

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298



January 31, 2022

Brian Probolsky
Chief Executive Officer
Orange County Power Authority
15642 Sand Canyon Ave, P.O. Box 54283
Irvine, CA 92619

Dear Mr. Probolsky,

On November 1, 2021, Orange County Power Authority (Orange County) filed a waiver request via Advice Letter 2-E for its 2022 year-ahead local Resource Adequacy (RA) requirement in one local area. Orange County seeks relief from its 2022 year-ahead local RA requirements in this local area. Energy Division staff grants the waiver for the reasons explained below.

Commission Decision (D.) 06-06-064 established waiver provisions for local RA procurement. D.21-06-029 established 2022 compliance year obligations for all Load Serving Entities (LSEs). On November 1, 2021, Orange County submitted its 2022 year-ahead local RA compliance filing, showing a deficiency in a local area, and also showing that it has not met the local RA obligation in one local area. Orange County submitted a request for waiver via Advice Letter 2-E pursuant to D.06-06-064, D.20-06-031, and D.19-06-026.

Section 3.3.12 of D.06-06-064 approved a CPUC staff waiver process from LSE procurement obligations as a necessary “market power mitigation measure” – and describes a standard that an LSE may use to demonstrate that it could not reasonably achieve its Local Capacity Requirement (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.

In D.19-06-026, the Commission updated the local trigger price from \$40/kW-year to \$51/kW-year.

Energy Division has reviewed Orange County's 2022 year-ahead local compliance filing. Energy Division also reviewed Orange County's actions to procure local RA resources to meet the local RA requirements of the applicable local areas, and finds them reasonable considering the capacity available to meet Orange County's local RA obligation. In this case, Energy Division finds that Orange County held solicitations and pursued all commercially reasonable efforts to acquire the resources needed to meet the LSE's local procurement obligation. Orange County's waiver request includes confidential market-sensitive information supporting this finding.

Orange County'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. Energy Division approves Advice Letter 2-E, Orange County's request for a waiver from its local procurement obligation and any penalties associated with this obligation.

Thus, Energy Division grants Advice Letter 2-E, Orange County's request for a waiver of its 2022 year-ahead local RA requirements.

Advice Letter 2-E is effective on January 31, 2022.

Sincerely,

Handwritten signature of Simon Baker, with the initials "(FOI)" written in parentheses to the right of the signature.

Simon Baker
Interim Deputy Executive Director for Energy and Climate Policy /
Interim Director, Energy Division

Cc: EDComplianceReports@cpuc.ca.gov