

# Integrated Resource Planning (IRP) Proposed 2023 Preferred System Plan (PSP) and 2024-2025 Transmission Planning Process Portfolios Analysis

Workshop

Energy Division Staff

October 20, 2023



California Public  
Utilities Commission

# Logistics & Scope

- Workshop slides are available at the [2022-2023 IRP Cycle Events and Materials](#) webpage
- The workshop will be recorded, with the recording posted to the same webpage
- The purpose of this workshop is multi-fold:
  - Advance stakeholders' understanding of the process that led to the development of the proposed Preferred System Plan (PSP)
  - Promote understanding of the various portfolios related to the PSP and Transmission Planning Process
  - Communicate reliability and emissions of various scenarios / portfolios
  - Explain the Ruling's procurement-related proposals
  - Advance understanding of the IRP reliability framework used this cycle
  - Overview the proposed policy and reliability driven base case and proposed policy driven sensitivity portfolios for the 2024-25 TPP and initial busbar mapping results for the proposed base case portfolio

# Questions

- We invite clarifying questions to use the "Q&A" feature of this WebEx throughout the presentations
  - Write your question in the "Q-and-A" box, directed to "All Panelists"
- If time allows, we will try to invite verbal clarifying questions at certain intervals throughout this webinar
  - All attendees have been muted. To ask questions:
    - In Webex:
      - Please "raise your hand"
      - Webex host will unmute your microphone and you can proceed to ask your question
      - Please "lower your hand" afterwards
    - For those with phone access only:
      - Dial \*3 to "raise your hand." Once you have raised your hand, you'll hear the prompt, "You have raised your hand to ask a question. Please wait until the host calls on you."
      - Webex host will unmute your microphone and you can proceed to ask your question
- Stakeholders will have the opportunity to provide written comments in response to the Ruling by 11/13/2023 and via reply comments by 12/1/2023

# Workshop Outline

Topic	Timing	Presenter(s)
<b>Introduction</b>	5 min	Nathan Barcic Sarah Goldmuntz
<b>Background</b> <ul style="list-style-type: none"><li>• IRP Background</li><li>• Aggregation of LSE Plans</li></ul>	15 min	Nathan Barcic Sarah Goldmuntz
<b>Modeling Updates Since February 2023</b> <ul style="list-style-type: none"><li>• General Updates</li><li>• Key SERVM Model Updates</li><li>• Key RESOLVE Model Updates</li></ul>	25 min	Nathan Barcic Roderick Go Patrick Young
<b>Capacity Expansion Modeling</b> <ul style="list-style-type: none"><li>• Overview</li><li>• Proposed PSP (25 MMT “Core” Portfolio)</li><li>• PSP Scenarios and Sensitivities</li></ul>	25 min	Nathan Barcic
<b>Production Cost Modeling</b> <ul style="list-style-type: none"><li>• Reliability &amp; Emissions Analysis – Baseline + LSE Plans</li><li>• Reliability &amp; Emissions Analysis – Potential PSP Portfolios</li></ul>	45 min	Neil Raffan Behdad Kiani

# Workshop Outline

Topic	Timing	Presenter(s)
<b>Analysis Related to MTR Procurement Sufficiency &amp; PFMs</b> <ul style="list-style-type: none"> <li>Reliability Analysis – Baseline-Only</li> <li>Reliability Analysis – Baseline + Ordered Procurement</li> </ul>	30 min	Behdad Kiani Neil Raffan
<b>Procurement Related Recommendations</b>	10 min	Lauren Reiser
<b>Proposed Reliability Framework for IRP</b>	5 min	Neil Raffan
Lunch Break (12 noon – 1pm)	60 min	
<b>Proposed IRP Resource Portfolios for the 2024-2025 TPP</b> <ul style="list-style-type: none"> <li>Rehash of core case as base case</li> <li>Comparison to 23-24 TPP</li> <li>Gas Sensitivity</li> </ul>	20 min	Jared Ferguson
<b>Busbar Mapping</b> <ul style="list-style-type: none"> <li>Updates on changes</li> <li>Draft Mapping Results</li> </ul>	60 min	Jared Ferguson

# Background

# Statutory Basis of IRP: SB 350 (De León, 2015)

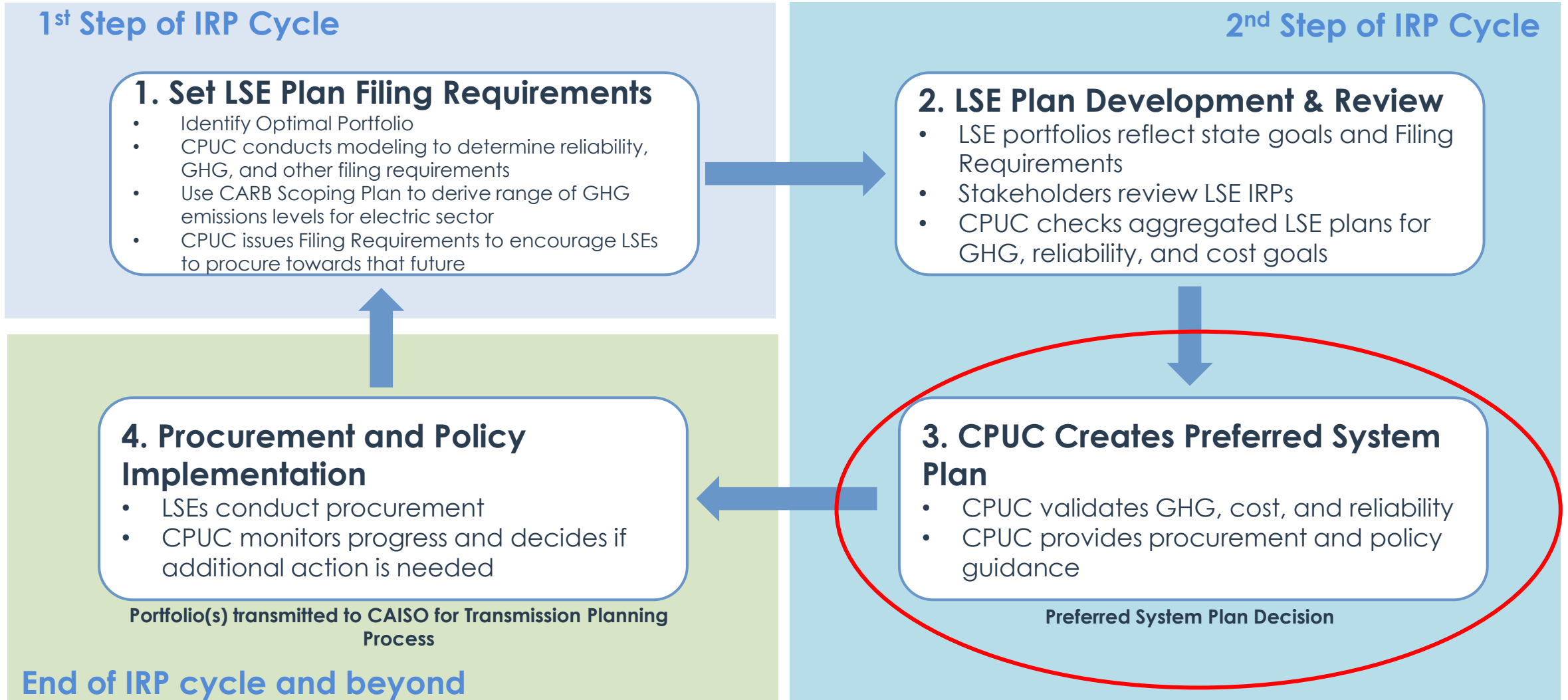
- The Commission shall...
  - PU Code Section 454.51
    - **Identify a diverse and balanced portfolio of resources... that provides optimal integration of renewable energy in a cost-effective manner**
- PU Code Section 454.52
  - **...adopt a process for each load-serving entity...to file an integrated resource plan...to ensure that load-serving entities do the following...**
    - Meet statewide GHG emission reduction targets
    - Comply with state RPS target
    - Ensure just and reasonable rates for customers of electrical corporations
    - Minimize impacts on ratepayer bills
    - Ensure system and local reliability
    - Strengthen the diversity, sustainability, and resilience of the bulk transmission and distribution systems, and local communities
    - Enhance distribution system and demand-side energy management
    - Minimize air pollutants with early priority on disadvantaged communities

# Integrated Resource Planning (IRP) in California Today

- The objective of IRP is to reduce the cost of achieving greenhouse gas (GHG) reductions and other policy goals by looking across individual Load Serving Entity (LSE) boundaries and resource types to identify solutions to reliability, cost, or other concerns that might not otherwise be found
- Goal of the 2022-23 IRP cycle is to ensure that the electric sector is on track, between now and 2035, to support California's economy-wide GHG reduction goals and achieve the SB 100 target of 100% renewable and carbon-free electricity by 2045
- The IRP process has two parts:
  - First, it identifies an optimal portfolio for meeting state policy objectives and encourages the LSEs to procure towards that future
  - Second, it collects and aggregates the LSEs collective efforts for planned and contracted resources, compares those aggregated resources to the identified optimal system, and adopts a "Preferred System Plan" (PSP) detailing California's preferred mix of resources to achieve 100% clean electricity at least cost while maintaining reliability
    - The CPUC considers a variety of interventions to ensure LSEs are progressing towards procuring the PSP Portfolio
    - The CPUC has never ordered procurement in a PSP Decision, but retains the ability to do so



# Where we are in the current IRP Cycle



# What the PSP Informs

- **LSE planning:** In the 2019-21 IRP cycle, the 2021 Preferred System Plan (PSP) was used as the basis for developing LSE IRP filing requirements for the 2022-23 IRP cycle.
- **CAISO Transmission Planning Process (TPP):** The PSP is typically adopted and transmitted to CAISO for assessing transmission needs as a TPP base case. Other portfolios may also be transmitted for study as sensitivities in TPP.
- **Avoided Cost Calculator (ACC):** The PSP will likely be used as the basis for the 2024 ACC update. This update may also inform the NEM proceeding.
- **Gas forecasting:** The PSP is the basis for the gas forecasts used in other proceeding, such as the Aliso Proceeding (I.17-02-002).
- **SB 100:** The SB 100 analysis will incorporate the adopted PSP portfolio.

# PSP Timeline

- Preferred System Plan (PSP) Ruling issued on October 5, 2023, describing the PSP analysis and seeking comment on the preferred resource portfolio for use in planning and procurement decision-making

Activity	Timing
Ruling on PSP & TPP (Including proposed portfolio descriptions, busbar mapping methodology, and RESOLVE updates)	October 2023
Party comments and replies due	November 13 and December 1
Comment review, PSP portfolio adjustments including RESOLVE runs and production cost modeling of PSP portfolio	November – December 2023
Busbar Mapping by Working Group of portfolio(s)	November – December 2023
Proposed Decision	December 2023 – January 2024
Final Decision	February 2024

# Aggregation of LSE Portfolios

# Filing Requirements

- LSE IRP filings are the vehicle by which the CPUC and stakeholders gain insight into individual LSEs' plans for meeting state goals
- To facilitate the filing of useful, appropriate, and complete information by LSEs, IRP staff provide LSEs with standardized tools, instructions, and templates (aka, IRP "filing requirements documents")
- The November 1, 2022 filing included LSE information on:
  - GHG reductions
  - reliability
  - imports/exports
  - impacts on disadvantaged communities
  - costs
  - other elements of long-term resource planning

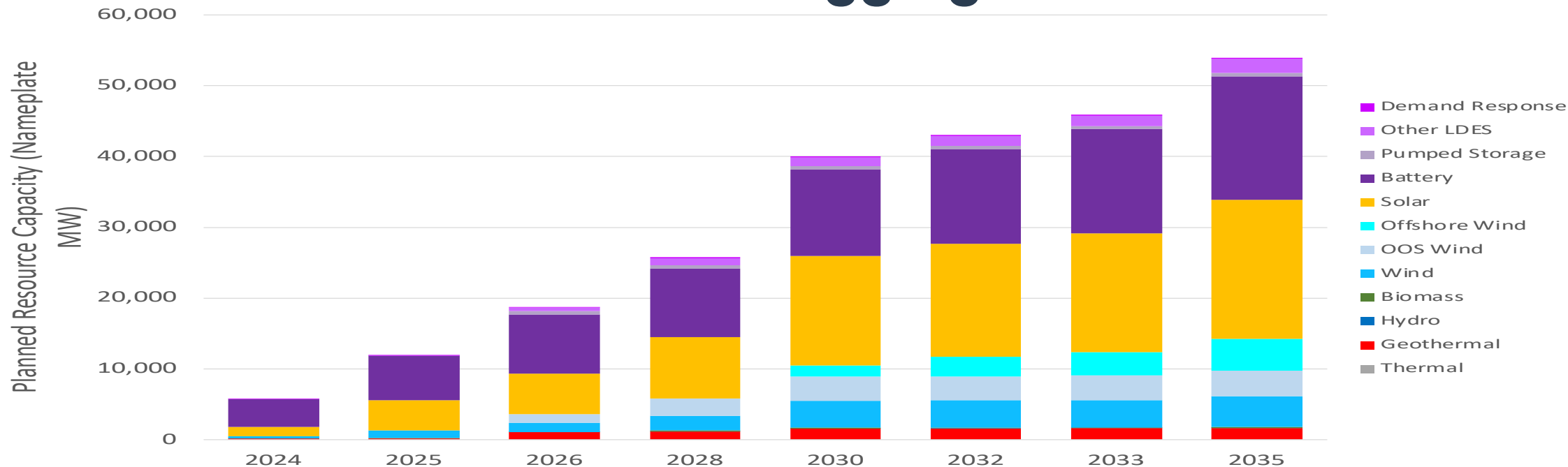
# Evaluation of LSE Resource Data Templates

- Staff developed aggregated LSE plans using the data submitted in the LSEs' RDTs, which had to be evaluated for completeness and internal consistency by staff to ensure that they accurately reflected LSE planning
- Staff used the RDT Error Checking, Aggregation and Reallocation Tool (RECART) to aggregate, error check, and analyze LSE RDT filings
- RECART compiled energy and capacity under contract, contracted resources by technology type and LSE, and aggregated new resources that were in development or planned future purchases
- LSEs were contacted when errors were found in RECART and re-submitted RDT filings, where necessary

# Use of Aggregated LSE plans in PSP development

- CPUC staff take individual LSE plans, aggregate them, and evaluate aggregated portfolio against overall electric system needs
- This aggregated portfolio is evaluated against reliability and GHG constraints, while seeking to meet these constraints at the lowest reasonable cost to ratepayers
- The aggregation of the individual LSE portfolios also serves to determine if there are gaps in the collective portfolio that will require action by the Commission to address

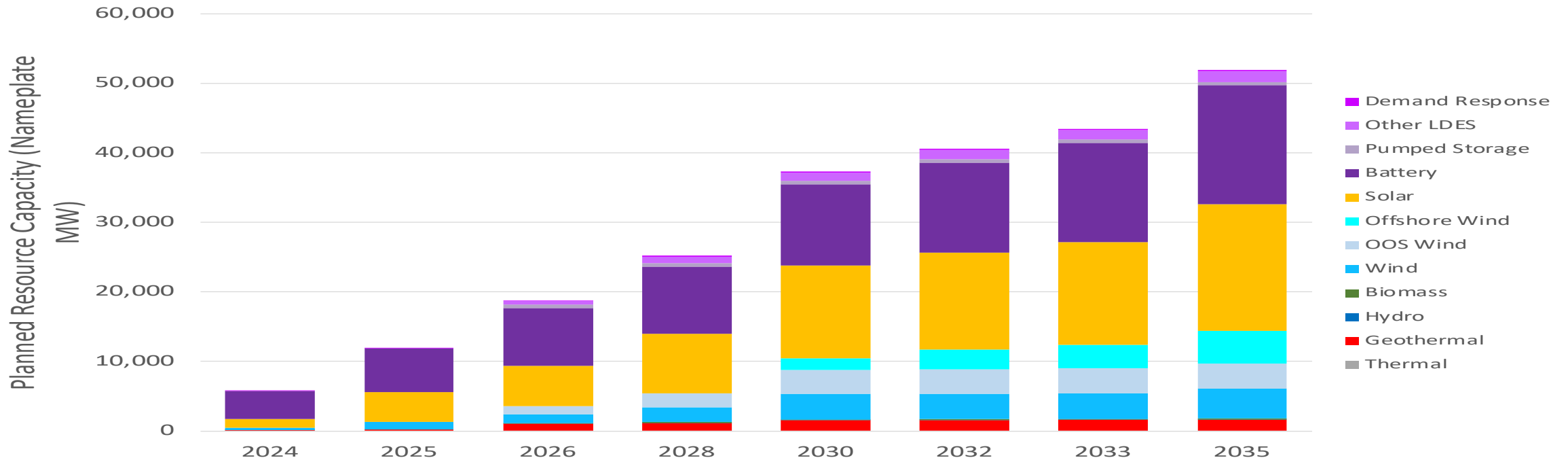
# Planned Resource Additions -- Aggregated 25 MMT Plans



- CPUC Jurisdictional LSEs were required to submit plans on 11/1/2022 to collectively plan for GHG emissions targets of 18.6 MMT and 15.0 MMT in 2030 and 2035 respectively, which represents the CPUC-jurisdictional share of the statewide 30 MMT by 2030 and 25 MMT by 2035 statewide electric sector targets.
- All LSEs met their assigned GHG benchmarks, with some achieving emissions well below their assigned benchmarks:
  - LSE Emissions in 2030, per aggregated LSE CSP results: **15.1 MMT**
  - LSE Emissions in 2035, per aggregated LSE CSP results: **12.2 MMT**
- When aggregated, CPUC Jurisdictional LSEs demonstrated collective intentions to exceed their proportional GHG requirements. Their aggregated 25 MMT Portfolios reduced GHG emissions by ~3 MMT below their GHG emissions targets



# Planned Resource Additions -- Aggregated 30 MMT Plans



- CPUC Jurisdictional LSEs were required to submit plans on 11/1/2022 to collectively for GHG emissions targets of 24.7 MMT and 18.8 MMT in 2030 and 2035 respectively, which represents the CPUC-jurisdictional share of the statewide 38 MMT by 2030 and 30 MMT by 2035 statewide electric sector targets.
- All LSEs met their assigned GHG benchmarks, with some achieving emissions results well below their assigned benchmarks:
  - LSE Emissions in 2030, per aggregated LSE CSP results: **18.3 MMT**
  - LSE Emissions in 2035, per aggregated LSE CSP results: **14.1 MMT**
- When aggregated, CPUC Jurisdictional LSEs demonstrated collective intentions to exceed their proportional GHG requirements. Their aggregated 30 MMT Portfolios reduced GHG emissions by ~5-6 MMT below their GHG emissions targets

