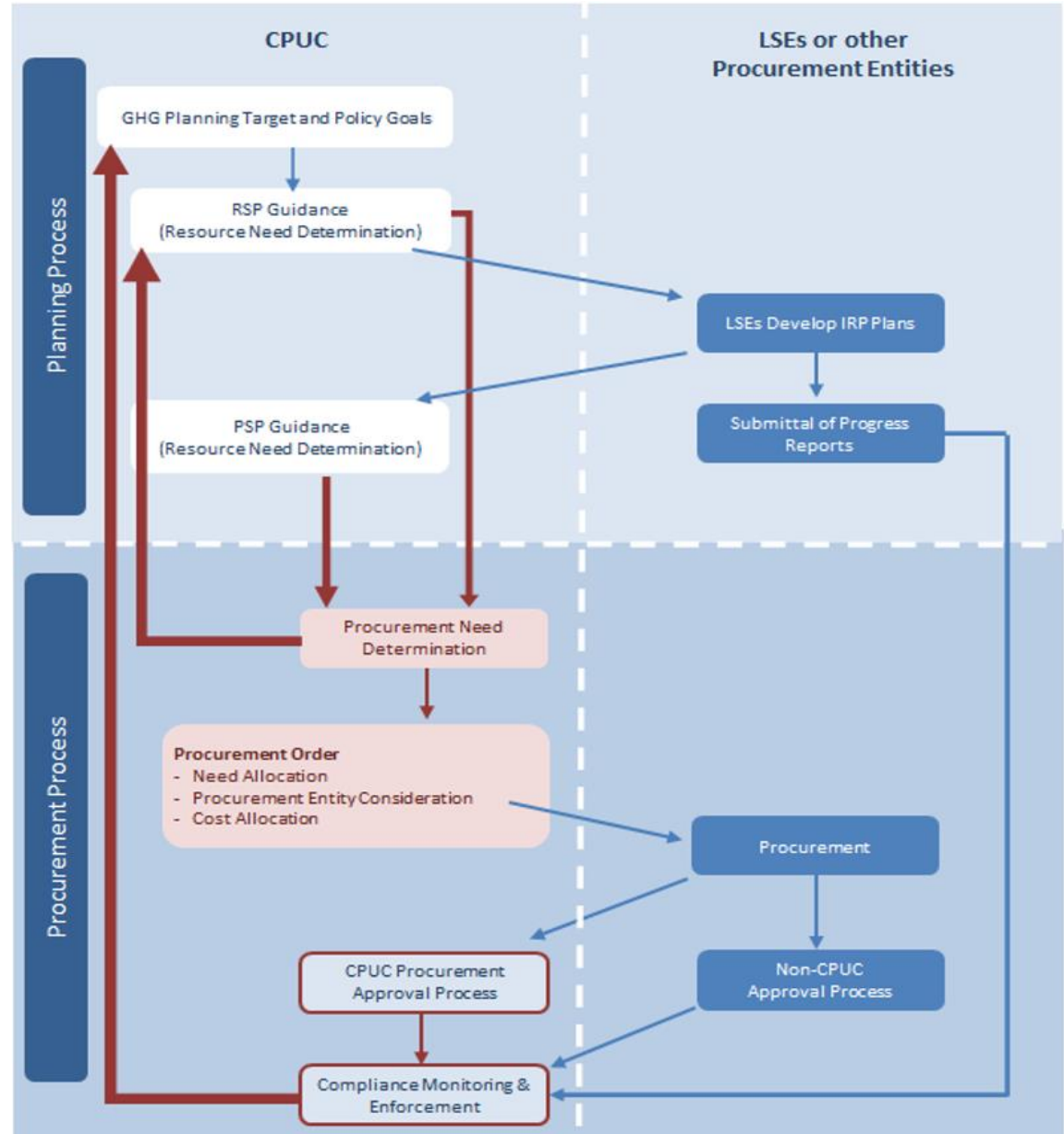


- Effectiveness: The likelihood of achieving the overarching purpose of the Procurement Framework by implementing the option
 - Facilitate sufficient, timely, and cost-effective procurement
 - Incentivize procurement that is broadly consistent with the optimal portfolio identified by planning
 - Enable California to meet policy goals
- Technical and Administrative Feasibility: The likelihood that an agency/entity can implement the option well given the availability of resources, tools, and data
 - Align with other processes of the CPUC to eliminate redundancy and increase efficiency
 - Repeatable and long-lasting while being flexible enough to adapt to new challenges as they arise
 - Feasible in terms of timeline, cost, and other considerations, and implementable

