



Fact Sheet:

Staff Options Paper - Reliable & Clean Power Procurement Program

Summary of Staff Options Paper Released on September 8, 2022

California Public Utilities Commission (CPUC) staff describe options for the design of a new procurement program within the Integrated Resource Planning (IRP) proceeding (R.20-05-003) to establish long-term requirements for load serving entities (LSEs) to procure the electricity resources needed to maintain reliability and reduce greenhouse gas (GHG) emissions. The working name for this new program is the “Reliable and Clean Power Procurement” Program.

The paper does not propose a particular program design but rather advances the conversation with stakeholders. It should lead to a staff proposal on the design in early 2023.

Background & Objectives

- The CPUC’s IRP proceeding committed to developing a programmatic approach to electricity procurement to achieve the IRP goals of achieving reliability and GHG-reductions at least-cost. (See the February 2022 Preferred System Plan Decision [D.22-02-004](#)).
- Currently, procurement requirements occur through the Resource Adequacy (RA) program; the Renewables Portfolio Standard (RPS) program; and various proceedings related to specific procurement needs and demand-side resources.
- In parallel with these procurement programs and directives, the CPUC’s IRP process models optimal future electricity resource portfolios to achieve state policy goals and also requires LSEs to submit long-term IRPs; however these are not equivalent to direct procurement orders. Under the current framework, LSEs retain discretion in their actual procurement.
- The IRP proceeding has resulted in near- and mid-term reliability procurement orders in 2019 and 2021, requiring 3,300 megawatts (MW) and 11,500 MW of new reliable capacity respectively, online by 2026. LSEs are actively contracting for these new resources, in conjunction with their efforts to meet RA, RPS, and other requirements.
- However, the IRP process shows that significantly more procurement on an ongoing basis is needed by 2030 and beyond to meet Senate Bill (SB) 100 (De Leon, 2018). Establishing a clear, predictable, and ongoing set of long-term procurement requirements for LSEs will yield additional benefits such as market certainty and administrative efficiency.
- Some of the potential options for a new procurement program have been reviewed before by the CPUC and stakeholders in other venues and should be considered again now.



Designing for Reliability and GHG-Reduction

The paper sets up key considerations for developing a new program:

- **What** procurement is being contemplated, and what is meant by programmatic procurement?
 - The program should support continued progress towards the goals of SB 100, meaning driving investment in resources, whether on the supply or demand-side, toward 100% of retail electricity sales being renewable and emissions-free by 2045 while maintaining system reliability.
 - Some resources needed to meet SB 100 goals may require procurement action by the CPUC outside of the program because of their unique characteristics.
 - A programmatic approach means moving beyond the CPUC's current energy resource procurement order-by-order approach, and setting rolling, ongoing requirements for LSEs to meet.
 - A programmatic approach can complement the existing RA and RPS programs and help ensure that the long-term IRP plans submitted by LSEs are implemented.
- **Who** in the electricity industry would be involved?
 - All CPUC-jurisdictional LSEs would be responsible for procuring their load share of the overall need.
 - A broad range of existing and new electricity generation, storage, and demand-side resources across the western states would be able to compete for contracts with the LSEs.
- **How** could such a program be designed?
 - Staff poses various options to designing for reliability and GHG-reduction that can accommodate regular updates to electricity demand forecasts, reliability standards, and GHG targets over time.
 - Reliability requirements involve mandatory mid-to long-term contracting for effective capacity or firm energy and differ in how LSEs and suppliers would demonstrate they are meeting their fair share of overall reliability.
 - GHG reduction requirements also involve mandatory mid-to long-term contracting and differ in whether requirements and compliance would be defined in terms of clean energy, or directly in terms of the tons of emissions attributable to an LSE's resource portfolio.
 - LSEs would factor in both the reliability and GHG-reduction elements when making procurement decisions.
- **When** would such a program start?
 - D.22-02-004 states the CPUC's intent to adopt the new program in 2023; if deemed necessary, the CPUC can order additional procurement prior to the new program's implementation.
- **Next steps:** Staff will host a workshop to present the paper on September 20, 2022; stakeholders' comments on the paper are due in November, which will inform a staff proposal.

Helpful Links to Learn More:

[Staff Options Paper](#) | [Administrative Law Judge Ruling](#) releasing Staff Options Paper | [IRP website](#)