# Aggregated Plans vs. 2021 PSP

25 MMT LSE Planned Resources vs. 30 MMT by 2030 PSP Sensitivity

	2024	2025	2026	2028	2030	2032	2033	2035
Thermal	8	8	8	8	8	8	8	8
Nuclear	0	0	0	0	0	0	0	0
Geothermal	23	75	240	7	407	457	477	503
Hydro	0	0	8	8	8	8	8	8
Small Hydro	0	0	0	0	0	0	0	0
Biomass	-72	-66	-54	-2	-2	-2	-2	-2
Biogas	0	28	39	39	39	39	39	39
Wind	-2,257	-3,225	-2,995	-2,168	-480	-480	-480	124
OOS Wind	0	0	1,220	-1,817	-1,405	-1,405	-1,305	-1,275
Offshore Wind	0	0	-120	-195	1,380	-364	231	-176
Solar	-6,462	-6,681	-5,238	-2,647	-4,790	-4,246	-4,357	-2,155
Battery	-5,949	-5,231	-3,160	-2,030	-1,223	-1,328	-1,274	-281
Pumped Storage	0	0	261	-531	-531	-531	-531	-531
Other LDES	0	6	511	968	1,194	1,364	1,414	1,929
Demand Response	-583	-669	-667	-597	-595	-595	-595	-595
Load Modifier	0	0	0	0	0	0	0	0
Other	0	0	0	0	0	0	0	0
Total	-15,293	-15,755	-9,948	-8,957	-5,989	-7,074	-6,366	-2,402

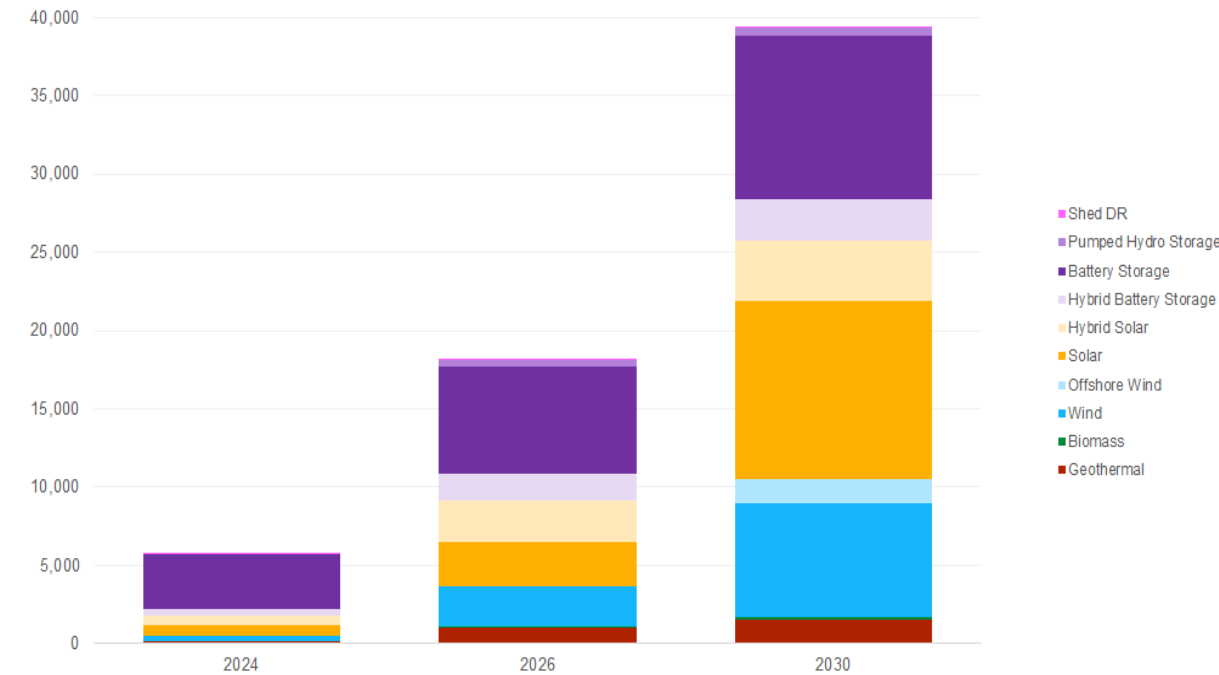
30 MMT LSE Planned Resources vs. 38 MMT by 2030 PSP

	2024	2025	2026	2028	2030	2032	2033	2035
Thermal	8	8	8	8	8	8	8	8
Nuclear	0	0	0	0	0	0	0	0
Geothermal	23	75	847	5	388	438	458	484
Hydro	0	0	8	8	8	8	8	8
Small Hydro	0	0	0	0	0	0	0	0
Biomass	-72	-54	-54	-2	-2	-2	-2	-2
Biogas	0	28	39	39	39	39	39	39
Wind	-2,257	-2,517	-2,287	-1,411	89	89	89	738
OOS Wind	0	0	1,220	1,671	1,637	1,010	-347	-996
Offshore Wind	0	0	-120	-195	1,464	313	908	-59
Solar	-6,468	-6,687	-5,244	-2,825	-4,003	-3,459	-2,686	849
Battery	-5,474	-4,868	-2,799	-3,342	-2,781	-2,676	-2,010	-261
Pumped Storage	0	0	261	-531	-531	-531	-531	-531
Other LDES	0	6	512	970	1,169	1,339	1,389	1,541
Demand Response	-793	-879	-877	-807	-805	-805	-805	-805
Load Modifier	0	0	0	0	0	0	0	0
Other	0	0	0	0	0	0	0	0
Total	-15,034	-14,887	-8,486	-6,413	-3,321	-4,229	-3,481	1,013

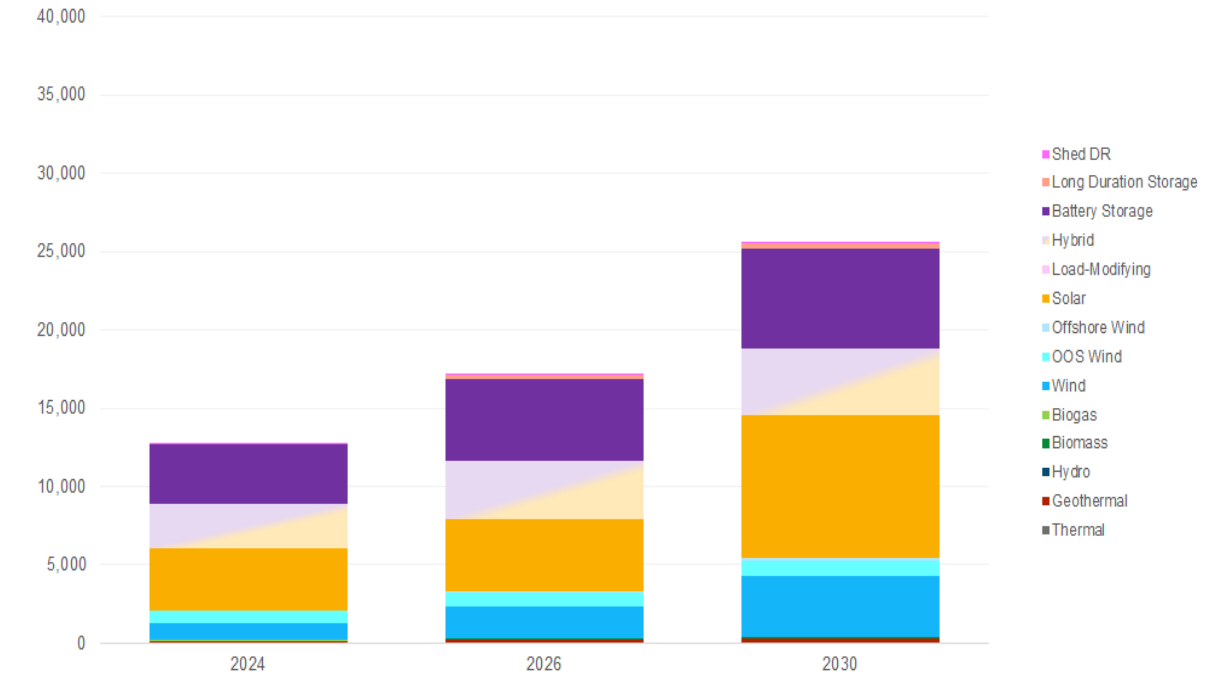
- Relative to the 2021 38 MMT PSP Portfolio and 30 MMT PSP Sensitivity, Aggregated LSE Plans are slightly smaller overall with some differences in terms of resource composition
- Smaller size of portfolios likely due to:
  - Some early year “new” resources included in the 2021 PSP Portfolios have become part of the baseline due to LSE contracting
  - LSE Plans cover only the CPUC-jurisdictional share of CAISO load (~86%) while the PSP Portfolios cover the full CAISO load
  - A slight preference by LSEs for higher capacity factor/duration resources like geothermal and long-duration storage

# 2023 vs. 2021 LSE aggregated resources

2023 LSE Plans - 25MMT (MW)



2021 LSE Plans - 38MMT (MW)



# Conclusions

- All LSEs met their filing requirements, and the LSE Plan review process required fewer re-submission requests by IRP staff compared to last cycle, likely reflecting filing template improvements and greater LSE familiarity with the templates
- This was the first IRP cycle for which LSEs were assigned reliability filing requirements
  - All LSEs met their reliability filing requirements, with some LSEs planning for reliability levels in excess of their assigned requirements
- All LSEs met their assigned GHG benchmarks, with some achieving emissions results well below their assigned benchmarks
- Portfolio size and composition is broadly similar between the aggregated 30 MMT and 25 MMT (by 2035) plans, reflecting the desire of many LSEs to submit portfolios for both sets of targets achieving emissions less than or equal to their 25 MMT benchmarks
- Aggregated portfolio sizes are similar to the 2021 PSP Portfolios, although they are slightly smaller due to CPUC-jurisdictional LSE load equaling less than 100% of CAISO, near-term contracting since PSP adoption becoming part of the baseline, and a slight preference by LSEs for higher capacity factor/duration resources like geothermal and long-duration storage

# Modeling Updates Since February 2023

# Previous IRP Filings and Requirements

- The 2021 Preferred System Plan (PSP) was adopted in D.22-02-004 in February 2022 and informed LSE IRP filings
  - The 2021 PSP used the 2020 Integrated Energy Policy Report (IEPR) Electricity Demand Forecast
- The 2021 PSP was updated in July 2022 to reflect the latest IEPR (2021 IEPR)
  - The updated 2021 PSP was used to produce the LSE filing requirements
- LSEs submitted their individual IRPs to satisfy filing requirements in November 2022
- The 2021 PSP was used to inform transmission upgrade needs, which were reflected in the 2023-24 Transmission Planning Process (TPP)
  - The 2023-24 TPP portfolios were transmitted to CAISO in February 2023

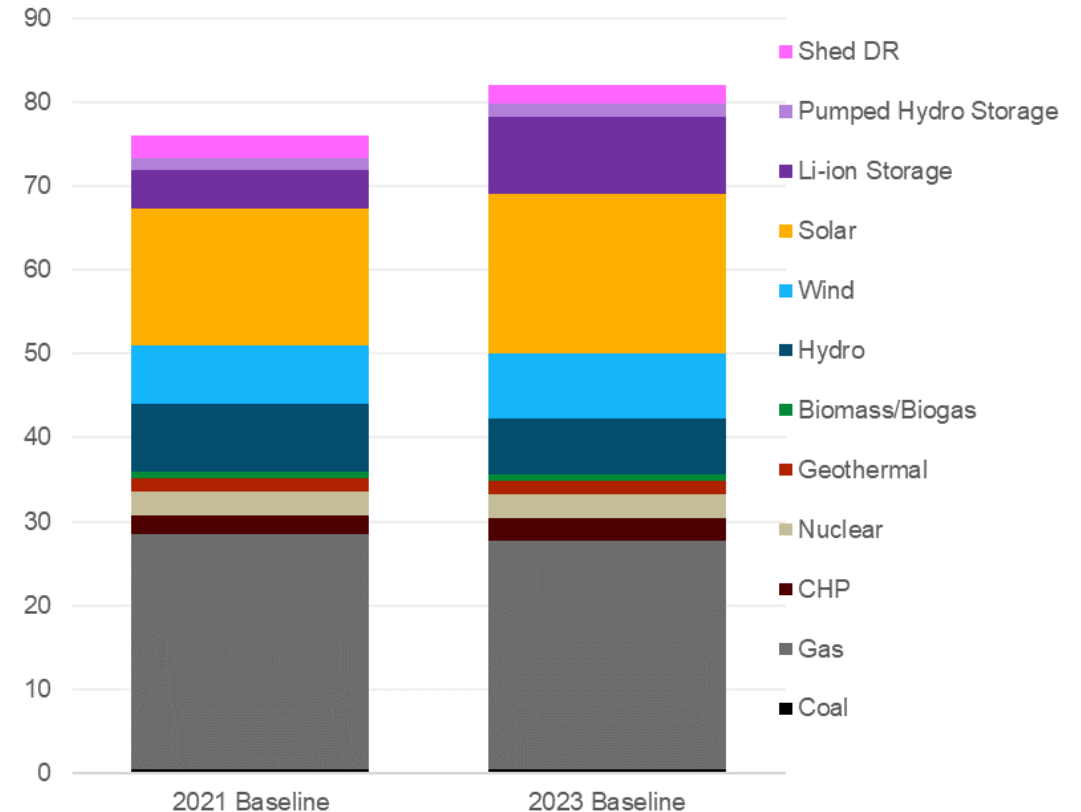
# Modeling Updates Since 23-24 TPP portfolios

- Since the 23-24 TPP cases were transmitted to CAISO in February 2023, a number of modeling inputs and assumptions were updated
- These updates are documented in the Inputs and Assumptions (I&A) document available on the IRP's ["2022-2023 IRP Cycle Events and Materials"](#) page
- Key updates to RESOLVE and/or SERVM include:
  - Resource baseline updated with newly online and in-development resources
  - Electric demand inputs uses the 2022 IEPR electric demand forecast
  - Costs reflect the latest 2023 NREL Annual Technology Baseline (ATB) cost estimates
  - Resource potential based on updated techno-economic screen and environmental screen
  - Planning Reserve Margin (PRM) accounting and resource accreditation refreshed
  - RESOLVE's operational module representative days changed from sampling of 3 historical weather years to sampling from SERVM's 23-weather years dataset
  - Resource-transmission representation and transmission deliverability upgrades updated with summer 2023 CAISO transmission data
  - Resource builds in non-CAISO external zones updated using 2032 WECC Anchor Dataset and publicly available IRPs to reflect all BAAs meeting their respective policy targets
  - Modeling and data updates for load shifting resources
  - Emerging technologies added as candidate resources (to be explored in forthcoming sensitivity scenarios)

# Baseline and In-Development Resource Updates

- The resource baseline includes both online and in-development resources, and is an input to both the RESOLVE and SERVM models
  - Online: Resources that are already built and operating, net of expected retirements
  - In-development: Resources with approved contracts, or resources already under construction, which have made sufficient progress towards an expected online date
- Updates to online and in-development resources are informed by the CAISO Master File as of January 2023 and November 2022 LSE Filings
  - For the 2023 PSP, baseline capacity increased from ~76 GW to ~82 GW, primarily reflecting the addition of new wind, solar, and storage resources
- Model Generator Lists, including both the resource baseline and representations of aggregated LSE plans:
  - SERVM-centric: [System Reliability Modeling Datasets 2023 \(ca.gov\)](#)
  - RESOLVE-centric: [Aggregated LSE Plan and Baseline and Dev Resources](#)

Comparison of 2021 and 2023 PSP Baselines (GW)



Note: while installed hydro generating capacity has not changed, the counting convention has changed in RESOLVE (to align with SERVM), showing lower GW in this chart.



# Key SERVM Model Updates

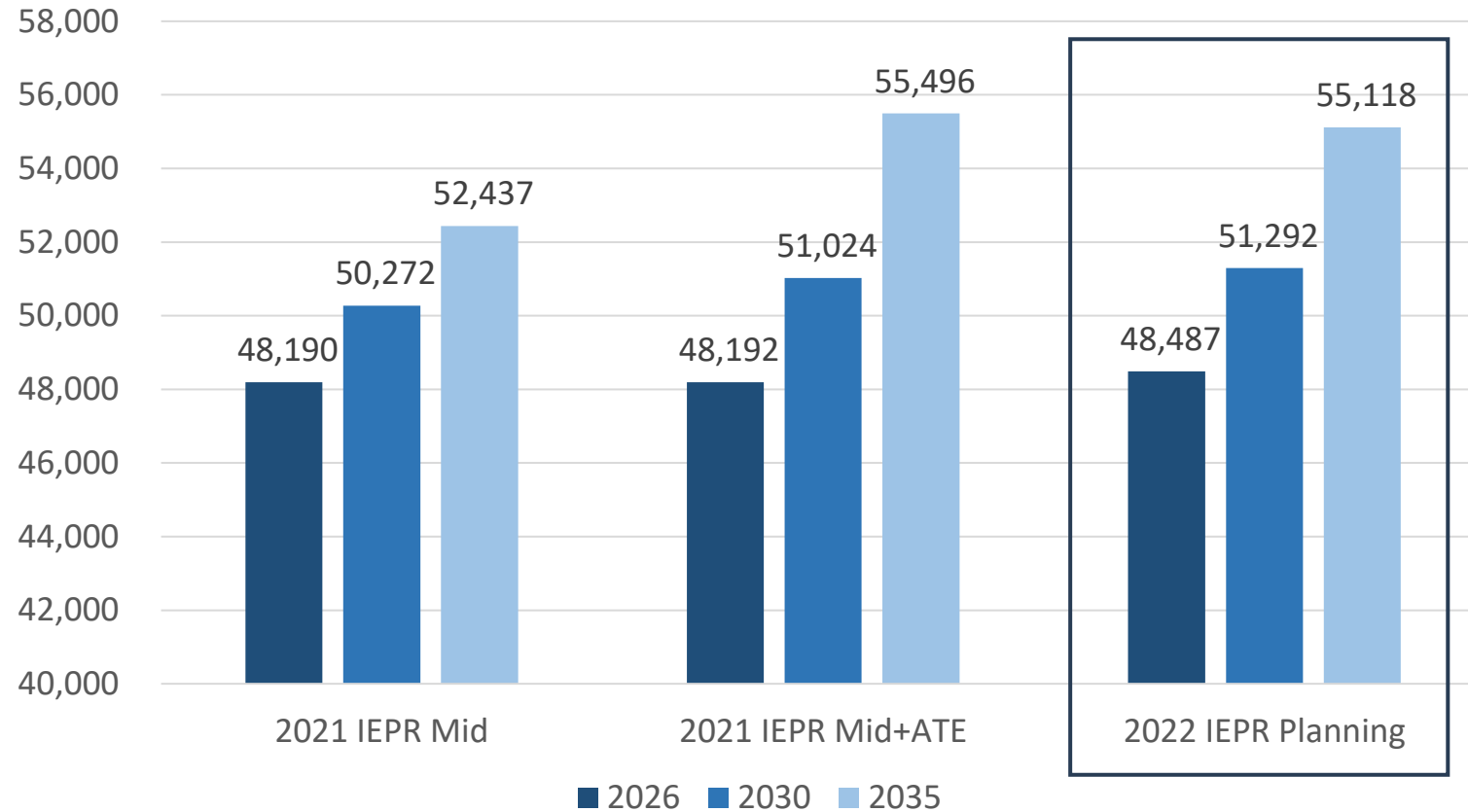
# Electric Demand and Operating Cost Data Updates for 2023 PSP

The following inputs have been updated since the modeling of the Base Portfolio for use in CAISO's 2023-24 Transmission Planning Process, released by the CPUC in February 2023:

- Electric demand uses 2022 IEPR Planning Scenario Peak and Energy Forecast
  - Hourly demand modifier profiles (AAEE, AAFS, AATE, Electric Vehicles, TOU rates, BTM storage) drawn directly from the 2022 IEPR
  - BTM PV annual energy by IEPR Planning Area drawn from the 2022 IEPR and used to calibrate SERVVM's BTM PV hourly profiles
  - CAISO coincident managed peak modeled in SERVVM calibrated to match with IEPR
- Cost input updates
  - Gas prices and gas delivery hubs (in 2022 dollars) updated from CEC's draft 2023 NAMGas model
  - Carbon prices derived from the GHG price forecast included with 2022 IEPR in 2022\$
  - Transmission import hurdle rates escalated from 2018\$ to 2022\$
  - Unit variable costs updated from 2018\$ to 2022\$ from latest CAISO MasterFile