Procurement Framework, Process, and Steps (Section 5)

Blue = existing steps

Red = steps to be established or updated



Questions?

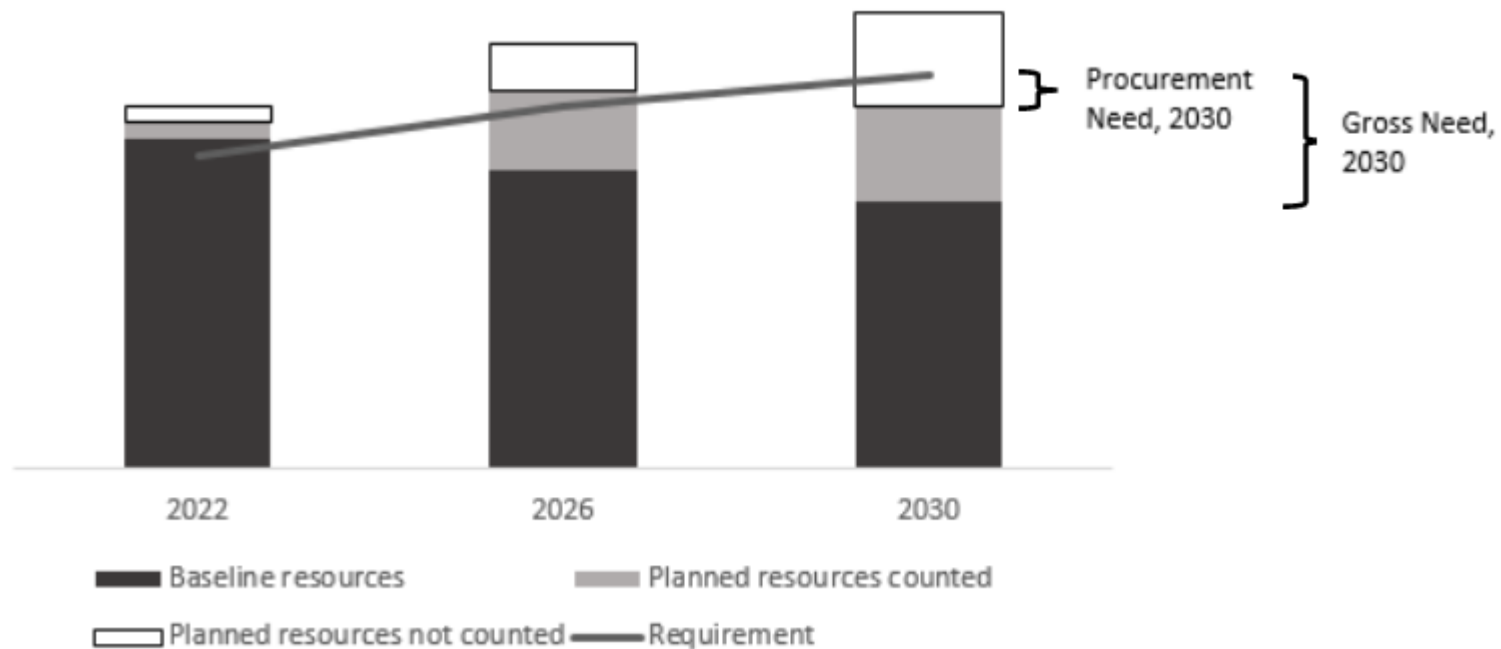


Need determination

Staff Proposal section 6

Need determination (Section 6)

