



Item 8: Order Instituting Rulemaking on AB 1373 POU Capacity Payment Implementation (Docket No. 24-OIR-01)

March 13, 2024 Business Meeting

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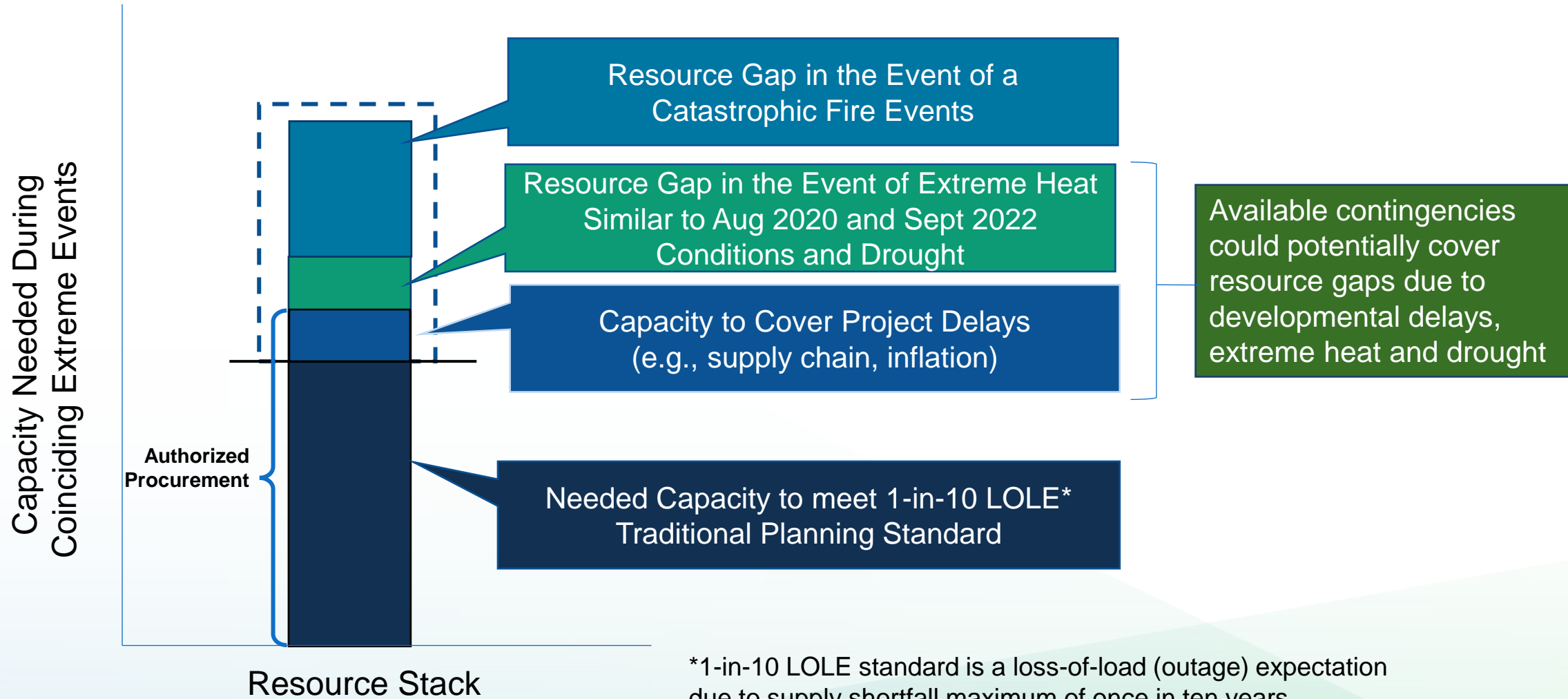
Benefit to Californians



- Electric reliability during extreme events
- Protect health and safety



Need for Contingencies for Electric Reliability



*1-in-10 LOLE standard is a loss-of-load (outage) expectation due to supply shortfall maximum of once in ten years.



Three Reliability Challenges in California

1. Planning Processes

- Account for climate change-induced weather variability
- Timely and sufficient procurement
- Interconnection and permitting processes

2. Scaling Resources

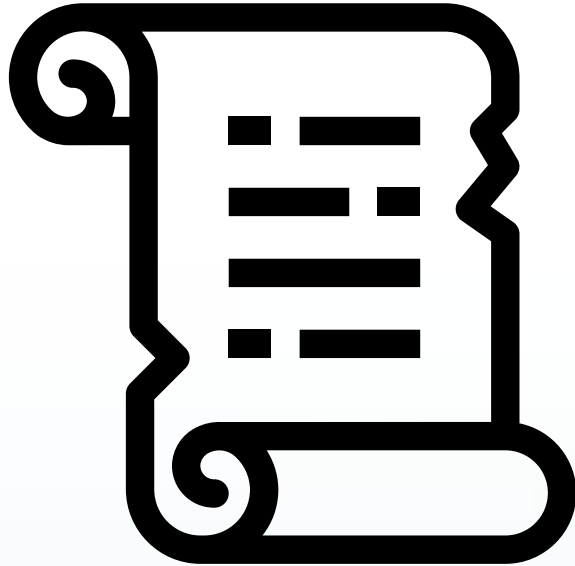
- Expand diversity of resources
 - Demand-side (e.g., more demand flexibility)
 - Supply-side (e.g., long-lead resources)

3. Extreme Events

- Strategic Reliability Reserve



Legislative Action To Fund Electric System Contingencies Resources



AB 205 (2022)

Establishes Strategic Reliability Reserve

AB 1373 (2023)

Establishes capacity payments for LSEs and POUs that “lean” on the Strategic Reliability Reserve during emergency events



AB 1373 Requirements

- DWR determines whether resources met an identified reliability need
- POU's that fail to meet their PRM subject to a capacity payment
- CEC assesses capacity payments and deposit into DWR's ESSRRP fund



Order Instituting Rulemaking to establish regulations for assessing and collecting capacity payments



Staff Recommendation

- Adopt the proposed OIR to start the rulemaking process to develop CEC regulations associated with the new capacity payment and depositing of monies into the ESSRRP fund.



Next Steps

- Pre-Rulemaking Workshop
- Draft proposed regulations
- Seek and incorporate feedback on proposed regulations
- Draft staff report
- Present proposed regulations at a future Business Meeting