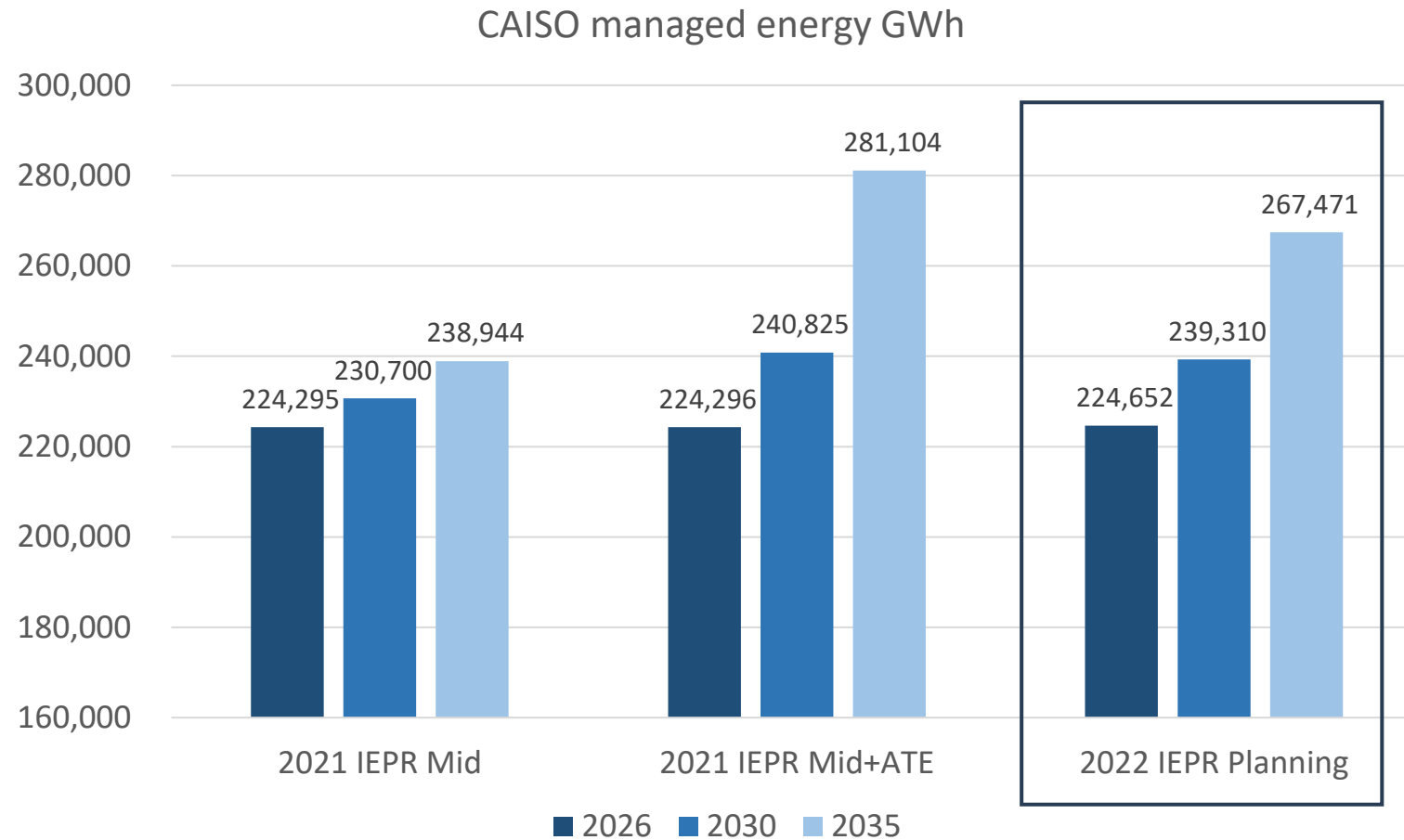
# Comparison 2021 IEPR vs. 2022 IEPR Managed Peak Forecast

CAISO coincident managed peak MW



- 2022 IEPR Planning case is the primary load forecast used in current IRP studies
- 2021 IEPR Mid was used for LSE Plans filed in 2022
- 2035 managed peak is higher in 2022 IEPR Planning case than in 2021 IEPR Mid
- 2021 IEPR Mid+ATE case is also shown because it was used for the 2023-24 TPP studies

# Comparison 2021 IEPR vs. 2022 IEPR Managed Energy Forecast



- 2022 IEPR Planning case is the primary load forecast used in current IRP studies
- 2021 IEPR Mid was used for LSE Plans filed in 2022
- 2035 managed energy is significantly more in 2022 IEPR Planning case than in 2021 IEPR Mid
- 2021 IEPR Mid+ATE case is also shown because it was used for the 2023-24 TPP studies

# Key RESOLVE Model Updates

# Resource Cost Updates

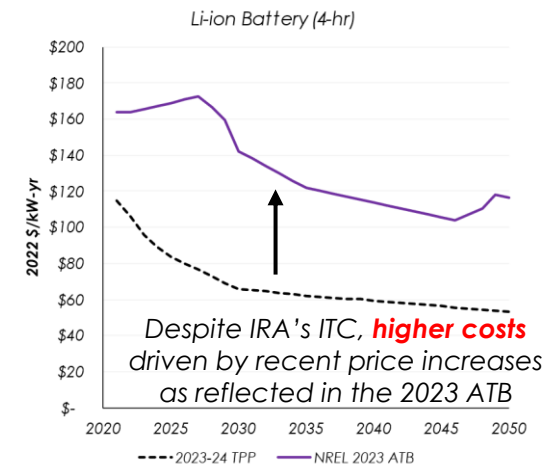
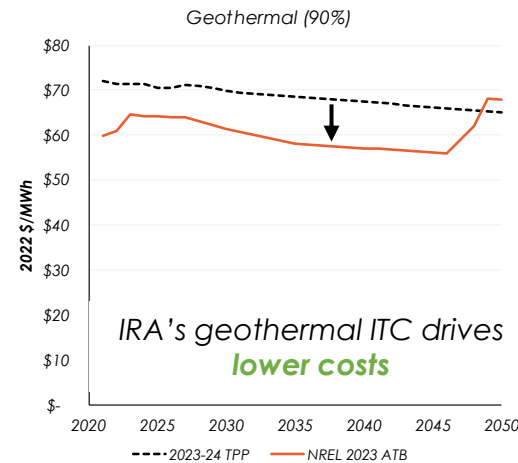
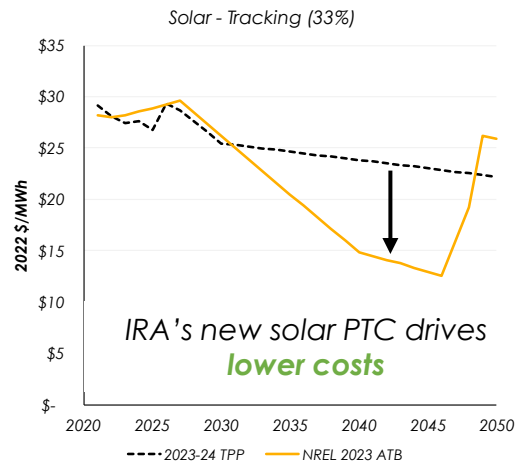
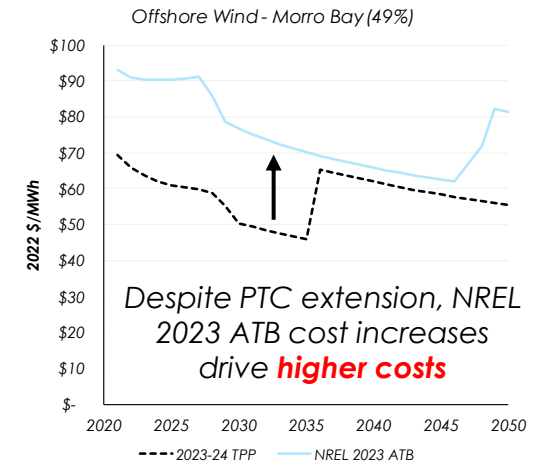
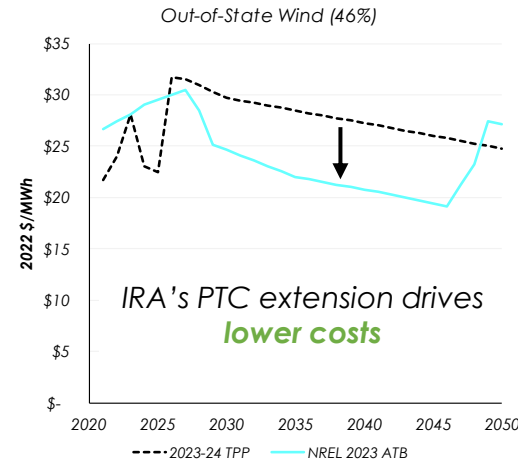
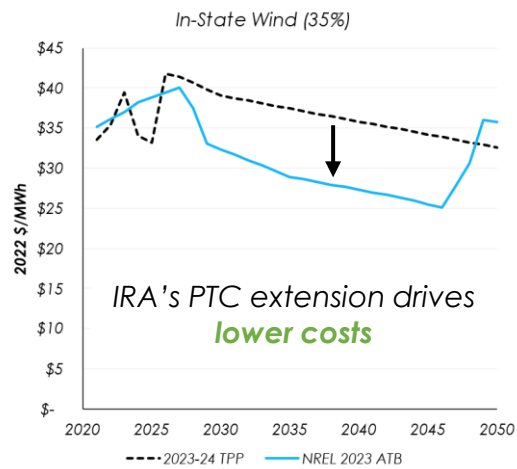
Additional updates following the September 2022 MAG Webinar

- **Updated cost inputs to NREL 2023 Annual Technology Baseline (ATB)**
- **Updated financing costs to reflect current market conditions**
- **Incorporated new/expanded Inflation Reduction Act (IRA) tax credits**
  - Extensions of existing tax incentives to all zero-carbon technologies **through 2048**<sup>1</sup>
  - IRA “Bonus” incentives assumed for all technologies, where applicable
  - Production Tax Credit (PTC) is available to candidate solar resources and assumed to be selected in lieu of the Investment Tax Credit (ITC)
  - ITC is available to all storage technologies (Li-ion Batteries, Pumped Hydro Storage, Flow Batteries, and emerging technologies)
  - PTC credits available for CCS, direct air capture (DAC), and hydrogen production (CCGT w/ CCS, Synthetic Natural Gas, Hydrogen) for projects beginning construction by 2032
- **Made additional cost modifications for solar PV, onshore wind, and Li-ion batteries**
  - These technologies have been disproportionately affected by commodity price increases, supply chain disruptions, and surging demand
  - Modifications to the overnight capital cost trajectories were made for all three technologies to either **slow or delay** the cost decline over time, to better reflect current market conditions

<sup>1</sup> Pursuant to IRA guidelines, 100% of the tax credit value can be monetized by eligible projects until the U.S. achieves 75% reduction in GHG emissions, relative to 2022 levels. This is assumed to occur in 2045, which then triggers a 3-year stepdown of incentives.

# Resource Cost Comparison

(LCOE or Levelized Fixed Cost), 23-24 TPP cases vs. 2023 PSP/2024-2025 TPP cases

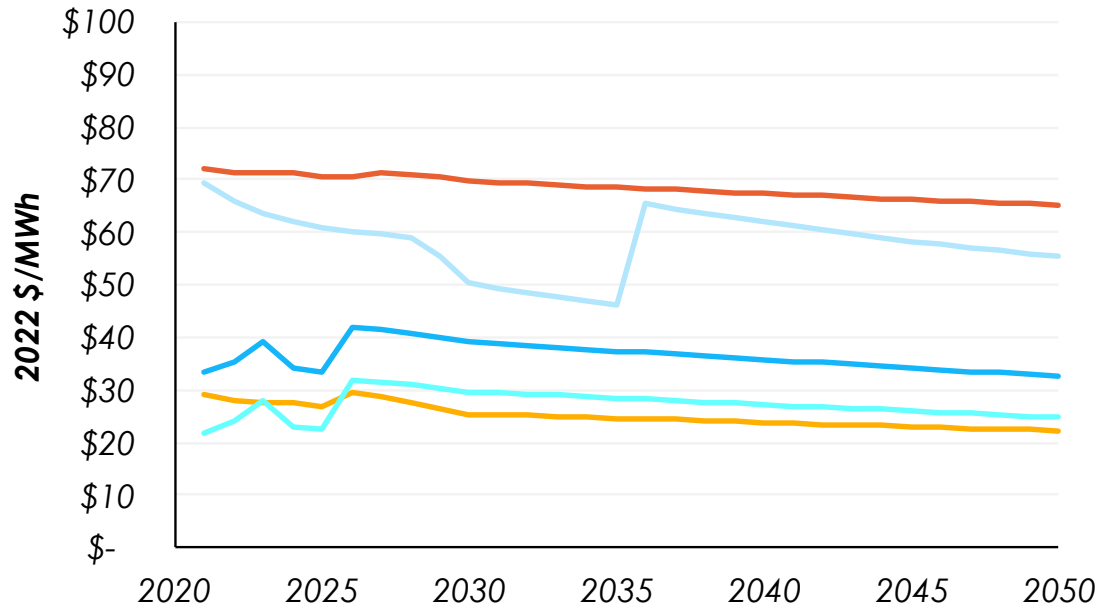


# 2023-24 TPP vs. NREL 2023 ATB

## LCOE Comparison

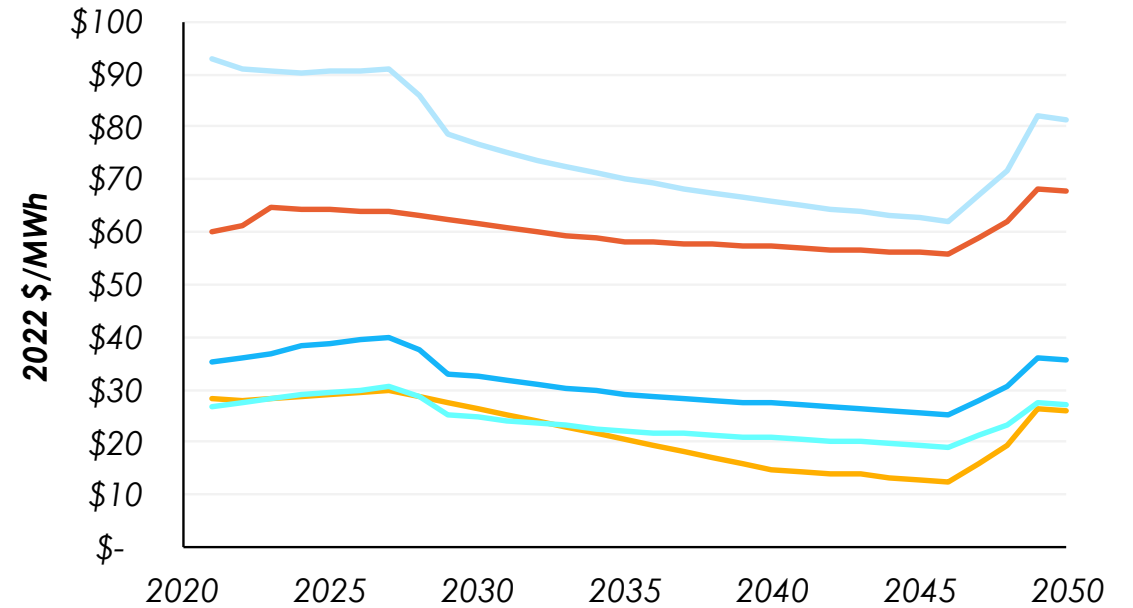
The costs of offshore wind have increased significantly relative to its competing resources across the modeling horizon

2023-24 TPP



- Solar - Tracking (33%)
- In-State Wind (35%)
- Out-of-State Wind (46%)
- Offshore Wind - Morro Bay (49%)
- Geothermal (90%)

NREL 2023 ATB



- Solar - Tracking (33%)
- In-State Wind (35%)
- Out-of-State Wind (46%)
- Offshore Wind - Morro Bay (49%)
- Geothermal (90%)



# Resource Potential Updates

- Offshore wind resource potential was increased from the “Low” to “High” potential values from the June 2022 AB 525 NREL presentation<sup>1</sup>
- Updated near-term annual build-out limits for solar to constrain the model from building more solar in the near-term than is feasible – update due to IRA
- Updated near-term build limits for land-based instate wind and out-of-state wind
- Techno-economic screen uses updated capacity factor thresholds for commercial viability of candidate wind resources
- Environmental land use cases for in-state wind, solar, and geothermal resources are based on the new CEC “Core” scenario land use screen.<sup>2</sup> Out-of-state resources use a separate WECC land use screen.
- Assumptions on the first available online year for long-lead time resources have been updated to reflect best available information

<sup>(1)</sup> CEC Docket 17-MISC-01. <https://efiling.energy.ca.gov/GetDocument.aspx?tn=243707&DocumentContentId=77539>

<sup>(2)</sup> <https://www.energy.ca.gov/event/workshop/2023-03/commissioner-workshop-land-use-screens>

# Other Key Model Inputs

- Updated the way transmission constraints are modeled
  - Transmission constraints are informed by CAISO's representation of the transmission system in its TPP modeling and the associated Transmission Deliverability Whitepaper
  - Resource potentials are mapped to substations, which are grouped into transmission clusters with their own unique constraints
- Fuel prices for natural gas, coal, uranium, and biomass have been updated to reflect the latest available forecasts from CEC IEPR, NREL Annual Energy Outlook, and NREL Biomass Technology Report
- Modeling now incorporates SB 1020, which requires LSEs to achieve a higher clean retail sales target of 90% by 2035, 95% by 2040 and 100% by 2045
  - In addition to RPS eligible resources, large hydro and nuclear are also eligible

# GHG Planning Target Trajectories

- Changes from previous cycle:
  - GHG targets have been renamed but remain the same by 2030 & 2035:
    - “30 MMT by 2030” → “25 MMT by 2035”
    - “38 MMT by 2030” → “30 MMT by 2035”
  - 2045 target updated to 8 MMT to reflect 2022 CARB Scoping Plan<sup>1</sup>
  - Baseline historical electric sector emissions updated to 59.5 MMT for 2020, based on CA GHG Inventory<sup>2</sup>
- GHG trajectory updated through 2026 from 2023 PSP draft I&A<sup>3</sup> to reflect near-term resource availability constraints