- Need determination is the step of identifying what should be procured to meet a planning requirement



Need determination - issues

- Procurement need vs. resource need identified in the planning track
 - Timeframes, degree of urgency
- Baseline vs. planned resources

	Online Status	Contracting Status
Baseline	Currently online and expected to be online in the planning year under consideration	Contracted or uncontracted
	Not yet online	Contracted
Planned	Not yet online	Uncontracted but included in LSEs' individual IRPs

P.31 of Staff Proposal

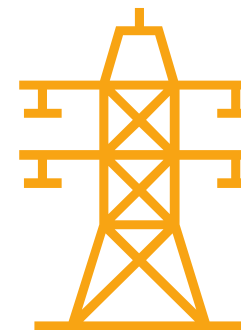
Need determination - issues

- Drivers of need
 - Reliability
 - Greenhouse gas (GHG) reduction
 - Other: renewables integration, resiliency through resource diversity, combination of requirements



Need determination - issues

- Specificity of need
 - Procurement need should be stated in as general terms as possible
 - E.g., defined by attributes or services needed, rather than resource types
- Possible reasons for specificity include:
 - Large, long lead-time resources
 - Transmission development
 - Resource diversity



Need determination – options - general

Option 1: Conduct need determination regularly, based on a set schedule

- Time-based; or
- Associated with IRP proceeding schedule, e.g., as part of RSP and PSP development

Option 2: Conduct need determination on an event-driven basis, triggered by certain criteria

- Criteria:
 - 4 year look ahead
 - Expected total Net Qualifying Capacity (NQC) vs. system peak plus planning reserve margin (PRM)
 - Baseline resources vs. new resources in optimal portfolio per planning track
 - Proportion of non-routine resources in optimal portfolio
- Monitoring effort should not exceed effort to conduct need determination

Need determination – options - reliability

- Option 1: Conduct using gap analysis with Reference System Portfolio or Preferred System Portfolio
- Option 2: Conduct using the method used for D.19-11-016
- Option 3: Conduct stack analysis using updated system requirement and current ELCCs
- Option 4: Conduct using an LOLE analysis to update all inputs
- Option 5: Conduct both energy and capacity-based reliability analyses using resource sufficiency assessments

Need determination – options - reliability

Step	Option 1: Conduct using gap analysis with Reference System Portfolio or Preferred System Portfolio	Option 2: Conduct using the method used for D.19-11-016	Option 3: Conduct stack analysis using updated system requirement and current ELCCs	Option 4: Conduct using an LOLE analysis to update all inputs
Calculate load and reserve target	Not applicable	2019 IEPR + PRM	2019 IEPR + PRM, updated so that LOLE is no higher than 0.1	2019 IEPR + PRM, updated so that LOLE is no higher than 0.1
Calculate capacity value from baseline and planned resources	Not applicable	Calculate total ELCC of baseline resources based on existing NQCs per System RA program	Calculate total ELCC of baseline resources + planned resources based on ELCCs per the 2019-2020 RSP	Update production cost model used for 2019-2020 RSP with latest baseline and planned resources, to update ELCCs by resource type
Calculate system capacity shortfall	Delta between new resources in 2019-2020 RSP and planned resources, adjusted for baseline updates and the 2019 IEPR (nameplate capacity by resource type by year)	Delta between results of Step 1 and 2 (capacity value by year)	Delta between results of Step 1 and 2 (capacity value by year)	Delta between results of Step 1 and 2 (capacity value by year)

Need determination – options – GHG reduction

Option 1: Use LSE-specific annual GHG limits to assess compliance

- Annual limits within the IRP planning horizon, rather than just each LSE's 2030 GHG benchmark, will allow monitoring of progress and determine whether corrective action is required to meet the long-term GHG target

Option 2: Use a clean resource standard

- Would require development of quantifiable metrics and procedural compliance programs to ensure achievement of:
 - existing or future GHG reduction and carbon-based targets
 - Could use intensity (per MWh) basis or percentage of retail sales
 - criteria air pollutant reduction policy goals

