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## New Energy Project Opportunities in Southern California Now Clearer

Opportunities to develop new energy projects in Southern California—whether conventional generation, renewable resource, demand response, or energy storage—became clearer last week as the result of an order issued by the California Public Utilities Commission (CPUC).

On March 13, the CPUC authorized the long-term procurement plans of Southern California Edison Company (SCE) and San Diego Gas & Electric Company (SDG&E) to procure up to 1,500 MWs in new energy supplies, as part of a process to replace 2,200 MWs the mothballed San Onofre Nuclear Generation Station (SONGS) would have supplied. At least 600 MWs must be from California's "preferred resources"—renewable power, demand response resources and energy efficiency.

The CPUC added, as "Track 4", 1,500 MW to the procurement authorization authorized in "Track 1" of the proceeding, which dealt with the overall long-term need for new local reliability resources to meet long-term local capacity requirements (LCRs) through 2022. The long-term LCRs are expected to result from the retirement of approximately 5,900 MWs from current once-through cooling generators in the Los Angeles (LA) Basin, and approximately 900 MW in the San Diego local area, to comply with State Water Quality Control Board regulations. The March 13 order is a follow-up to the Track 1 decision, but is more narrowly focused on local capacity requirements in the SONGS study area.

**SCE Procurement Authorizations** The CPUC's Track 1 decision authorized SCE to procure 1,400–1,800 MW of capacity in the West Los Angeles sub-area of the LA Basin local reliability area to meet the LCRs by 2021:

- A minimum of 1,000 MW, but no more than 1,200 MW of capacity must be procured from conventional gas-fired resources

- A minimum of 50 MW must be procured from energy storage resources
- A minimum of 150 MW of capacity must be procured through preferred resources
- SCE was also authorized to procure up to an additional 600 MW of capacity from preferred resources and/or energy storage resources

In addition, SCE was required to continue to obtain resources that can be used in these local reliability areas through processes defined in energy efficiency, demand response, renewables portfolio standard, energy storage and other relevant dockets. SCE was also authorized to procure between 215–290 MW in the Moorpark sub-area of the Big Creek/Ventura local reliability area.

In the March 13 Track 4 order, SCE was authorized to procure an additional 500–700 MWs of resource. At least 400 MWs must be procured from preferred resources or energy storage. The following CPUC chart summarizes SCE’s Track 1 and Track 4 procurement authorizations by resource:

**SCE Procurement Authorization and Requirements**

<b>Resource Type</b>	<b>Track 1 LCR Resources (D.13-02-015)</b>	<b>Additional Track 4 Authorization</b>	<b>Total Authorization</b>
Preferred Resources Minimum Requirement	150 MW	400 MW	550 MW
Energy Storage Minimum Requirement	50 MW	—	50 MW
Gas-fired Generation Minimum Requirement	1000 MW	—	1000 MW
Optional Additional From Preferred Resources/Energy Storage Only	Up to 400 MW	—	Up to 400 MW
Additional from any Resource	200 MW	100 to 300 MW	300 to 500 MW
<b>Total Procurement Authorization</b>	<b>1400 to 1800 MW</b>	<b>500 to 700 MW</b>	<b>1900 to 2500 MW</b>

SCE was authorized to use the Request for Offers (RFO) process approved in Track 1 to procure capacity for the purposes of both Track 1 and Track 4, as well as bilateral contracts, for the procurement. SCE will file one application for approval of any and all contracts entered into for the LA Basin local reliability area, and one application for these purposes for the Big Creek/Ventura local reliability area. According to the March 13 order, SCE currently expects to file applications resulting from its Track 1 solicitations later in 2014.

**SDG&E Procurement Authorizations** The Track 1 order directed SDG&E to procure up to 298 MWs (subsequently increased to 308 MWs and rounded to 300 MWs in the following chart) of local generation capacity beginning in 2018, and granted SDG&E authority to enter into a purchase power tolling agreement with Escondido Energy Center. Recently, the CPUC approved SDG&E’s request for authorization to enter into an amended power purchase tolling agreement with the Pio Pico Energy Center.

The March 13 Track 4 order authorized SDG&E to procure an additional 500–800 MWs of resource. At least 200 MWs must be procured from preferred resources or energy storage. The following CPUC chart summarizes SDG&E’s Track 1 and Track 4 procurement authorizations by resource:

**SDG&E Procurement Authorization and Requirements**

Resource Type	D.13-03-029/ D.14-02-016	Additional Track 4 Authorization	Total Authorization
Preferred Resources (including energy storage) Minimum Requirement	—	175 MW	175 MW
Energy Storage Minimum Requirement	—	25 MW	25 MW
Additional from any resource	300 (Pio Pico)	300 to 600 MW	600 to 900 MW
<b>Total Procurement Authorization</b>	<b>300 MW</b>	<b>500 to 800 MW</b>	<b>800 to 1100 MW</b>

The CPUC authorized SDG&E to solicit procurement offers through a RFO and bilateral negotiations, subject to Energy Division approval of its procurement process. SDG&E was strongly encouraged to develop a Living Pilot for preferred resources similar to the one proposed by SCE.

*If you have any questions about this order and the opportunities it may present, please contact one of the authors.*

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