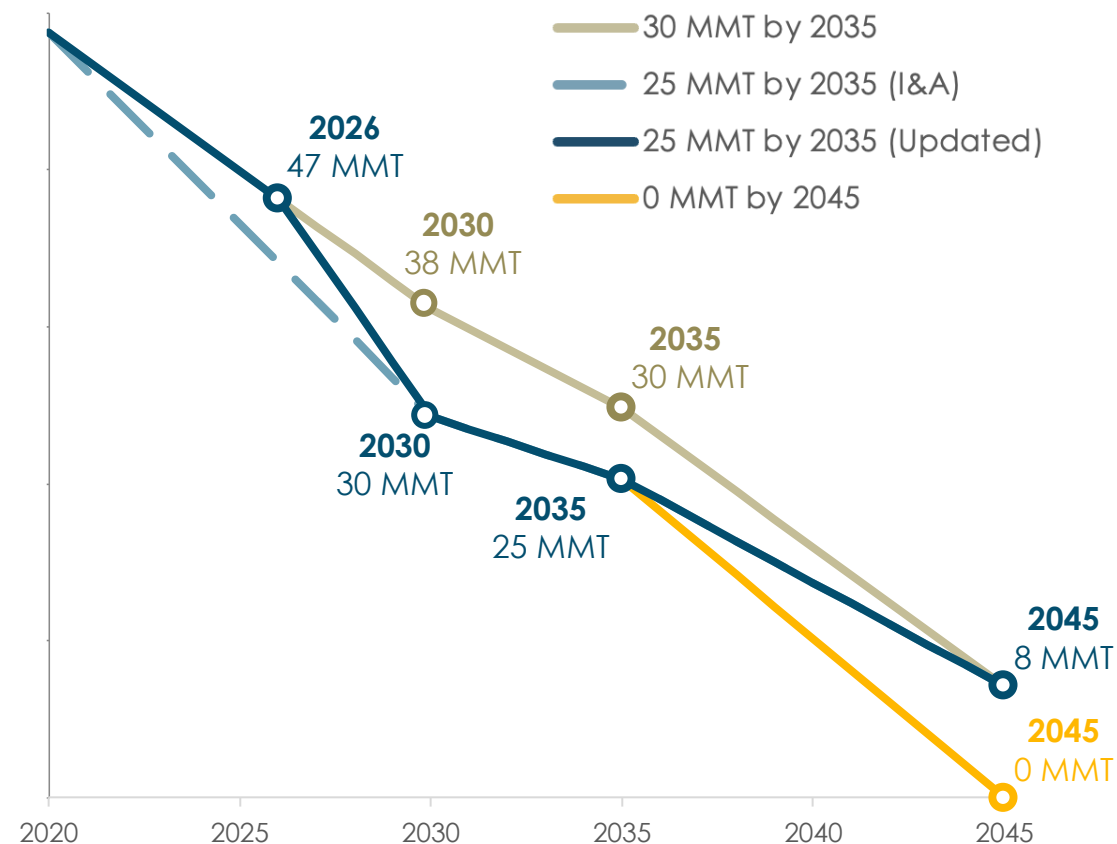
<sup>1</sup> <https://ww2.arb.ca.gov/sites/default/files/2022-11/2022-sp-PATHWAYS-data-E3.xlsx>

<sup>2</sup> [https://ww2.arb.ca.gov/sites/default/files/classic/cc/inventory/ghg\\_inventory\\_by\\_scopingplan\\_00-20.xlsx](https://ww2.arb.ca.gov/sites/default/files/classic/cc/inventory/ghg_inventory_by_scopingplan_00-20.xlsx)

<sup>3</sup> [https://www.cpuc.ca.gov/-/media/cpuc-website/divisions/energy-division/documents/integrated-resource-plan-and-long-term-procurement-plan-irp-irp/2023-irp-cycle-events-and-materials/draft\\_2023\\_i\\_and\\_a.pdf](https://www.cpuc.ca.gov/-/media/cpuc-website/divisions/energy-division/documents/integrated-resource-plan-and-long-term-procurement-plan-irp-irp/2023-irp-cycle-events-and-materials/draft_2023_i_and_a.pdf)

<sup>4</sup> CAISO-wide target is 81% of CA-wide target and includes emissions from BTM CHP equivalent to 4-5 MMT/year

CA-wide GHG Emissions Planning Target <sup>4</sup>  
million metric tons



# Reliability Need and Resource Contributions

## 1. Updating RESOLVE's total reliability need (Planning Reserve Margin, PRM)

- Switch from ICAP (Installed capacity) to PCAP (Perfect capacity) PRM
- Update PRM to meet 0.1 days/year LOLE, based on SERVVM analysis
- Switch basis of PRM percentage from managed peak to gross peak
- Perform additional calibration of the reliability need based on SERVVM testing of portfolios

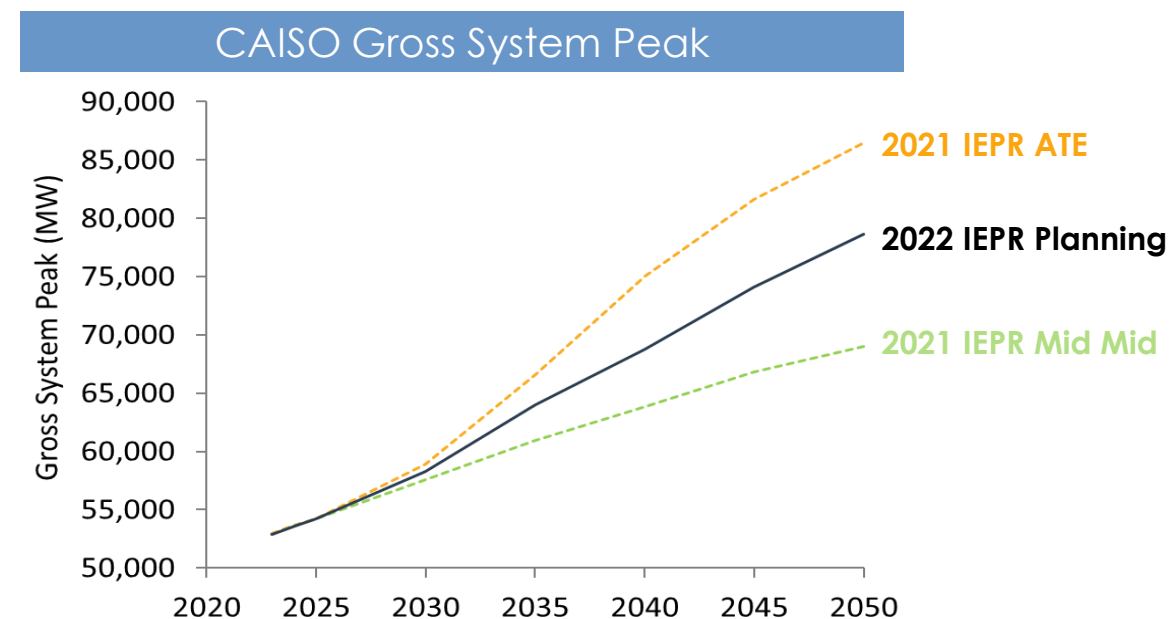
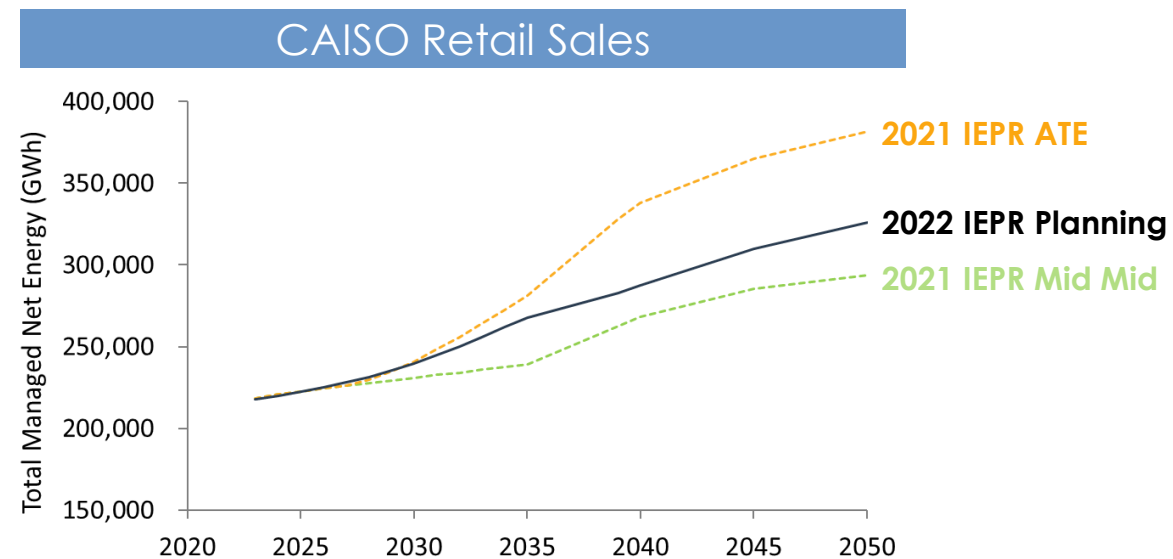
## 2. Updating resource contributions to resource adequacy in RESOLVE

- Count all resources at their perfect capacity equivalent (Effective Load Carrying Capability, or ELCC) to be consistent with the PCAP PRM
- Update resource ELCCs based on SERVVM analysis
- Move to a solar + storage ELCC surface to capture diversity benefits
  - Added new DR and Long-Duration Storage multipliers onto the storage dimension of the surface
- Create new ELCC curves for in-state, out-of-state, and offshore wind

**These updates better align RESOLVE + SERVVM  
to better ensure RESOLVE develops sufficiently reliable portfolios**

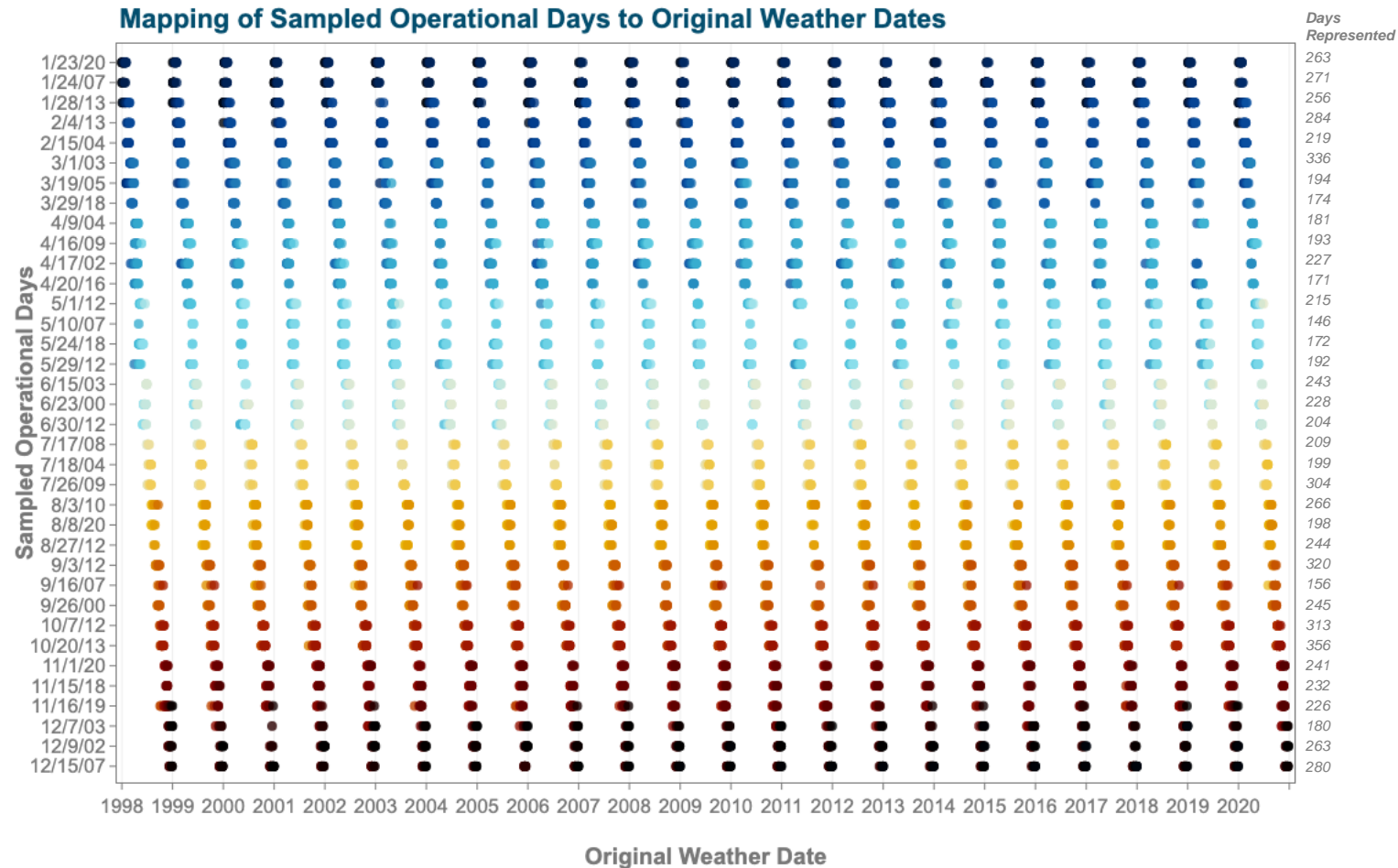
# Loads Forecast Updates

- The PSP/TPP analysis in this current IRP cycle will use the CEC's 2022 Integrated Energy Policy Report (IEPR) Planning Scenario<sup>1</sup> for CAISO and non-CAISO California loads
- Relative to the 2021 IEPR Mid Mid, which had been used for 2022 LSE Filings, the 2022 IEPR Planning Scenario has higher retail sales and CAISO gross system peak
- Relative to the 2021 ATE, which had been used for the 2023-2024 TPP, the 2022 IEPR Planning Scenario has lower retail sales and significantly lower CAISO gross system peak



# RESOLVE Sample Days

- RESOLVE's sampled days are updated from previous cycle, moving to **36** sample days
  - Sampled days sampled from 23 weather years of load, renewables & hydro generation profiles
  - Sampled resource generation profiles re-scaled to match capacity factors over 23 weather years
- To capture multi-day energy needs (e.g., for LDES), updated sampling also preserves chronological information on the **sequence** of sampled days



# Capacity Expansion Modeling

# Overview



# Types of Portfolios Considered in IRP

- There are at least three types of portfolios that are analyzed in IRP.
- They each have a distinct purpose but are not mutually exclusive and can be combined to some degree depending on use case.

	1. Least Cost Optimized	2. LSE Plans	3. Resource Limitation
Description	Show the <b>least cost resource mix</b> for meeting state goals over the planning horizon	Faithfully <b>represent how the CPUC-jurisdictional LSEs planned in 2022</b> to meet their share of state goals over the planning horizon, potentially amending the portfolio as needed when LSEs plans are insufficient	Reflect <b>the range of resources we may expect to get developed</b> over the planning horizon as we seek to achieve our GHG and reliability goals
Purpose	Identify the cost-optimal trajectory for meeting state goals and serve as a reference point when evaluating LSE plans and future procurement needs	Illustrate how LSEs would collectively procure to meet state goals, evaluate the effectiveness of LSE planning, and identify those resource types that are of interest to LSEs	Represent the most realistic pathway to meeting state goals based on known real world constraints and reasonable resource growth trajectories
Other Considerations	Resources selected later in the planning horizon may be most relevant to decisionmakers, when constraints and trajectories are less certain and the CPUC has more ability to influence procurement	The extent to which this serves as the basis for a PSP depends in part on how much divergence there is between this portfolio and portfolios developed under use cases #1 and #3	Resource build limits and other modeling restrictions may be most appropriate earlier in the planning horizon when constraints and trajectories are more certain. Sensitivity scenarios can further explore a range of potential futures <sup>41</sup>

# Context: Overview of Preferred System Plan (PSP) Analysis Categories

- The table below outlines the types of analyses that support PSP development
- The names are used consistently throughout all PSP analyses. More detailed information is available in the corresponding sections referenced in the table.

Analysis Name	Description	Model(s) Used	Use Case(s)	PSP Slide Deck (Section Name)
Baseline-Only	Determine current reliability situation based on A) planned retirements and B) baseline existing and in-development resources coming online between 2024-2028	SERVM	Inform Baseline + Ordered Procurement analysis	2023 PSP Reliability and Emissions Analysis Slides (Reliability Analysis – Baseline-Only)
Baseline + Ordered Procurement	Estimate sufficiency of the MTR order after analyzing MTR incremental capacity in the 2023 PSP baseline	SERVM	Inform 2023 PSP development, determine need for additional procurement action, and comparison to SB 846 and CAISO's 2023 Summer Assessment	2023 PSP Reliability and Emissions Analysis Slides (Reliability Analysis – Baseline + Ordered Procurement)
Baseline + LSE Plans	Examine the reliability and emissions of aggregated LSE plans	SERVM	Reliability and emissions analysis to inform the use of RESOLVE to develop potential PSP portfolios	2023 PSP Reliability and Emissions Analysis Slides (Reliability & Emissions Analysis – Baseline + LSE Plans)
Potential PSP Portfolios	RESOLVE portfolios simulated in SERVM to examine reliability and GHG emissions		Decision-making for 2023 PSP and 2024-25 TPP	2023 PSP Reliability and Emissions Analysis Slides (Reliability & Emissions Analysis – Potential PSP Portfolios)
Core Cases	<i>Potential PSP cases optimized with 11/1/2022 LSE Plans as minimum build constraint</i>	RESOLVE SERVM	As above	2023 PSP 2024-25 TPP Analysis (25 MMT Core Case; 30 MMT Core Case)
Least-Cost Cases	<i>Potential PSP Cases optimized to least-cost without 11/1/2022 LSE Plans</i>	RESOLVE SERVM	As above	2023 PSP 2024-25 TPP Analysis (25 MMT Least-Cost; 30 MMT Least-Cost)
Sensitivity Cases	<i>Test changes to portfolio results to least-cost cases, using alternative assumptions for key variables</i>	RESOLVE	As above	2023 PSP 2024-25 TPP Analysis (multiple sections)

# Proposed PSP (25 MMT “Core” Portfolio)

With LSE Plans

# Core Portfolios Overview

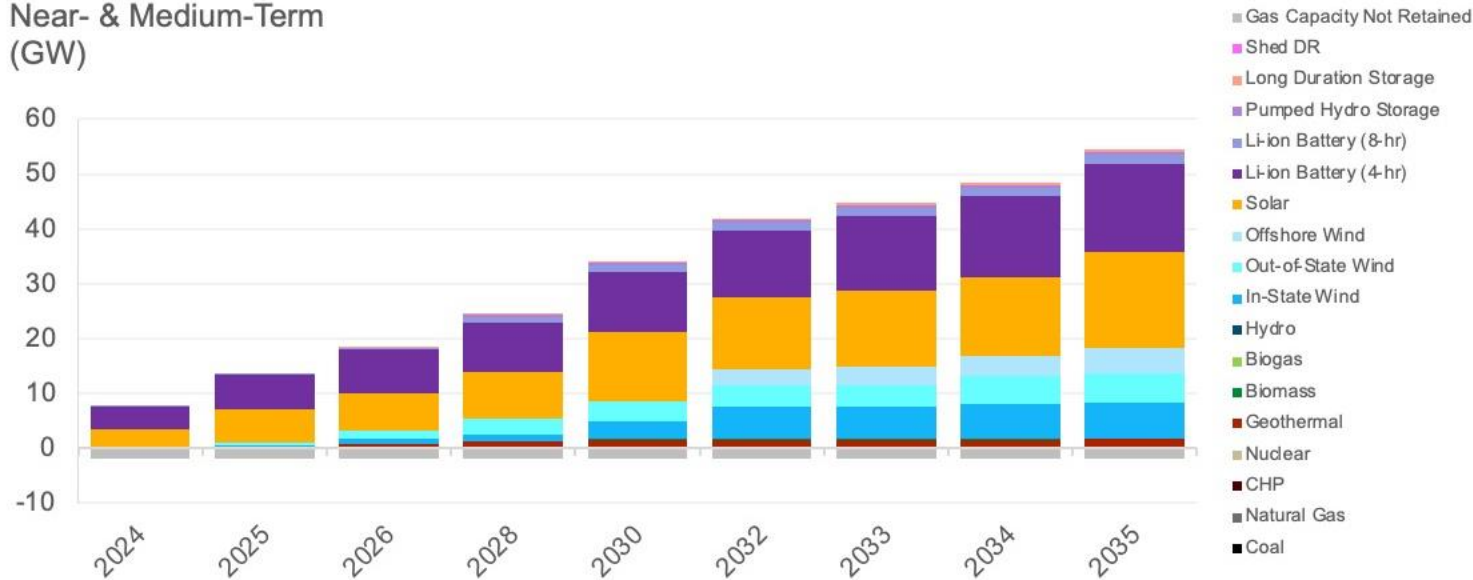
- **Purpose:** Understand the CAISO system resources needed to meet the GHG target (25 MMT or 30 MMT by 2035), clean energy targets, and reliability needs at least-cost, while accounting for the LSE plans for the 25 MMT or 30MMT goal

# Planned & Selected Capacity, Near- & Mid-Term (GW)

Solar and battery capacity grow steadily over time  
 Long duration storage is also added (primarily 8-hr batteries) per LSE plans to meet MTR

All three categories of wind (in-state, out of state, offshore) also show steady growth. RESOLVE does not select offshore wind above the levels in the LSE plans, largely because of changing assumptions regarding resources costs for OSW and other resources as well as increased availability of other resources.