Need determination – options – large, long lead-time resources

Option 1: Use sensitivity analysis to determine technology-specific need

- Identify which resources are cost-effective, can potentially fill the need, but are unlikely to be procured by LSEs due to market or other barriers
- Use latest information
 - Market test
 - Confirm cost and other key assumptions
 - Qualitative insights associated with the supply chain, development, and other risks

Option 2: Develop a decision-making approach for determining what emerging technologies should be included

- Planning track should generally guide what resource types should be considered for procurement
- Exceptional circumstances may necessitate emerging technologies to be assessed in the procurement track

Need determination – enabling actions

- Action 1: Apply “viability factors” to planned resources
- Action 2: Establish standard estimates for length of procurement process based on resource characteristics
- Action 3: Ensure that the IRP filing requirement planning standards reflect the need determination standards
- Action 4: Improve alignment between inputs and assumptions used in the IRP and RA programs
- Action 5: Establish a permitting preassessment process

Questions?



Ordering procurement

Staff Proposal sections 7.1, 7.2, 7.3

Need allocation – issues (Section 7.1)

- "Causer pays" principle
- Counting of existing resources, and incremental resources, for each LSE
- Uncertainty about future load each LSE is required to serve
- Bearing of "stranded costs" vs. managing risks inherent to electricity retail service provision
 - Power Charge Indifference Amount (PCIA) and potential changes



Need allocation – options - general

General options	
<p>Option 1: Need allocation to LSEs follows need determination</p> <ul style="list-style-type: none">• Allocate need to LSEs only if there is a system need	<p>Option 2: Pro-rate based on LSEs' portfolio positions as well as load shares</p>
	<p>Option 3: Pro-rate the need based only on LSEs' load shares</p>
<p>Option 4: Need allocation is part of need determination</p> <ul style="list-style-type: none">• Allocate need to LSEs even if no system need	<p>Option 2: Pro-rate based on LSEs' portfolio positions as well as load shares</p>

Need allocation – options - general

- Examples

- Option 3: Pro-rate the need based only on LSEs' load shares

	Aggregate	LSE A	LSE B	LSE C	LSE D	None
Requirement	5,000	1,400	1,300	1,000	1,300	
Position	4,000					
Need / (surplus)	1,000					
Need allocated	1,000	280	260	200	260	

- Option 2: Pro-rate based on LSEs' portfolio positions as well as load shares

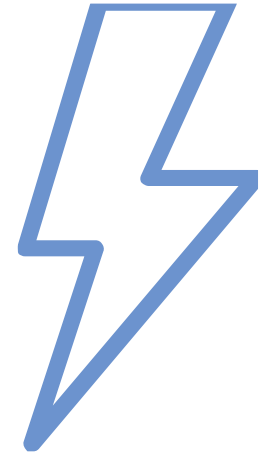
	Aggregate	LSE A	LSE B	LSE C	LSE D	None
Requirement	5,000	1,400	1,300	1,000	1,300	
Position	4,000	1,400	1,400	400	400	400
Need / (surplus)	1,000	-	(100)	600	900	
Need allocated	1,000	-	-	400	600	

Need allocation – options - specific

General options		Specific options
Option 1: Need allocation to LSEs follows need determination <ul style="list-style-type: none"> Allocate need to LSEs only if there is a system need 	Option 2: Pro-rate based on LSEs' portfolio positions as well as load shares	Option 2: Allocate system reliability need using a method similar to that utilized in D.19-11-016, but considering LSEs' portfolio positions
	Option 3: Pro-rate the need based only on LSEs' load shares	Option 3: Allocate reliability need using energy and capacity-based analysis applied at the LSE level
Option 4: Need allocation is part of need determination <ul style="list-style-type: none"> Allocate need to LSEs even if no system need 	Option 2: Pro-rate based on LSEs' portfolio positions as well as load shares	Option 1: Allocate system reliability need using the load-share method utilized in D.19-11-016
		Option 3: Allocate reliability need using energy and capacity-based analysis applied at the LSE level
		Option 4: Allocate GHG reduction need using LSE-specific annual limits

