On March 3, 2023, the CPUC released a proposed decision (PD) on reform of the resource adequacy (RA) program ahead of the 2024 test year. The PD adopts implementation details for the 24-hour slice of day (SOD) framework including compliance tools, resource counting rules for various resource types, and a methodology to translate the planning reserve margin to the slice of day framework. The proposal addressed the five objectives of RA reform: to balance ensuring a reliable electrical grid with minimizing costs to customers; to balance addressing hourly energy sufficiency for reliable operations with advancing California’s environmental goals; balancing granularity and precision in meeting hourly RA needs with a reasonable level of simplicity and transactability; to be implementable in the near-term; and to be durable and adaptable to a changing electric grid.

**Decision Summary**

The proposed decision:

* Adopts Energy Division’s proposed process for development of a Master Resource Database for use in compliance under the SOD framework. This is the official database of resources eligible to sell RA that includes their key attributes,
* Adopts Southern California Edison’s (SCE’s) approach for a load serving entity (LSE) compliance showing tool. Directs Energy Division to incorporate Clean Power Alliance’s energy storage sufficiency logic into the SCE tool to the extent possible. This tool will be used by LSEs to demonstrate that they have met RA requirements.
* Determines counting conventions for all resource classes including adopting the Pacific Gas & Electric’s (PG&E’s) approach for determining the exceedance level used to generate daily solar and wind profiles under the SOD framework. The profiles are meant to be representative of historical production on the peak days of each month.
* Directs Energy Division to develop a calibration tool for conversion of the planning reserve margin (PRM) study results to the SOD framework based on tools developed by the Natural Resources Defense Council and SCE.
* Eliminates maximum cumulative capacity (MCC) buckets 1-4 under the SOD framework.
* Since 2024 is a test year for SOD, the compliance showings will continue to employ the MCC buckets under the current RA construct. The PD allows standalone energy storage to be shown in MCC bucket 4 for the 2024 compliance year provided the LSE demonstrates sufficient charging capability via the SOD showing tool. This is necessary since the large amount of 4-hour storage expected to come online by 2024 will put many LSEs over their bucket 1 cap.
* Retains the demand response MCC bucket, due to the resources’ limited availability, and requires demand response resource to be shown during the availability assessment hours unless required by contract or tariff to be capable of responding to longer dispatches.
* Directs LSEs to submit test year showings for the year ahead filing and the months of March, June and September.
* Directs Energy Division to submit a report summarizing party comments and feedback on the SOD framework and compliance tools to the Commission after the year ahead test showing by February 1, 2024.
* Authorizes $1 million annually for up to six years for implementation of the new RA framework.

**Background**

This PD addresses implementation details related to RA reform. In D.21-07-014, the CPUC established a process and timeline for developing a final restructuring proposal based on PG&E’s “slice-of-day” proposal. D.22-06-050 adopted SCE’s 24 slice approach and directed parties to undertake a series of working group meetings to address outstanding issues including compliance tools, PRM and counting rules. This process resulted in the Resource Adequacy Reform Working Group Report which made the recommendations considered in the PD.

**Next Steps**

At the earliest, the CPUC could vote on the PD at the April 6, 2023, Commission meeting.