**Generic Planned & Selected Capacity**  
 Near- & Medium-Term  
 (GW)

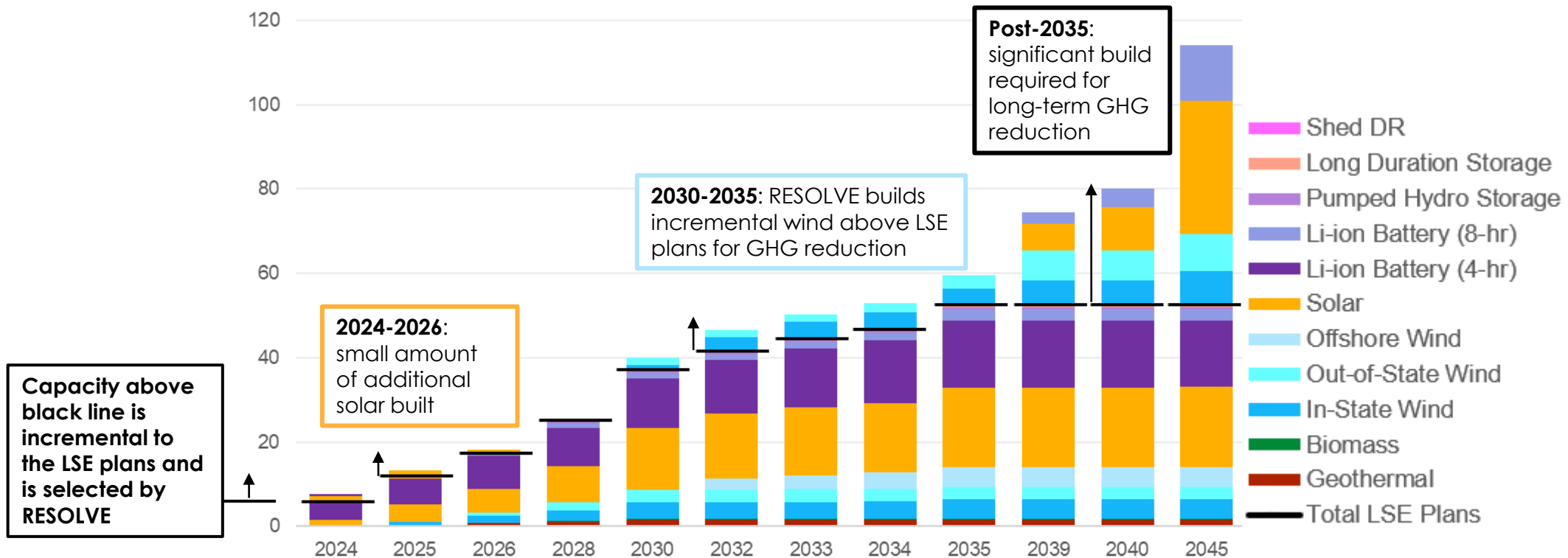


A relatively small amount of gas (2 GW) is not retained, starting in 2024, as MTR, LSE plans to build beyond MTR, and RESOLVE selected resources for GHG reduction create a capacity surplus

# Planned Builds vs. RESOLVE-Selected Builds (GW)

LSE Plans are mostly sufficient for reliability & GHG reduction needs until 2035

LSE Plans & RESOLVE-Selected Capacity in the 25MMT Core Case (GW)



# "Least Cost" Portfolios

With LSE Plans

# Least-Cost Portfolios Overview

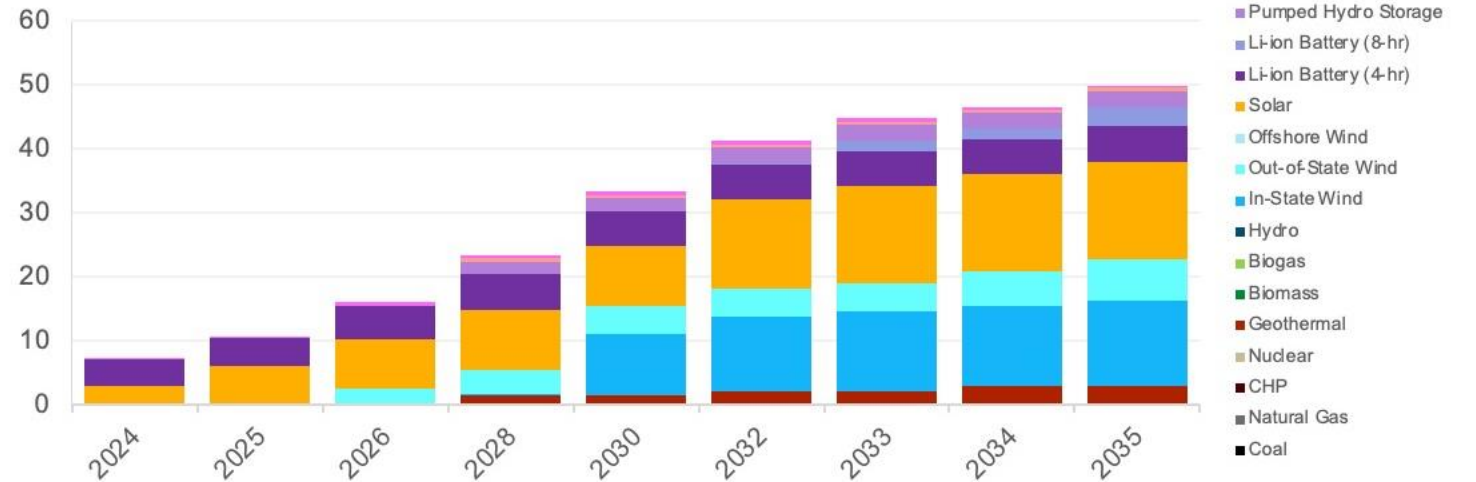
- **Purpose:** Understand the CAISO system resources needed to meet the GHG target (25 MMT or 30 MMT by 2035), clean energy targets, and reliability needs at least-cost, unconstrained by LSE plans



# Planned & Selected Capacity, Near- & Mid-Term (GW)

Solar and battery capacity grow steadily over time

**Generic Planned & Selected Capacity**  
Near- & Medium-Term  
(GW)



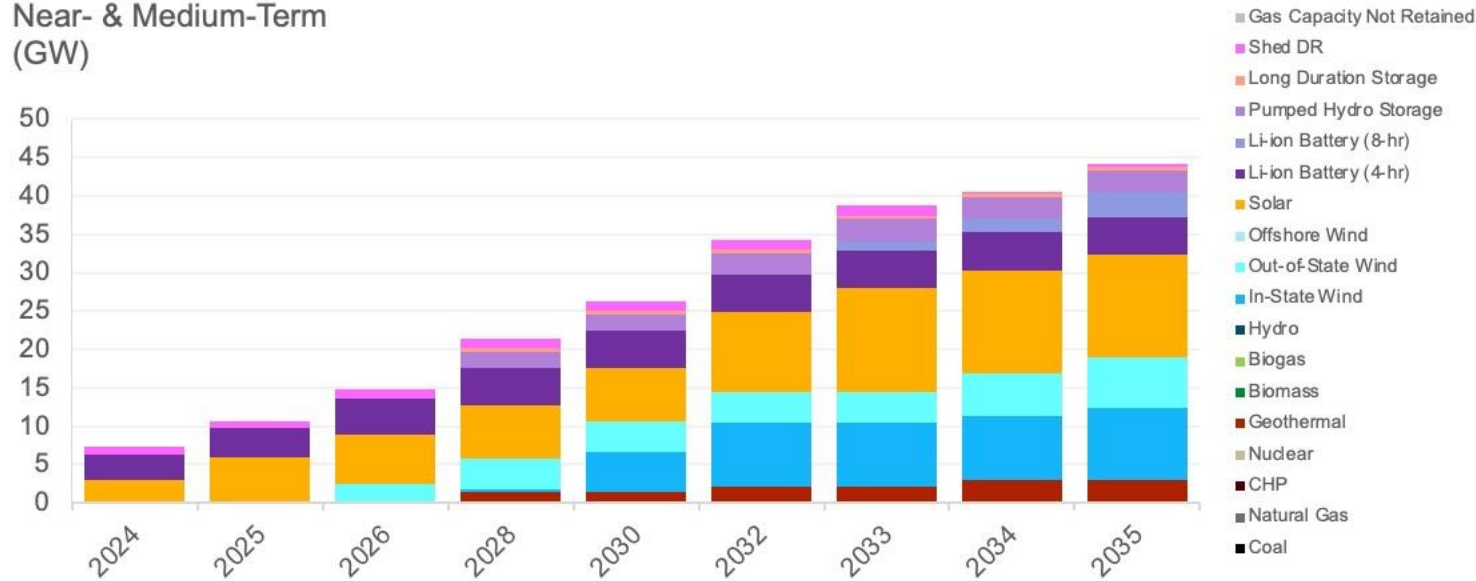
Both categories of onshore wind (in-state, out of state) also show steady growth. RESOLVE does not select offshore wind in the least-cost cases, largely because of changing assumptions regarding resources costs for OSW and other resources as well as increased availability of other resources.

All gas, except for forced OTC and CHP phaseouts, is retained until 2045; however, in-state natural gas fleet utilization declines to < 10% by ~2035. This reflects gas only being run infrequently and being retained for its capacity value.

# Planned & Selected Capacity, Near- & Mid-Term (GW)

Solar and battery capacity grow steadily over time

**Generic Planned & Selected Capacity**  
Near- & Medium-Term  
(GW)



Both categories of onshore wind (in-state, out of state) also show steady growth. RESOLVE does not select offshore wind in the least-cost cases. RESOLVE does not select offshore wind above the levels in the LSE plans, largely because of changing assumptions regarding resources costs for OSW and other resources as well as increased availability of other resources.

All gas is retained, except for forced OTC and CHP phaseouts, until 2045. Note significant reduction in gas usage over time not included in this slide.

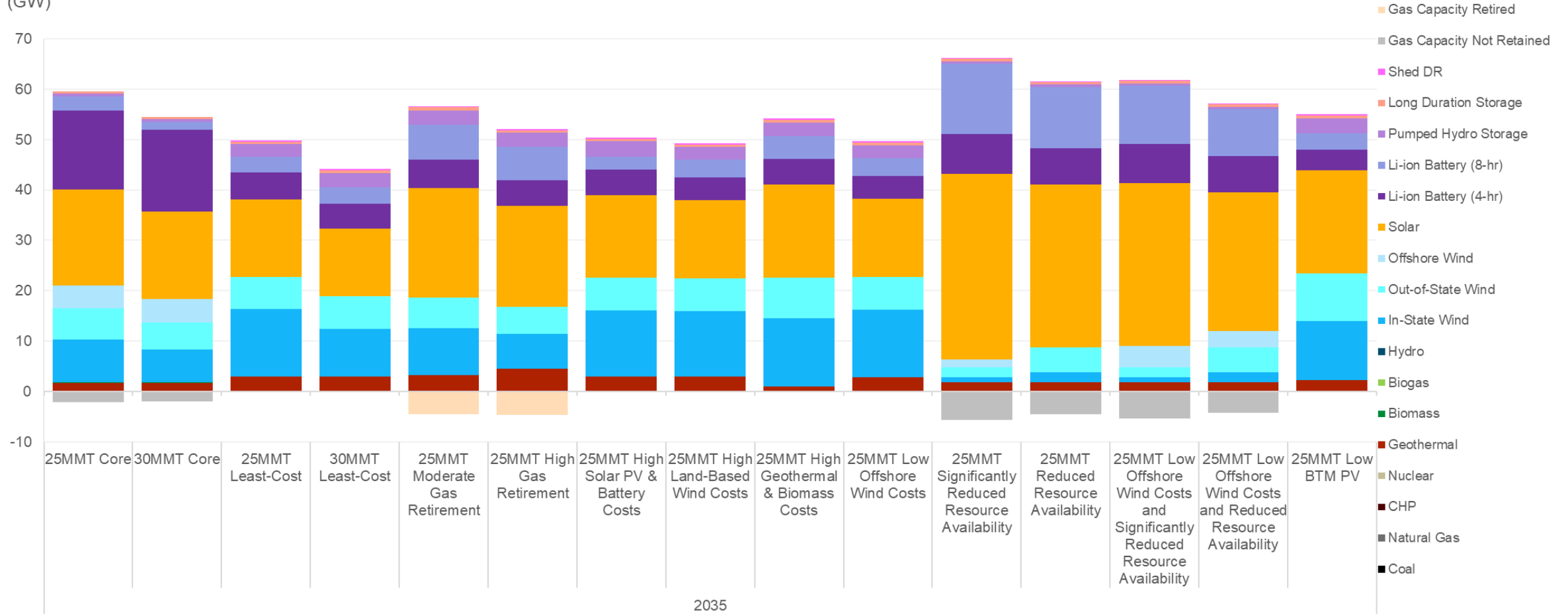
# PSP Scenarios and Sensitivities

# Definitions of the Scenarios and Sensitivities

Cases	25 MMT by 2035	30 MMT by 2035	Sensitivity Modification
Core Cases: Cases optimized <i>with 11/1/2022 LSE Plans</i> as minimum build constraint (Proposed TPP Base Case – 25 MMT by 2035)	✓	✓	N/A
Least-Cost Cases: Cases optimized to least-cost <i>without 11/1/2022 LSE Plans</i>	✓	✓	N/A
<b>Least-Cost Sensitivity: Moderate Gas Retirements</b>	✓		<i>Retires additional 4.1 GW by 2030, 4.5 GW by 2040</i>
<b>Least-Cost Sensitivity: High Gas Retirements (Proposed TPP Sensitivity Case)</b>	✓		<i>Retires additional 3.1 GW by 2030, 12.1 GW by 2040</i>
<b>Least-Cost Sensitivity: High Solar PV &amp; Battery Costs</b>	✓		<i>12% increase in Solar PV costs, 17% increase in battery costs</i>
<b>Least-Cost Sensitivity: High Land-Based Wind Costs</b>	✓		<i>7% increase in-state, 12%-14% increase in out of state wind costs</i>
<b>Least-Cost Sensitivity: High Geothermal &amp; Biomass Costs</b>	✓		<i>2x Geothermal and Biomass costs</i>
<b>Least-Cost Sensitivity: Low Offshore Wind Costs</b>	✓		<i>Uses 2022 vintage costs based on NREL CA-specific offshore wind costs (15% lower)</i>
<b>Least-Cost Sensitivity: Significantly Reduced Land-Based Clean Resource Availability</b>	✓		<i>Resource potentials reduced to: 1 GW of in-state wind, 2 GW of out-of-state wind, 1.8 GW Geo, 0.5 GW pumped hydro</i>
<b>Least-Cost Sensitivity: Reduced Land-Based Clean Resource Availability</b>	✓		<i>Resource potentials reduced to: 2 GW of in-state wind, 5 GW of out-of-state wind, 1.8 GW Geo, 0.5 GW pumped hydro</i>
<b>Least-Cost Sensitivity: Low Offshore Wind Costs and Significantly Reduced Land-Based Clean Resource Availability</b>	✓		<i>2022 vintage offshore wind costs; Resource potentials reduced to 1 GW of in-state wind, 2 GW of out-of-state wind, 1.8 GW Geo, 0.5 GW pumped hydro</i>
<b>Least-Cost Sensitivity: Low Offshore Wind Costs and Reduced Land-Based Clean Resource Availability</b>	✓		<i>2022 vintage offshore wind costs; Resource potentials reduced to 2 GW of in-state wind, 5 GW of out-of-state wind, 1.8 GW Geo, 0.5 GW pumped hydro</i>
<b>Least-Cost Sensitivity: Low BTM PV</b>	✓		<i>Uses the CEC IEPR 2022 Low BTM PV forecast</i>

# Comparison of 2035 Results For All Cases

Planned & Selected Capacity by Scenario (GW)

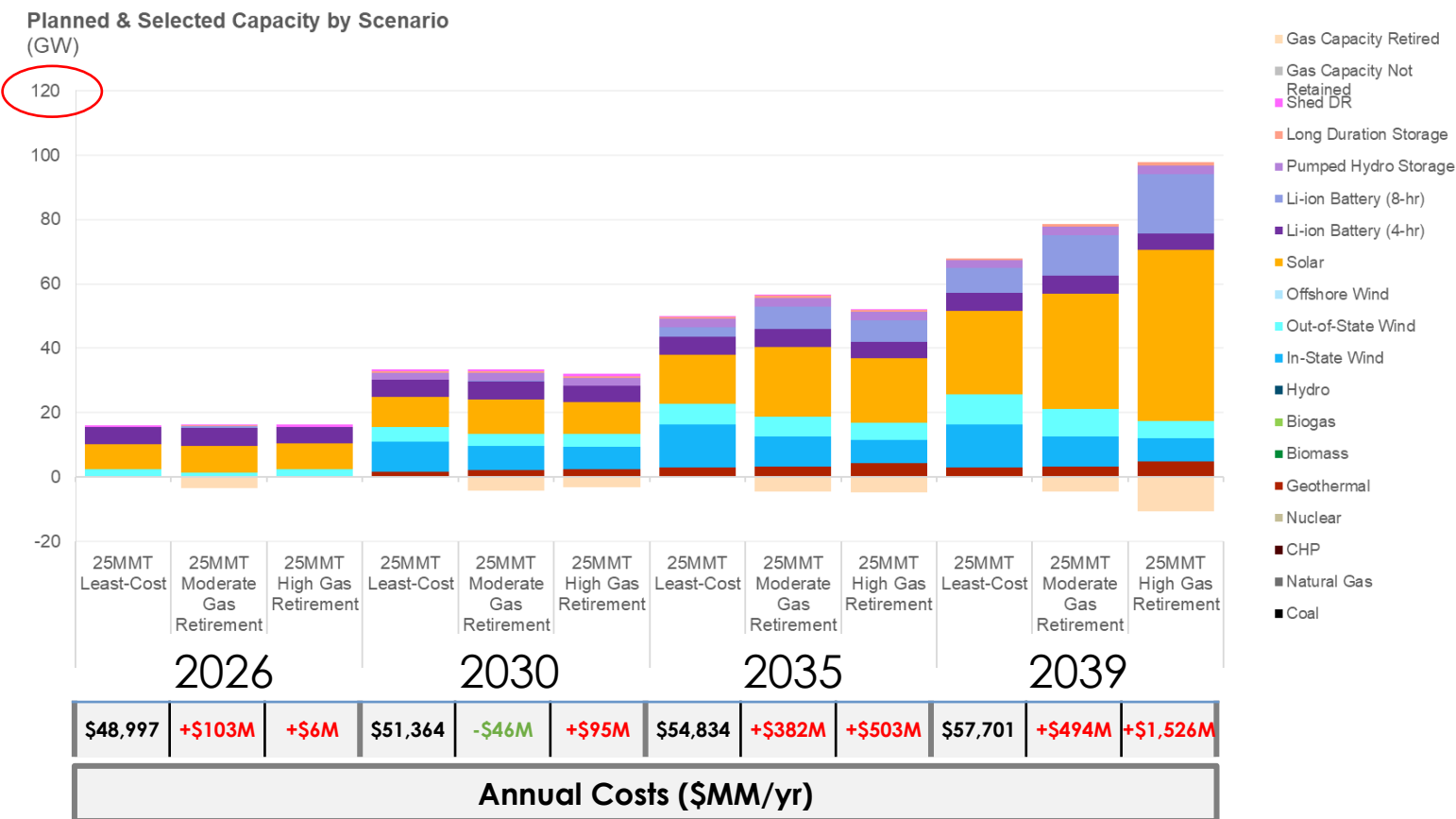


# 25 MMT Least Cost vs Gas Retirement Sensitivities

- **Gas retirement scenarios increase system costs the more gas is forced to retire**
  - Annual cost impact = ~\$6-\$1,500M/yr
- Gas plants are replaced largely with solar and long-duration storage resources
  - This in turn displaces lower cost and likely more valuable land-based wind resources
  - This does not result in substantive net-new clean generation (or GHG emission reduction) as resource selection is still driven by the GHG emissions trajectory