Procurement & operating entity direction (Section 7.2)

- Procurement entity: will enter into some form of offtake contract with the resource owner, or may own the resource directly
- Operating entity: schedules a resource's output, manages its maintenance schedule, and controls other activities critical for its performance post-construction



Procurement entity - issues

- Staff believes default approach in IRP is LSEs self-providing to meet procurement needs
- May be certain circumstances under which self-provision is not appropriate. Factors for consideration:
 - Size of resources
 - Development risk
 - LSEs' autonomy
 - Capabilities and characteristics of the procurement entities
 - Existing entities
 - Prospective new entities
 - Degree of reliance on procurement entities
 - Complexity of cost allocation, which is required when the procurement entity/ies are not the same as those who have been allocated the need

Operating entity - issues

- Size of resources
- Potential conflicts of interest
- Capabilities and characteristics of the entities

Procurement entity – options – large, long lead-time resources

Option 1: Central procurement entity/ies (CPE) conduct front-stop procurement when the need determination identifies large, long lead-time resources can provide mutual benefit to all LSEs

- For exceptional circumstances where need determination identifies that it would be sub-optimal for LSEs to attempt to procure these resources individually or collectively
- CPE/s would be appointed as front-stop procurement entities

Option 2: LSEs given opportunity to conduct procurement of large, long lead-time resources

- LSEs would individually or collectively attempt to procure the large, long lead-time resources needed
- If LSEs fail to procure, then one or more CPEs would conduct backstop procurement

Procurement entity – options – self-provision

Option 1: Non-IOUs can opt-out of self-providing some or all new resource development

- As for D.19-11-016
- CCAs and ESPs able to opt-out, leaving one or more CPEs to procure on their behalf
- IOUs not given this option

Option 2: All LSEs allocated procurement need must self-provide

- CCAs and ESPs that are allocated a procurement need would be required to self-provide

Procurement entity – options – CPEs

Option 1: IOUs are the CPEs

- Each IOU would be the CPE in its respective service territory
- Procures on behalf of other LSEs
 - opt-outs (i.e., front-stop)
 - failing to successfully self-provide (i.e., backstop)

Option 2: Appoint a non-LSE CPE

- Potential CPEs could include existing or new state or private sector organizations

Procurement entity – options – CPEs

Option 3: All LSEs can apply to be a CPE

- An individual IOU, CCA, ESP or another entity could take on the leadership role in procurement
- CPUC could grant that entity conditional approval for cost recovery for a tranche of mutual benefit procurement
 - Similar to today's Cost Allocation Mechanism (CAM)

Option 4: Develop criteria to determine appropriate procurement entity

- Develop criteria for delineating between LSE-attainable resources and those which will require CPUC direction or the support of a CPE
 - “routine” vs. “non-routine”
- Allow any entity to apply to the CPUC for a permit to be designated a CPE and to have a specified resource contract be eligible for CAM-like cost recovery treatment

Procurement entity – options – requirements

Option 1: No requirements for LSEs to be appointed as procurement entities

- As per D.19-11-016
- All CPUC-jurisdictional LSEs are eligible to self-provide
 - Regardless of size, creditworthiness, and other indicators of procurement capability

Option 2: LSEs must demonstrate they meet minimum standards to be a procurement entity

- CPUC would establish minimum standards before requiring or allowing LSEs to fulfil a CPUC-directed procurement order themselves
 - E.g., investment grade credit rating

Operating entity – options

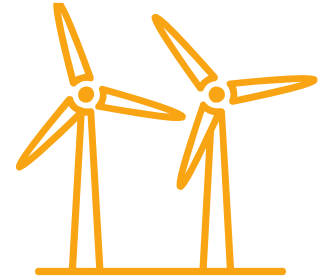
Option 1: CPE controls operating arrangements

