

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298



December 30, 2020

Tyler Masters
Director
Western Community Energy
3390 University Ave., Suite 200
Riverside, CA 92501-3314

Dear Mr. Masters,

On November 2, 2020, Western Community Energy (Western) filed a waiver request via Advice Letter 3-E for its 2021 year-ahead local Resource Adequacy (RA) requirement in one local area. Western seeks relief from its remaining 2021 year-ahead local RA obligation and any potential Commission-imposed penalties for deficiencies. Western's waiver request demonstrated that it pursued all commercially reasonable efforts in procuring local capacity to meet its local RA obligations in the deficient local area. The Energy Division of the California Public Utilities Commission (Commission) approves Advice Letter 3-E, Western's request for a penalty waiver.

Commission Decision (D.) 06-06-064 established waiver provisions for local Resource Adequacy (RA) procurement. D.20-06-03 established 2021 compliance year obligations for all Load Serving Entities (LSEs). On November 2, 2020, Western submitted its year-ahead local RA compliance filing, showing a deficiency in one local area. Western also submitted a request for penalty waiver for this deficiency via Advice Letter 3-E pursuant to D.06-06-064 and D.20-06-031.

Section 3.3.12 of D.06-06-064 describes a standard that an LSE may use to demonstrate that it could not reasonably achieve its LCR obligations:

(1) a demonstration that the LSE reasonably and in good faith solicited bids for its RAR capacity needs along with accompanying information about the terms and conditions of the Request for Offer or other form of solicitation, and

(2) a demonstration that despite having actively pursued all commercially reasonable efforts to acquire the resources needed to meet the LSE's local procurement obligation, it either

(a) received no bids, or

(b) received no bids for an unbundled RA capacity contract of under \$40 per kW-year or for a bundled capacity and energy product of under \$73 per kW-year, or

(c) received bids below these thresholds but such bids included what the LSE believes are unreasonable terms and/or conditions, in which case the waiver request must demonstrate why such terms and/or conditions are unreasonable.

An LSE's waiver request that meets these requirements is a necessary but not a sufficient condition for the grant of such waiver. The Commission will also consider other information brought to its attention regarding the reasonableness of the waiver request.

Energy Division has reviewed Western's 2021 year-ahead compliance filing. Energy Division also reviewed Western's actions to procure local RA resources to meet the local RA requirements of the deficient local area, and finds them reasonable considering the capacity available to meet Western's local RA obligation. In this case, Energy Division finds that Western held solicitations and pursued all commercially reasonable efforts to acquire the resources needed to meet the LSE's local procurement obligation. Western's waiver request includes confidential market-sensitive information supporting this finding. Thus, Energy Division grants Advice Letter 3-E, Western's request for a waiver of Commission penalties related to its 2021 year-ahead local RA procurement for 2021 to 2023.

Advice Letter 3-E is effective on December 30, 2020.

Sincerely,

Handwritten signature of Edward Randolph in black ink, with the text "(foi)" written in parentheses to the right of the signature.

Edward Randolph
Deputy Executive Director for Energy and Climate Policy /
Director, Energy Division

Cc: EDComplianceReports@cpuc.ca.gov