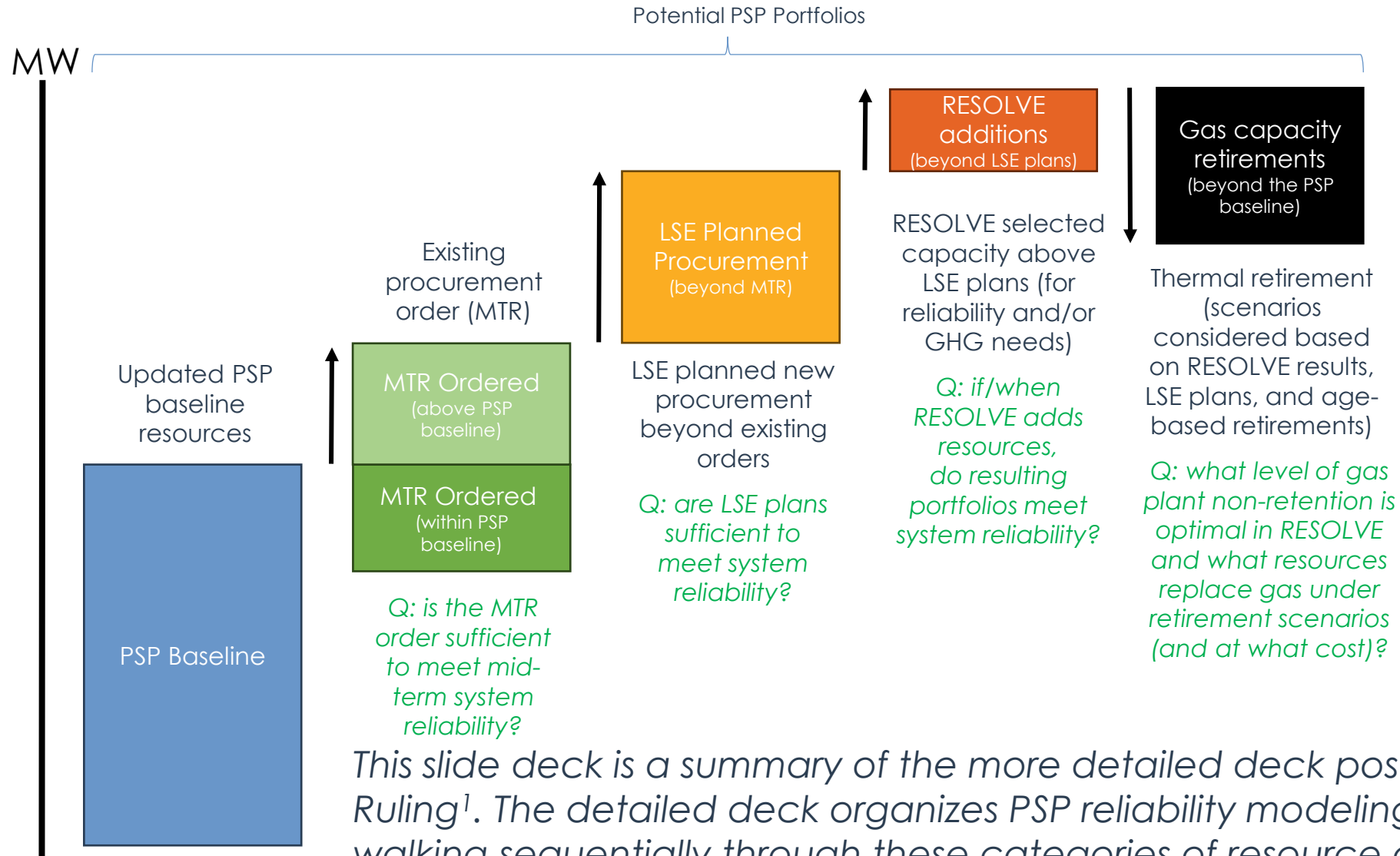
## NPV of Total Resource Cost (\$M in 2022 Dollar Year, 2024-2065)

25 MMT Least-Cost	\$925,303
25 MMT Moderate Gas Retirement	\$929,045 (+\$3,742MM)
25 MMT High Gas Retirement	\$938,342 (+\$13,039MM)



# Production Cost Modeling

# PSP Reliability & Emissions Studies Focus on Building Up the PSP Portfolios from the Baseline



This slide deck is a summary of the more detailed deck posted with the Ruling<sup>1</sup>. The detailed deck organizes PSP reliability modeling results by walking sequentially through these categories of resource additions/retirements.



# Reliability & Emissions Analysis – Baseline + LSE Plans

# Overview of Baseline + LSE Plans

In this section staff:

- Describe the reliability requirements LSEs had to meet in their 2022 IRPs
- Show that all LSE types showed overcompliance with the marginal-ELCC based requirement
- Show the resource type changes in the LSE plans vs. the Baseline
- Show how LSEs' plans are over-complying with the MTR order by 2028 by selecting more new resources than ordered
- Show the reliability results the LSE plans without gas retirements, then the results with the unplanned-for gas assumed to retire
- Draw conclusions about the reliability and emissions of LSE plans, leading to the use of RESOLVE to develop potential PSP portfolios

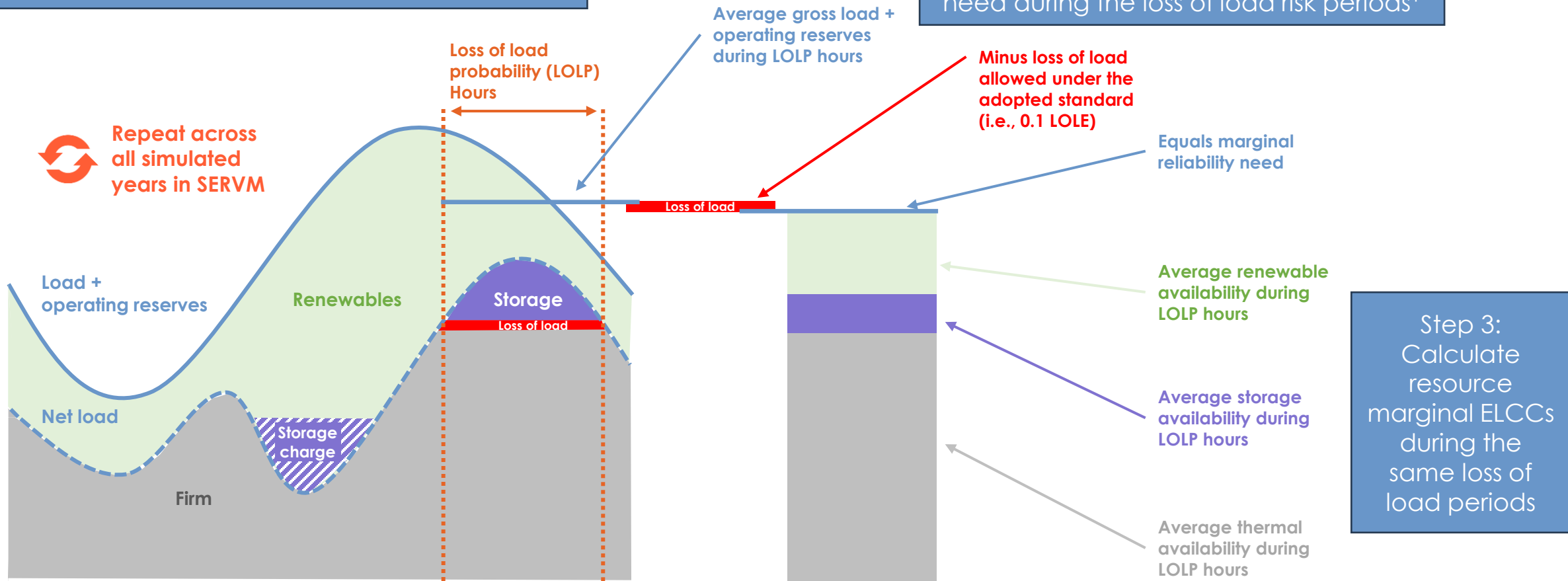
# LSE 2022 IRP Filing Requirements

- LSEs were required to submit two "preferred conforming portfolios;" one achieving GHG emissions equal to or less than their proportional share of the 38 MMT by 2030 and 30 MMT by 2035 GHG targets (30 MMT Plans), and another achieving GHG emissions equal to or less than their proportional share of the 30 MMT by 2030 and 25 MMT by 2035 GHG targets (25 MMT Plans)
- LSEs used the following data points within each plan to complete their reliability planning:
  1. **Reliability requirement by year:** what is their annual LSE-level MW reliability obligation?
    - → "Marginal Reliability Need" defined for each LSE
  2. **Resource accreditation metrics by year:** how each resource type counts towards that MW obligation?
    - → "Marginal ELCC" defined for each resource type
- LSEs were required to show in their 30 MMT and 25 MMT "Resource Data Templates" that the perfect capacity equivalent MW of their preferred conforming portfolios, as measured by the template's resource accreditation methodology, was equal to or greater than their assigned reliability planning obligation in each year of the planning horizon

# LSE 2022 IRP Filing Requirements: Marginal ELCC Planning

Step 1: Using forecasted resource portfolio, calculate loss of load risk periods in SERVM

Step 2: Calculate and allocate reliability need during the loss of load risk periods\*



# LSE 2022 IRP Filing Requirements: Reliability Requirement by Year

## Resource Data Template (RDT) Implementation

- LSE marginal reliability need (MRN) =  $(\text{CAISO gross peak} * (1 + \text{PRM})) * (\text{MRN to Total Reliability Need ratio}) * (\text{LSE managed peak share})$
- LSE resources =  $(\text{BTM\_PV\_MW} * \text{marginal\_ELCC\_}\%) + \sum(\text{Resource\_MW}_x * \text{marginal\_ELCC}_x \%)$

### LSE Input

#### Reliability Need

	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	
CAISO gross peak (MW)	53,530	54,113	54,769	55,494	56,125	56,797	57,454	58,178	58,827	59,511	60,161	60,803	Gross peak from IEPR hourly data (removing BTM PV)
PRM (%)	14%	14%	14%	14%	14%	14%	14%	14%	14%	14%	14%	14%	PRM based on target PRM study to reach 0.1 LOLE
CAISO total reliability need (TRN) (MW)	61,024	61,689	62,437	63,263	63,983	64,749	65,498	66,323	67,063	67,843	68,584	69,315	TRN = gross peak * (1 + PRM)
MRN/TRN ratio	0.80	0.82	0.84	0.80	0.76	0.74	0.72	0.70	0.68	0.67	0.65	0.63	MRN/TRN = $(\sum \text{marginal ELCC MW}) / \text{TRN}$
CAISO marginal reliability need (MRN) (MW)	48,838	50,521	52,204	50,322	48,441	47,702	46,964	46,372	45,780	45,188	44,596	44,005	MRN = $\sum \text{marginal ELCC MW}$
LSE managed peak share (%)	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	LSE managed peak share provided to LSEs by CPUC
LSE MRN (MW)	4,884	5,052	5,220	5,032	4,844	4,770	4,696	4,637	4,578	4,519	4,460	4,400	LSE MRN MW = "need" to which LSEs should plan

#### BTM PV

	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	
Capacity (MW)	100	100	100	100	100	100	100	100	100	100	100	100	BTM PV capacity provided to LSEs by CPUC

# LSE 2022 IRP Filing Requirements: Marginal Reliability Need & ELCCs

30 MMT Scenario

Modeled Year (results complete)      Interpolated Year

Resource Class	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
In-state Wind (SoCal)	12%	14%	15%	11%	6%	8%	9%	8%	7%	6%	5%	4%
In-state Wind (NorCal)	24%	27%	31%	21%	12%	15%	19%	17%	15%	13%	11%	9%
Out-of-state Wind (WY/ID)	47%	45%	44%	38%	32%	33%	34%	33%	32%	31%	31%	30%
Out-of-state Wind (WA/OR)	29%	28%	27%	23%	20%	20%	21%	20%	20%	19%	19%	18%
Out-of-state Wind (AZ/NM)	42%	41%	40%	34%	29%	30%	30%	30%	29%	28%	28%	27%
Offshore Wind	67%	62%	56%	56%	55%	58%	61%	55%	49%	44%	38%	32%
Utility PV	12%	12%	12%	10%	8%	8%	7%	7%	7%	7%	7%	6%
BTM PV	5%	5%	4%	5%	6%	5%	5%	5%	5%	5%	5%	6%
4-hr Battery Storage	85%	86%	87%	85%	82%	85%	89%	79%	69%	60%	50%	40%
8-hr Battery Storage	89%	89%	88%	87%	86%	87%	89%	85%	81%	77%	73%	70%
Pumped Hydro Storage	90%	89%	88%	87%	86%	87%	89%	86%	83%	80%	76%	73%
Demand Response	77%	80%	82%	77%	73%	80%	86%	72%	58%	43%	29%	14%
Hydro (large)	51%	52%	53%	52%	51%	53%	54%	52%	50%	48%	45%	43%
Hydro (small)	36%	37%	38%	38%	37%	38%	39%	37%	36%	34%	32%	31%
Firm	85%	86%	87%	87%	86%	85%	84%	86%	87%	88%	89%	90%

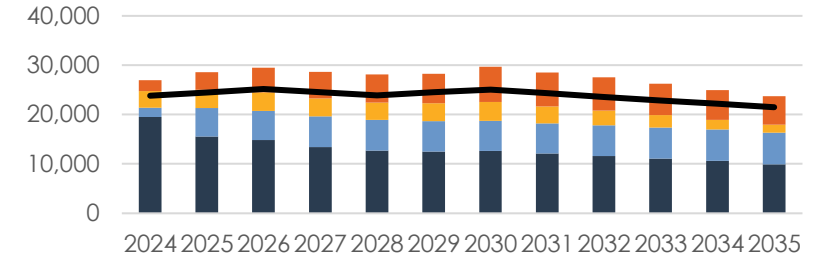
Marginal Reliability Need	47,112	48,652	50,193	49,099	48,005	49,369	50,732	49,261	47,790	46,318	44,847	43,376
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# Aggregated LSE Plans vs. Reliability Filing Requirement

- All LSEs met their reliability standards, with some LSEs planning for reliability levels more than their assigned reliability planning requirements
- All LSE types showed overcompliance in aggregate with their reliability planning standards
- After 2024, there is not a stark difference between the LSE types in the amount of online reliable capacity they have in their portfolios, relative to their reliability need

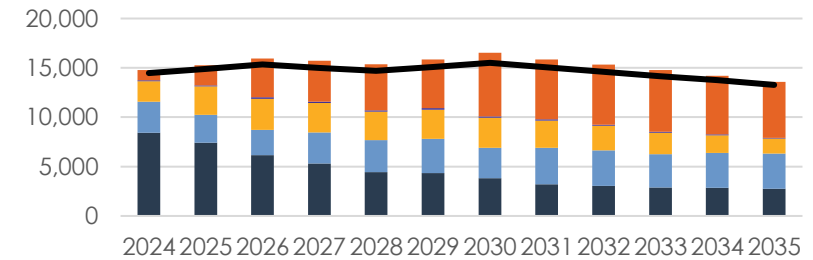
**RDT Filings Summary (IOUs)**

ELCC MW



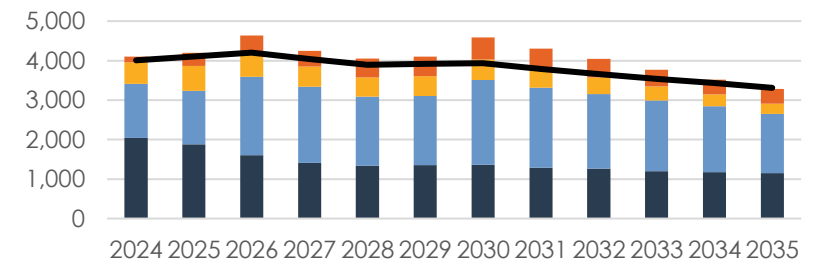
**RDT Filings Summary (CCAs)**

ELCC MW



**RDT Filings Summary (ESPs)**

ELCC MW



Online
  Planned Existing
  Development
  Planned New
  Reliability Need

# 25MMT and 30 MMT LSE Plans Analysis - Overview

- SERVM production cost modeling (PCM) described in this section focuses on the Baseline plus LSE plans

Scenario Descriptions	Use Cases
<ul style="list-style-type: none"> <li>• Updated Resource Baseline (Jan 2023)</li> <li>• 25 and 30 MMT Portfolios of 11/2022 LSE plans               <ul style="list-style-type: none"> <li>• In Development resources added to Baseline</li> <li>• Review and Planned New resources are considered above Baseline</li> </ul> </li> <li>• CEC's <b>2021</b> Integrated Energy Policy Report (IEPR) Mid case managed electric demand forecast</li> <li>• <b>With and without</b> additional gas retirements beyond announced</li> </ul>	<ul style="list-style-type: none"> <li>• Evaluate the effectiveness of reliability filing requirements used in 11/2022 LSE plans</li> <li>• Comparison to other studies using same IEPR vintage</li> </ul>
<ul style="list-style-type: none"> <li>• 25 and 30 MMT Portfolios of 11/2022 LSE plans</li> <li>• Updated Resource Baseline (Jan 2023)</li> <li>• CEC's <b>2022</b> IEPR Planning case managed electric demand forecast</li> <li>• <b>With and without</b> additional gas retirements beyond announced</li> </ul>	<ul style="list-style-type: none"> <li>• Core scenario for consideration as the 2023 PSP</li> <li>• Also for consideration as the Base Portfolio for CAISO's 2024-25 Transmission Planning Process (TPP)</li> <li>• Basis for several sensitivity studies</li> </ul>