- Allow a CPE (whether front-stop or backstop) to negotiate offtake arrangements with the resource developer without having to explicitly ensure that the LSEs' individual interests are taken into account

Option 2: CPE must ensure the LSEs it is procuring on behalf of have rights in operational arrangements

- (Opposite of option 1)
- Likely mainly relevant to the scheduling strategy for the resource in the CAISO day-ahead and real-time markets

Cost allocation (Section 7.3)



- Required when an entity procures a resource to serve customers that it is not responsible for serving; closely related to
 - Need allocation; and
 - Procurement entity direction
- Cost allocation mechanism (CAM)
 - Since adoption in Long-term Procurement Plan (LTPP) proceeding, CAM has been applied to support new generation to support reliability
 - Limited to instances where IOUs procure on behalf of all customers in their territory
- D.19-11-016 requires "modified CAM"
 - Live topic in IRP proceeding
- Enabling action to developing IRP Procurement Framework:
 - Consider cost allocation challenges associated with procurement need determination and allocation approaches discussed earlier

Cost allocation - options

Option 1: Use CAM when a CPE is directed to procure

- Costs and benefits shared by all benefitting customers in each IOU's service territory

Option 2: Use Modified CAM, once developed as required by D.19-11-016, when procurement need is allocated to various procuring entities including non-IOU LSEs

- Address opportunity for CCAs and ESPs to self-provide
- CPEs procure on behalf of opt-out LSEs
- Potential for backstop procurement to be required

Questions?



Approval, compliance & link to planning process

Staff Proposal sections 8, 9,10

Approval- issues (Section 8)

- Process for IOUs and potential central procurement entities to gain approval for cost recovery from ratepayers
- Balancing expediency of procurement with the need for stakeholder review and the possibility of that review finding significant deficiencies
- Tradeoff between standardized CPUC approval criteria defined upfront versus ensuring these are fit for each instance of procurement

Approval- options

Option 1: Rely on the CPUC's existing requirements, including applications

- IOUs must make separate applications
- Exceptions:
 - Contracts less than 5 years
 - RPS contracts

Option 2: Allow approvals via Tier 3 Advice Letters, as per D.19-11-016, for urgent procurement

- IOUs file Tier 3 Advice Letters
- Include metrics used to compare all bids and justification for utility-owned assets

Option 3: Develop a common resource valuation methodology (CRVM)

- Support accurate and consistent measurement of value of electricity resources
- Components: capacity value, energy value, resiliency of wildfire vulnerability mitigation value, etc.

Compliance Monitoring & Enforcement – issues (Section 9)

- Ensuring appropriate incentives and disincentives are in place
- Designing the CPUC's role in this consistent with its authority
- Providing the CPUC access to information of sufficient detail and timeliness to effectively monitor compliance
- Determining when and how non-compliance will be assessed, and ensuring that corrective actions can occur in time for the need
- Aligning with other parts of the procurement process, particularly need allocation and procurement and operating entity direction

Compliance Monitoring – options (Section 10)

Option 1: Maintain current monitoring approach

- Annual progress reports and milestone demonstrations determined by each procurement order
 - Apply the compliance monitoring structure of D.19-11-016, specifically:
 - Procurement progress reports submitted by self-providing LSEs annually
 - Milestone demonstrations laid out in individual procurement orders, utilizing D.19-11-016 as a template

Option 2: Develop a standard method for establishing monitoring milestones and triggers for corrective action

- A standard method could aim to address issues such as:
 - LSEs having sufficient time to take procurement action vs. CPE(s) having adequate time to react if an LSE fails to meet a milestone
 - What LSEs' milestone demonstrations would entail
- RFI-driven milestones

Enforcement - options

Option 1: Use the threat of “just-in-time” backstop procurement to incentivize self-providing LSEs to succeed

- Reflects approach used for D.19-11-016
- CPE steps in to procure and the LSE bears the backstop procurement costs

Option 2: Develop an IRP procurement

- Set rules/penalties to establish disincentives
- Draw on existing programs where applicable

Incorporation into Planning Process – issues (Section 10)

- The Procurement Framework should encourage and maintain a strong link between planning and procurement
- If the CPUC directs procurement through multiple orders – how can the CPUC prevent inconsistency in the signal sent to LSEs and the market?
- Following a procurement order, how certain should it be assumed that the resource needs will be met?
- Should procurement orders automatically be incorporated into future IRP modeling baselines for RSP development?