25 and 30 MMT refers to a statewide electric sector GHG emissions target for 2035, as specified in CPUC's IRP filing requirements for LSEs



# Aggregated LSE Plans by Resource Type - 25 MMT (MW)

- Staff aggregated all resources in LSE plans: existing contracted, existing planned to be contracted, in-development, under review, and planned new
- “Additional retired” refers to individual thermal units removed if not specifically quantified as contracted or planned for resources in LSE Plans
  - Removed units are CC, Cogen, and CT categories

Year	2024	2026		2030		2035	
<b>Gas retention</b>	No unannounced retirements	No unannounced retirements	-3364 MW add'l retired	No unannounced retirements	-5515 MW add'l retired	No unannounced retirements	-5903 MW add'l retired
<b>25 MMT by 2035 LSE Plan</b>							
Battery Storage	12,613	17,689	17,689	22,287	22,287	28,216	28,216
Biomass	713	794	794	873	853	864	852
BTMPV	16,827	19,252	19,252	24,492	24,492	31,023	31,023
CC	17,536	17,536	15,747	17,536	14,280	17,536	13,898
Coal	480	-	-	-	-	-	-
Cogen	1,938	1,957	1,185	1,957	557	940	551
CT	8,204	8,204	7,401	8,204	7,345	8,204	7,345
DR	2,822	2,804	2,804	2,851	2,851	2,851	2,851
Geothermal	1,440	2,393	2,393	2,826	2,826	2,922	2,922
Hydro	5,995	6,003	6,003	6,003	6,003	6,003	6,003
ICE	259	259	259	259	259	259	259
Nuclear	2,935	635	635	635	635	635	635
OffshoreWind	-	-	-	1,580	1,580	4,531	4,531
PSH	1,483	1,940	1,940	1,952	1,952	1,952	1,952
Solar	20,304	24,577	24,577	34,249	34,215	38,456	38,422
Steam	-	-	-	-	-	-	-
Wind	8,038	10,284	10,284	15,002	15,002	15,736	15,736

# Aggregated LSE Plans by Resource Type - 30 MMT (MW)

- Staff aggregated all resources in LSE plans: existing contracted, existing planned to be contracted, in-development, under review, and planned new
- “Additional retired” refers to individual thermal units removed if not specifically quantified as contracted or planned for resources in LSE Plans
  - Removed units are CC, Cogen, and CT categories

Year	2024		2026		2030		2035	
<b>Gas retention</b>	No unannounced retirements	No unannounced retirements	-3364 MW add'l retired	No unannounced retirements	-5515 MW add'l retired	No unannounced retirements	-5903 MW add'l retired	
<b>30 MMT by 2035 LSE Plan</b>								
Battery Storage	12,613	17,689	17,689	21,662	21,662	27,455	27,455	
Biomass	713	794	794	873	853	864	852	
BTMPV	16,827	19,252	19,252	24,492	24,492	31,023	31,023	
CC	17,536	17,536	15,747	17,536	14,280	17,536	13,898	
Coal	480	-	-	-	-	-	-	
Cogen	1,938	1,957	1,185	1,957	557	940	551	
CT	8,204	8,204	7,401	8,204	7,345	8,204	7,345	
DR	2,822	2,804	2,804	2,851	2,851	2,851	2,851	
Geothermal	1,440	2,390	2,390	2,806	2,806	2,902	2,902	
Hydro	5,995	6,003	6,003	6,003	6,003	6,003	6,003	
ICE	259	259	259	259	259	259	259	
Nuclear	2,935	635	635	635	635	635	635	
Offshore Wind	-	-	-	1,659	1,659	4,648	4,648	
PSH	1,483	1,940	1,940	1,952	1,952	1,952	1,952	
Solar	20,298	24,572	24,572	32,231	32,197	37,083	37,049	
Steam	-	-	-	-	-	-	-	
Wind	8,038	10,284	10,284	14,878	14,878	15,729	15,729	

# Aggregated LSE Plans (25 MMT) vs MTR Order

- LSE plans show over-compliance with the MTR new build requirement
- For example, 2026 shows:  
4,700 MW MTR in the Baseline  
+ 9,118 MW MTR in LSE plans  
= 13,818 MW total MTR  
vs. 11,500 MW required -->  
2,318 MW over-procurement
- LSE plans generally appear to rely more on building extra new reliable capacity (above MTR) and thereby relying less on the existing gas fleet for their reliability need

MTR-eligible build (nameplate)	Details	2024	2025	2026	2027	2028	TOTAL
Solar		1,266	2,831	1,442	2,443	546	8,528
Wind	CAISO	325	720	230	601	225	2,101
Wind	NW	0	-	380	20	-	400
Wind	SW	0	-	840	661	486	1,987
Offshore_Wind		0	-	-	-	-	0
Li_Battery	4-Hr	3,989	2,295	1,717	257	775	9,033
Li_Battery	8-Hr	0	6	512	230	502	1,250
Pumped_Hydro		0	-	457	-	12	469
Shed_DR		27	2	2	69	1	101
Geothermal		137	52	845	15	94	1,143
Biomass		11	30	12	33	46	132

MTR-eligible build (ELCC)	Details	2024	2025	2026	2027	2028	TOTAL
Solar		84	187	101	183	48	603
Wind	CAISO	54	86	30	84	33	288
Wind	NW	0	-	125	6	-	132
Wind	SW	0	-	294	223	155	672
Offshore_Wind		-	-	-	-	-	-
Li_Battery_4hr_Baseline		3,618	1,724	1,315	190	593	7,440
Li_Battery_8hr_Baseline		0	5	430	200	452	1,088
Pumped_Hydro		0	-	396	-	11	407
Shed_DR		26	2	2	66	1	97
Geothermal		127	48	786	14	87	1,063
Biomass		10	28	11	31	43	123
<b>SUM</b>		<b>3,836</b>	<b>1,893</b>	<b>3,390</b>	<b>815</b>	<b>1,376</b>	
<b>Cumulative</b>		<b>3,836</b>	<b>5,729</b>	<b>9,118</b>	<b>9,933</b>	<b>11,309</b>	

MTR-eligible Over-compliance in LSE Plans (ELCC)	2024	2025	2026	2027	2028
MTR Procurement in PSP Baseline	4,219	4,578	4,700	4,719	4,750
MTR Procurement in LSE Plans	3,836	5,729	9,118	9,933	11,309
Baseline + LSE Planned Procurement	8,054	10,307	13,818	14,652	16,058
MTR Requirement	8,000	9,500	11,500	13,500	15,500
MTR Procurement Surplus	54	807	2,318	1,152	558
LDES in PSP Baseline					166
LDES in LSE Plans					1,495
LDES Procurement Surplus					661
Firm RE in PSP Baseline					116
Firm RE in LSE Plans					1,186
Firm RE Procurement Surplus					302

Over-procurement in LSE plans

# Results: LSE Plans Scenarios 2022 IEPR

- 25 and 30 MMT Portfolios aggregated from 11/2022 LSE Plans
- 2022 Planning scenario electric demand managed forecasts
- Two alternative scenarios about thermal (gas) units retention
  - No unannounced retirement: Thermal units retained unless retirement announced by CAISO or Gen Owner
    - OTC steam units assumed to go offline by 2023 and DCPD assumed to go offline in 2024/25, and no further retirements
  - Additional retirements: Individual thermal units removed if not specifically quantified as contracted or planned for resources in LSE Plans
    - Same as "No unannounced retirement" in 2024, plus additional retirements in subsequent years increasing to 5.9 GW by 2035

Year	2024	2026		2030		2035	
<b>Gas retention</b>	No unannounced retirements	No unannounced retirements	-3364 MW add'l retired	No unannounced retirements	-5515 MW add'l retired	No unannounced retirements	-5903 MW add'l retired
<b>25 MMT by 2035 LSE Plan</b>							
<b>LOLE Capacity (days/year)</b>	0.029	0.003	0.061	0	0.036	0.015	0.338
<b>CAISO Emissions (MMT)</b>	41.2	39.4	39.1	31.4	30.2	33.9	34.1
<b>Implied CA Emissions (MMT)</b>	50.8	48.7	48.2	38.8	37.2	41.8	42.1
<b>30 MMT by 2035 LSE Plan</b>							
<b>LOLE Capacity (days/year)</b>	0.031	0.005	0.059	0	0.063	0.021	0.396
<b>CAISO Emissions (MMT)</b>	41.2	39.4	39.1	32.8	31.6	34.9	35.2
<b>Implied CA Emissions (MMT)</b>	50.8	48.7	48.2	40.4	39	43.1	43.4

**LSE un-contracted gas retirements create an unreliable system in 2035**

**GHG may not be reduced when gas plants retire without replacement clean energy and capacity because increased imports and increased use of remaining CAISO gas units would replace the retired gas**

- Implied CA Emissions calculated as CAISO Emissions / 0.81
- Total CAISO Emissions may be approximately 1-3 MMT overstated, depending on portfolio and year, due to these SERVM studies modeling offshore and out-of-state wind profiles with lower capacity factor than the profiles in RESOLVE. This modeling difference does not change the conclusions in this section since the effect is modest compared to the amount by which the LSE plans scenarios exceed the CAISO emissions target. For SERVM studies of RESOLVE-produced portfolios shown later in this deck, SERVM aligned its wind production to better match RESOLVE.

# Results: LSE Plans Scenarios 2021 IEPR

- 25 and 30 MMT Portfolios aggregated from 11/2022 LSE Plans
- 2021 IEPR Mid-Mid Planning scenario electric demand managed forecasts
- Additional Retirement Scenario only simulated for 25 MMT LSE plans
- In 2024 there are no additional retirements driven by lack of LSE contracting/planning for existing gas plants

Year	2024	2026		2030		2035	
<b>Gas retention</b>	No unannounced retirements	No unannounced retirements	-3364 MW add'l retired	No unannounced retirements	-5515 MW add'l retired	No unannounced retirements	-5903 MW add'l retired
<b>25 MMT by 2035 LSE Plan</b>							
<b>LOLE Capacity (days/year)</b>	0.026	0.001	0.051	0.000	0.009	0.000	0.061
<b>CAISO Emissions (MMT)</b>	41.4	39.2	38.9	28.4	27.0	26.5	26.5
<b>Implied CA Emissions (MMT)</b>	51.1	48.4	48.0	35.0	33.3	32.7	32.7
<b>30 MMT by 2035 LSE Plan</b>							
<b>LOLE Capacity (days/year)</b>	0.025	0.002		0.000		0.001	
<b>CAISO Emissions (MMT)</b>	41.4	39.2		29.7		27.4	
<b>Implied CA Emissions (MMT)</b>	51.1	48.4		36.6		33.8	

*System found reliable in SERVM, consistent with LSE overcompliance with reliability filing requirements*

*GHG may not be reduced when gas plants retire without replacement clean energy and capacity because increased imports and increased use of remaining CAISO gas units would replace the retired gas*

- Implied CA Emissions calculated as CAISO Emissions / 0.81
- Total CAISO Emissions may be approximately 1-3 MMT overstated, depending on portfolio and year, due to these SERVM studies modeling offshore and out-of-state wind profiles with lower capacity factor than the profiles in RESOLVE. This modeling difference does not change the conclusions in this section since the effect is modest compared to the amount by which the LSE plans scenarios exceed the CAISO emissions target. For SERVM studies of RESOLVE-produced portfolios shown later in this deck, SERVM aligned its wind production to better match RESOLVE.

# Results: LSE Plans Scenarios Emissions Delta

- The aggregate LSE Plan portfolios do not achieve the CAISO emissions target for two primary reasons:
  - **Load forecast updates:** Load forecasts, and the associated GHG benchmarks, were assigned to LSEs based on the 2021 IEPR. The 2021 IEPR's CAISO managed load forecast by 2035 is ~238 TWh, compared to ~267 TWh by 2035 in the 2022 IEPR. The 2022 IEPR is the basis for the 2023 PSP.
  - **POU planned resources not included:** CPUC-jurisdictional LSEs in CAISO were collectively assigned ~204 TWh by 2035 according to the 2021 IEPR, which is ~86% of CAISO managed load. The remainder is attributed to non-jurisdictional entities. Had the 2022 IEPR been used to assign load, CPUC-jurisdictional LSEs would have been assigned ~231 TWh out of ~267 TWh total managed load by 2035. Either way the aggregated LSE plans would still lack sufficient resources without accounting for the ~14% of CAISO managed load attributed to non-jurisdictional entities.
- Thus, LSE Plans were only developed to serve ~86% (204 TWh/238 TWh) of CAISO managed load by 2035 per the 2021 IEPR, and this shortfall in planning grew when updating to the 2022 IEPR, with LSE Plans only serving ~76% (204 TWh/267 TWh)
- By contrast, SERVM was configured to meet the total CAISO managed load in all hours of the year and to the extent that aggregate LSE Plans were insufficient to meet that load due to the above structural limitations of LSE planning, the model dispatched more in-state gas generation or unspecified imports to meet that missing load
- For the portion of load served by CPUC-jurisdictional LSEs, all LSEs met their assigned GHG benchmarks, with some achieving emissions well below their assigned benchmarks
  - This indicates that SERVM's emissions delta in the LSE Plans scenarios is not due to inadequate LSE planning for GHG reductions—LSEs met or surpassed their GHG planning requirements
  - SERVM's emissions delta is largely driven by SERVM trying to meet more load than LSEs planned for

# Baseline + LSE Plans: Conclusions

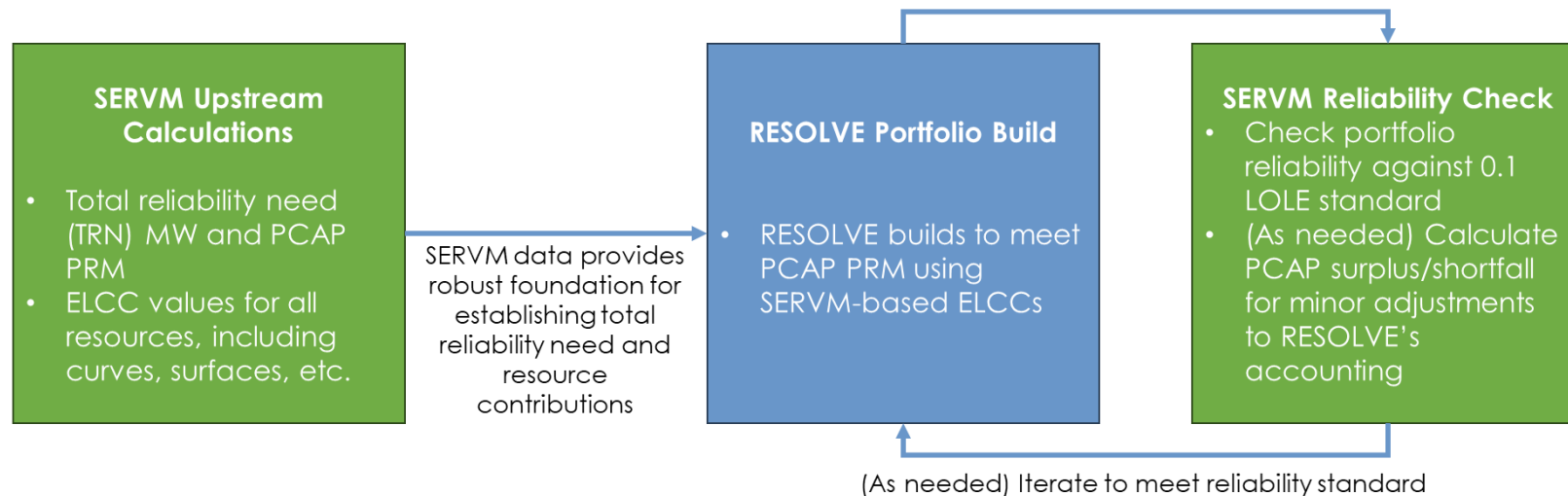
- This was the first IRP cycle where LSEs were assigned reliability filing requirements
- All LSEs met their reliability filing requirements, with some LSEs planning for reliability levels beyond their assigned requirements
- LSE Plans showed over-compliance with the MTR new build requirement starting in 2025, and as a result their plans appear set to rely less on the existing gas fleet leading to as much as ~6 GW of Baseline gas capacity excluded from LSE contracting/planning by 2035 (i.e., the LSE Plans appear to allow 6 GW to be uncontracted in 2035)
- SERVM analysis showed that when LSE Plans were added to the Baseline and with no additional retirements assumed (i.e., the 6 GW of gas capacity remains operational), the system maintained reliability out to 2035
- When using the 2022 IEPR and assuming Baseline gas capacity retired in line with the amounts that LSEs did not collectively plan for, the system became unreliable by 2035, with minor changes in GHG due to the remaining gas plants running about the same amount in total as before retirements. When using the 2021 IEPR, which is what LSEs planned for, and the same amounts of Baseline gas retired, SERVM analysis showed that meeting the reliability filing requirements resulted in a reliable system for all studied years.
- Aggregate LSE Plan portfolios do not on their own achieve the CAISO-wide GHG emissions targets by 2030 or 2035, but that is largely due to LSEs planning for only ~76% of the CAISO energy load (2022 IEPR). This is due to 1) non-jurisdictional LSEs' planned future procurement being unknown, and 2) the 2022 IEPR loads being significantly higher than the 2021 IEPR loads on which the LSE Plans are based. In fact, all CPUC jurisdictional LSEs met their assigned GHG benchmarks based on the 2021 IEPR, with some achieving emissions well below their assigned benchmarks.
- After aggregating LSE plans, staff used the RESOLVE capacity expansion model to top off the aggregated portfolios to the extent that more resources were needed to reduce emissions or maintain reliability (including through 2045, beyond the timeline for LSE plans). Refer to next section.

# Reliability & Emissions Analysis – Potential PSP Portfolios



# Aligning Reliability between SERVM + RESOLVE

- RESOLVE reliability need and resource counting metrics (ELCCs) were derived directly from SERVM
- Additionally, initial RESOLVE runs were used to develop further calibration factors to align the models based on LOLE results from preliminary RESOLVE portfolios\*



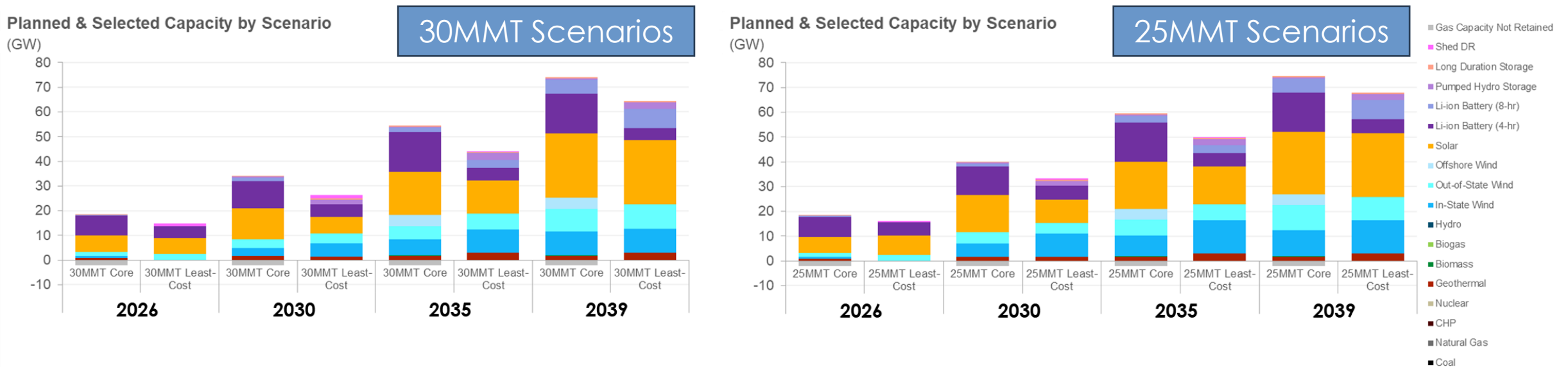
\* These factors were calculated using the "least-cost" RESOLVE portfolios, since cases w/ LSE plans were found to be over-reliable in RESOLVE in the near- to mid-term. Current calibration factors ranged from adding 3,600 MW of PCAP in 2026 to removing 900 MW in 2035 (and thereafter) from RESOLVE's reliability accounting. Further calibration factors were needed when portfolio diversity effects were different than those studied in the 2030 ELCC studies used to create RESOLVE inputs. Another major factor was that the base/"binary" 11 GW > 4 GW import availability shape was found to provide significantly higher than 4 GW PCAP based on SERVM's pre-HE18 import availability.