Incorporation into Planning Process - options

Option 1: Incorporate the full amount of procurement ordered into the RSP or PSP baseline

- Assume the full amount of procurement ordered as a fixed input to future optimizations of incremental candidate resources.

Option 2: Incorporate resources into the RSP or PSP baseline only once the procurement is contracted and approved by the CPUC or the LSEs' highest decision-making authorities

- Use information in the contract, including commercial operations date and attributes, to update the baseline used in the RSP and PSP.
- The portion of the ordered procurement amount not yet contracted for is reevaluated
 - Could be found no longer necessary or the need could be specified differently

Option 3: Develop an "In Procurement" resource category within the planning track of IRP

- Procurement ordered but not yet online would not be identified as a procurement need again if any of the below criteria are met:
 - LSE meets a designated milestone
 - CPE is designated to execute procurement and has conducted a viability assessment
 - Procurement need requires new transmission development

Questions?



Summary, assessment & next steps

Staff Proposal section 11

Two Phased Approach to Implementing IRP Procurement Framework (p. 29)

Phase 1

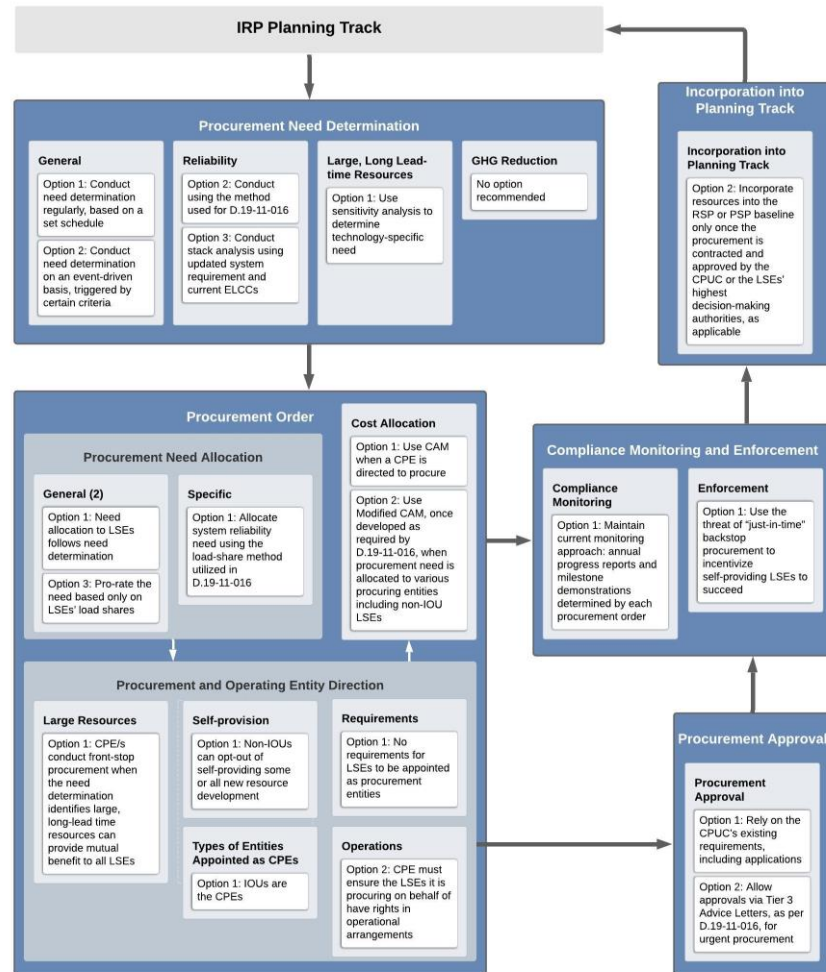
- Apply during the current IRP cycle through 2021
- Applicable to any upcoming procurement orders to address mid-decade reliability needs
- Applicable to any procurement order during consideration of Preferred System Plan (late 2021)

Phase 2

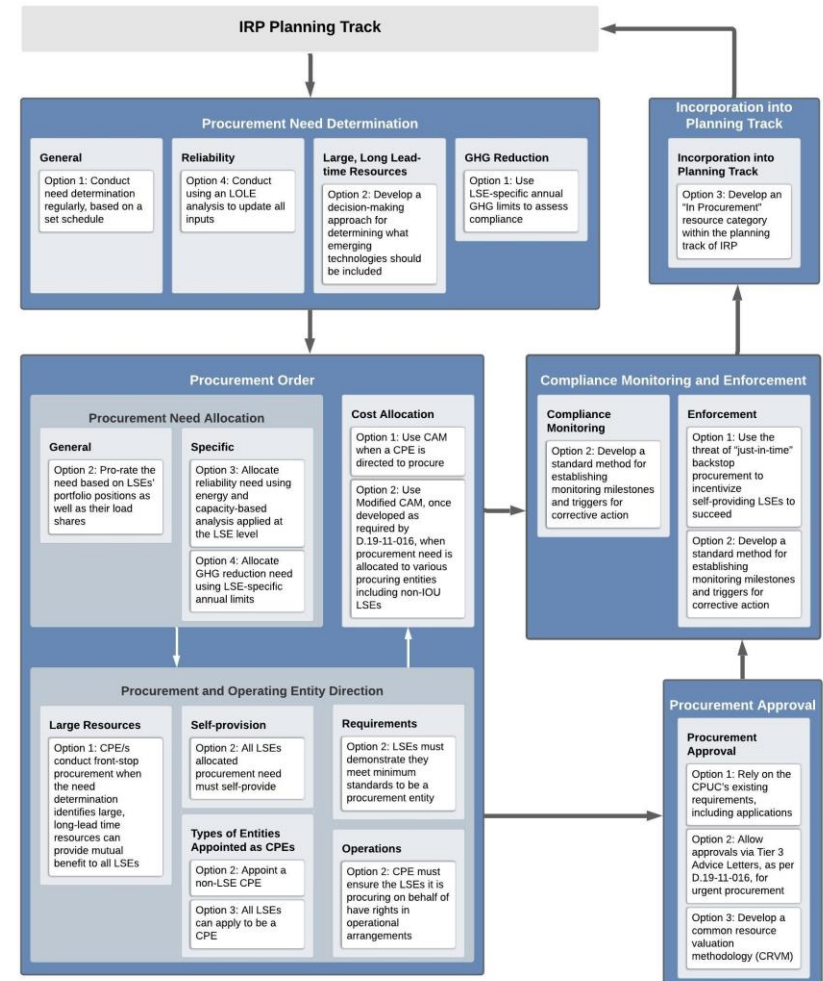
- Apply starting with the next IRP cycle
- Applicable to any procurement orders emanating from any future IRP cycles (2022 and beyond)
- More time to figure out central procurement entity for long-lead time resources and how non-IOU procurement can be incorporated into planning

Summary of the proposed framework for Phases 1 & 2

Proposed Phase 1 IRP procurement process



Proposed Phase 2 IRP procurement process



Next steps

- Comments from parties on specific aspects of the Staff Proposal will be requested via rulings in 2021
- Staff expects the next instance of potential procurement in IRP will be associated with mid-decade reliability needs, including to address the retirement of Diablo Canyon Power Plant
 - Analysis of need and potential order to be addressed in a ruling in the IRP proceeding in early 2021

Questions?



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California Public Utilities Commission

IRP Procurement Track

<https://www.cpuc.ca.gov/General.aspx?id=6442463413>