# Potential PSP Portfolios Modeling Steps

- Staff used RESOLVE to produce two portfolio types:
  - Core: Baseline resources with 11/2022 LSE plans “forced in,” plus RESOLVE selecting additional resources and/or gas retention to meet policy and reliability constraints
  - Least-Cost: Baseline resources only, plus RESOLVE selecting a cost-optimal portfolio of new carbon-free resources/gas retention to meet policy and reliability constraints
- RESOLVE portfolios were translated into SERVM inputs and simulated in SERVM for 2026, 2030, and 2035 to determine LOLE and GHG emissions
- Staff compared RESOLVE and SERVM GHG emissions and made further calibrations to align the models’ outputs where possible
  - Some calibration adjustments led to reruns of RESOLVE, refining a portfolio, while others were adjustments to SERVM’s characterization of a portfolio
- Staff is performing criteria pollutant analysis and will share results in a separate slide deck

# RESOLVE Modeled Capacity Additions

- Planned (incl. LSE-planned additions) and RESOLVE-selected capacity are shown below
- Least-cost cases show less battery storage, less offshore wind, more in-state + out-of-state wind, more long-duration storage, and more geothermal
  - The least-cost portfolios, using post-IRA 2023-vintage prices, result in lower cost portfolios
- Additional details on RESOLVE results are contained in the deck: "2023 PSP & 2024-2025 TPP: Resolve Modeling Results"

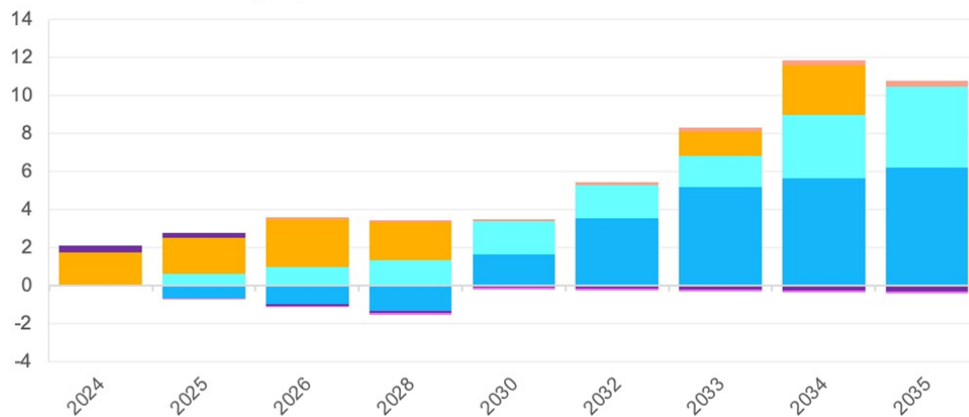


# RESOLVE Additions above LSE Plans

- RESOLVE builds additional capacity above LSE planned additions in both the 25MMT and 30MMT scenarios
- This capacity is primarily selected by RESOLVE to fill the GHG gap identified in SERVIM , driven by lower load forecasts used in LSE plans (i.e., 2021 IEPR vs 2022 IEPR) and lack of POU resource additions
- RESOLVE also chooses to retain more capacity than planned for in LSE plans to meet long-term (2039-2045) reliability needs
  - 2.0 GW not retained in 25MMT Core starting in 2024
  - 2.1 GW not retained in 30MMT Core starting in 2024

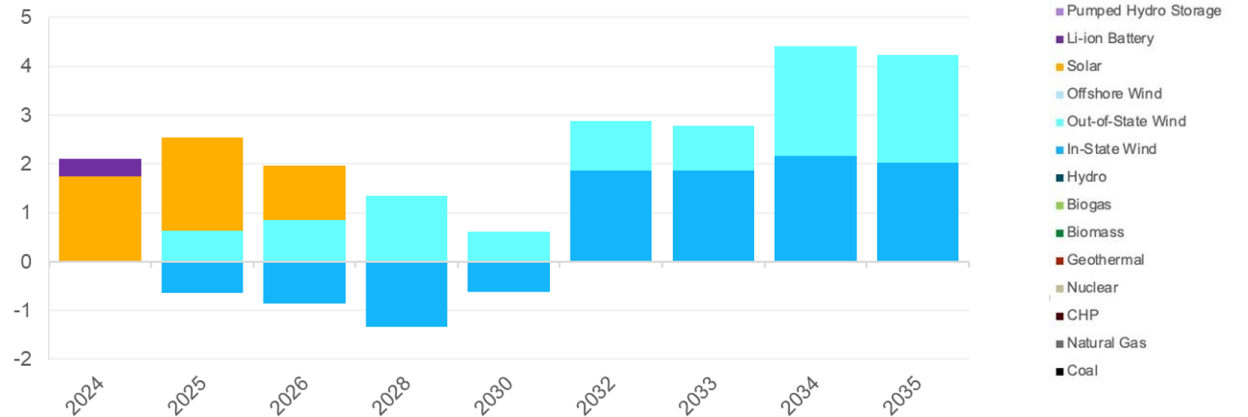
**25 MMT Core RESOLVE Builds relative to LSE Plans (25 MMT)**

Near- & Medium-Term (GW)



**30 MMT Core RESOLVE Builds relative to LSE Plans (30 MMT)**

Near- & Medium-Term (GW)



# Reliability and GHG Results – 25 MMT Core

25 MMT CORE	2026		2030		2035		
Category	RESOLVE	SERVUM	RESOLVE	SERVUM	RESOLVE	SERVUM	Units
LOLE		0.009		0.002		0.053	days/year
CAISO emitting generation	59,691	73,118	33,506	45,946	16,773	39,674	GWh
CAISO generator emissions	23.4	30.1	13.2	19.5	6.6	16.2	MMT CO2
Unspecified imports	16,130	9,347	15,085	12,089	21,641	9,810	GWh
Unspecified imports emissions	6.9	4.0	6.5	5.2	9.3	4.2	MMT CO2
CAISO BTM CHP emissions	4.8	4.8	4.7	4.7	4.4	4.4	MMT CO2
Total CAISO emissions	35.1	38.9	24.3	29.4	20.3	24.8	MMT CO2
Difference in GHG emissions		3.8		5.1		4.5	MMT CO2

Note: The RESOLVE portfolio was designed to and attained the 25 MMT by 2035 statewide target, which equates to 20.3 MMT attributed to CAISO. The 2035 CAISO emissions result in SERVUM was 24.8 MMT, which equates to about 30.6 MMT statewide.

# Reliability and GHG Results – 25 MMT Least-Cost

25 MMT LEAST-COST	2026		2030		2035		
Category	RESOLVE	SERVM	RESOLVE	SERVM	RESOLVE	SERVM	Units
LOLE		0.014		0.005		0.078	days/year
CAISO emitting generation	63,683	77,851	39,240	49,875	20,470	45,224	GWh
CAISO generator emissions	25.0	31.8	15.4	21.0	8.1	18.3	MMT CO2
Unspecified imports	15,185	7,436	9,835	10,822	18,220	9,083	GWh
Unspecified imports emissions	6.5	3.2	4.2	4.6	7.8	3.9	MMT CO2
CAISO BTM CHP emissions	4.8	4.8	4.7	4.7	4.4	4.4	MMT CO2
Total CAISO emissions	36.4	39.8	24.3	30.3	20.3	26.6	MMT CO2
Difference in GHG emissions		3.4		6.0		6.3	MMT CO2

Note: The RESOLVE portfolio was designed to and attained the 25 MMT by 2035 statewide target, which equates to 20.3 MMT attributed to CAISO. The 2035 CAISO emissions result in SERVM was 26.6 MMT, which equates to about 32.8 MMT statewide.

# 2035 EUE Heat Map – 25 MMT Least-Cost

- For 2035, the highest Expected Unserved Energy (EUE) occurs in July, August and September, hours ending 19 and 20 during hours of managed peak
- Small amount of EUE seen in December
- This pattern is similar in other study years, across both portfolios, though with less loss of load in 2026 and 2030

HE/Month	January	February	March	April	May	June	July	August	Sept	October	November	December
1	-	-	-	-	-	-	-	-	-	-	-	-
2	-	-	-	-	-	-	-	-	-	-	-	-
3	-	-	-	-	-	-	-	-	-	-	-	-
4	-	-	-	-	-	-	-	-	-	-	-	-
5	-	-	-	-	-	-	-	-	-	-	-	-
6	-	-	-	-	-	-	-	-	-	-	-	-
7	-	-	-	-	-	-	-	-	-	-	-	-
8	-	-	-	-	-	-	-	-	-	-	-	-
9	-	-	-	-	-	-	-	-	-	-	-	-
10	-	-	-	-	-	-	-	-	-	-	-	-
11	-	-	-	-	-	-	-	-	-	-	-	-
12	-	-	-	-	-	-	-	-	-	-	-	-
13	-	-	-	-	-	-	-	-	-	-	-	-
14	-	-	-	-	-	-	-	0.09	-	-	-	-
15	-	-	-	-	-	-	-	0.69	-	-	-	-
16	-	-	-	-	-	-	-	0.27	-	-	-	-
17	-	-	-	-	-	-	0.39	0.39	0.18	-	-	-
18	-	-	-	-	-	-	1.86	5.00	5.03	-	-	-
19	-	-	-	-	-	-	6.63	18.59	22.97	-	-	0.04
20	-	-	-	-	-	-	11.58	28.79	10.27	-	-	0.02
21	-	-	-	-	-	-	5.67	10.55	0.63	-	-	0.01
22	-	-	-	-	-	-	1.35	9.32	1.25	-	-	0.02
23	-	-	-	-	-	-	0.27	2.30	0.03	-	-	-
24	-	-	-	-	-	-	-	1.13	0.06	-	-	-

Average monthly EUE in MWh is shown for each hour of the day

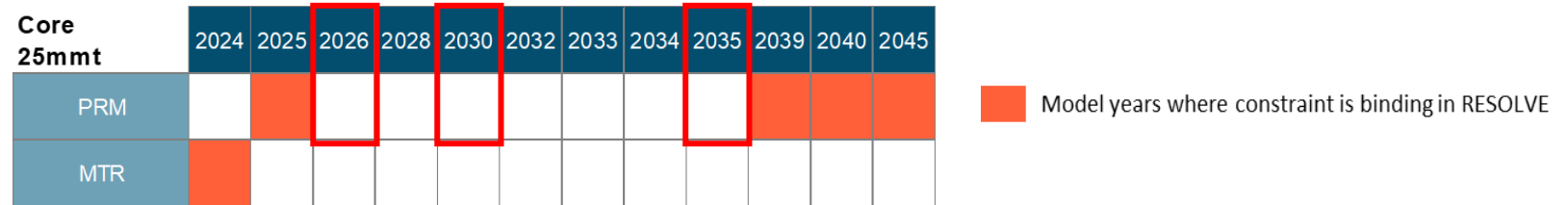
# Potential PSP Portfolios SERVM Modeling Results

## 25MMT Scenarios

### •Reliability results:

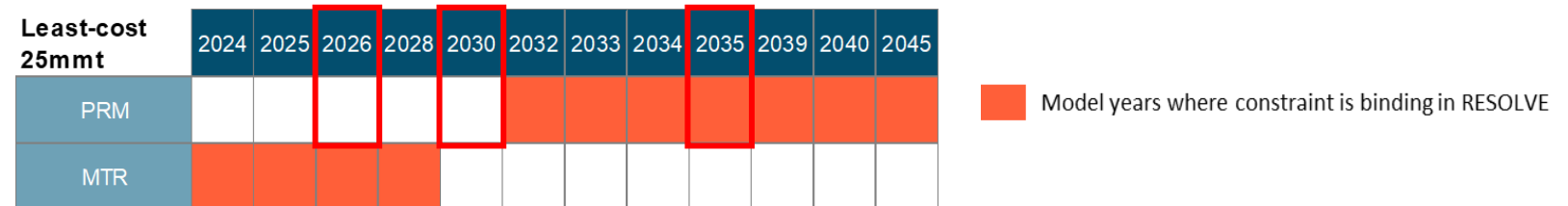
•**Core 25MMT scenario:** over-reliable (vs. 0.1 days/yr LOLE) in 2026, 2030, and 2035

- Driven by MTR, LSE over-procurement above MTR, and RESOLVE's selection of additional GHG-free resources and retention of more gas plants than LSE plans assumed
- SERVM analysis validates RESOLVE results that showed the PRM not binding in 2026, 2030, or 2035 (indicating that system reliability should be < 0.1 LOLE)



•**Least-cost 25MMT scenario:** over-reliable (vs. 0.1 days/yr LOLE) in 2026, 2030, and 2035

- Over-reliability driven by MTR (for 2026 and 2030); RESOLVE-optimized selection for 2035 drives the CAISO to reach close to 0.1 LOLE (0.079 LOLE achieved) in 2035
- SERVM analysis validates RESOLVE results that showed the PRM not binding in 2026 and 2030 (indicating that system reliability should be < 0.1 LOLE) and PRM binding in 2035 (indicating the system should be close to 0.1 LOLE)



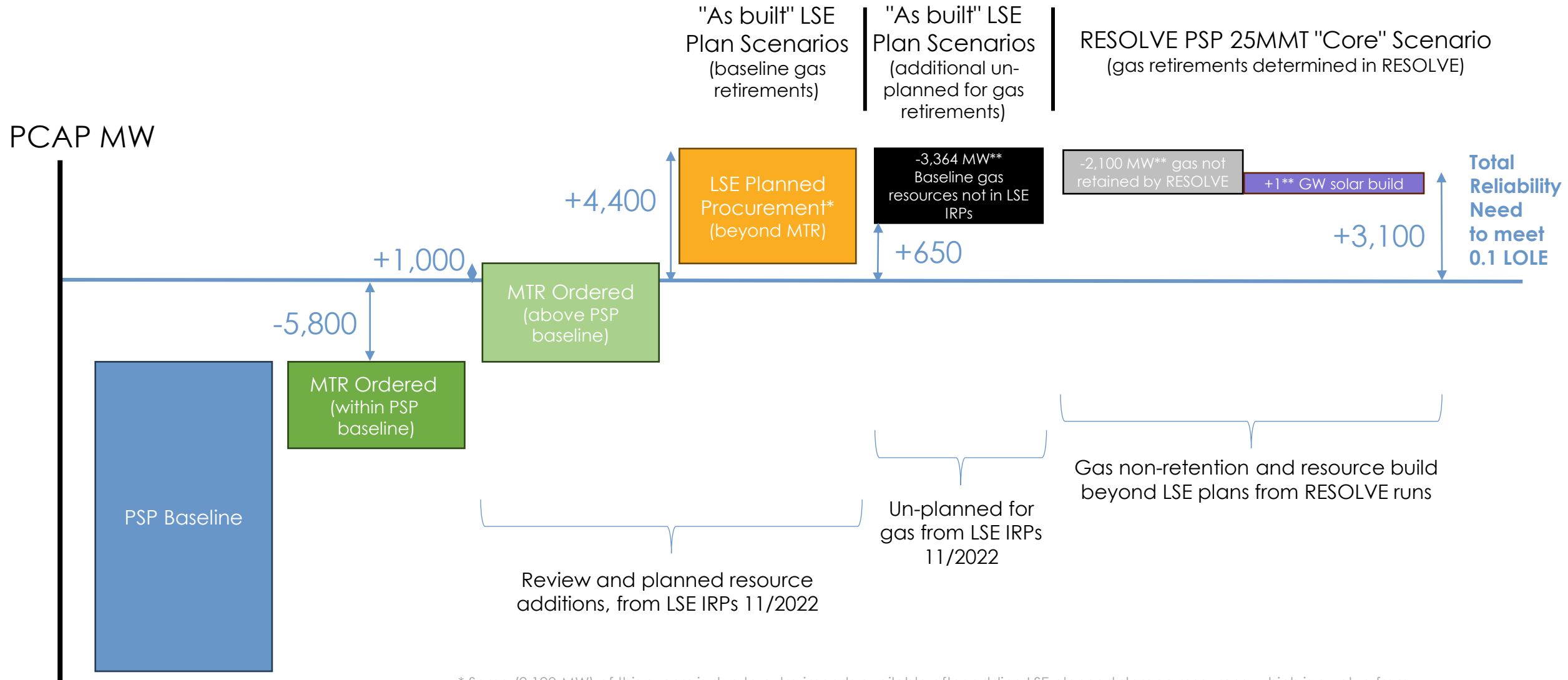


# Potential PSP Portfolios SERVM Modeling Results

## 25MMT Scenarios

- **Greenhouse gas emission results:**
  - SERVM GHG results for CAISO are significantly higher than RESOLVE results by approximately 3-6 MMT per annum depending on portfolio and year
  - Drivers that may relate to differences between RESOLVE representative days hourly profiles and SERVM full 23 weather year hourly profiles:
    - Higher BTM PV generation in RESOLVE
    - Slightly higher storage usage and clean energy generation in RESOLVE
    - Higher curtailment in SERVM
    - Higher annual energy demand being met in SERVM than RESOLVE
  - Other drivers:
    - Lower biomass generation in SERVM
    - Different Cogen (CHP) heat rates between the models
    - Differences in the dispatched mix of in-state gas plant types and use of unspecified imports
  - Staff are continuing to explore these drivers and ways to close the GHG gap between the two models

# Reliability Waterfall Chart (2026): Connecting MTR to the PSP



\* Some (2,120 MW) of this excess is due to extra imports available after adding LSE planned storage resources, which is a value from shifting the loss of load risk back before HE18 vs. being solely driven by LSE resources. Values rounded from direct SERVM model outputs.  
 \*\* Gas and solar MW are nameplate values

# Potential PSP Portfolios: Conclusions

Staff studied RESOLVE portfolios in SERVVM to check the portfolios against GHG and LOLE metrics using the full SERVVM 23-weather year dataset

- **Reliability:** Both the Least-Cost and Core portfolios are reliable (LOLE below 0.1) through 2035. The Least-Cost portfolio shows higher LOLE and approaches 0.1 in 2035, but other years are well below
  - These dynamics are consistent with the dynamics of the RESOLVE model for the same scenarios
- **GHG emissions:** SERVVM modeling of RESOLVE portfolios result in GHG emissions that exceed RESOLVE results, with the difference rising from 2026 to 2035, and the Least Cost portfolio showing the largest difference
  - While staff has done significant calibration between the models in this cycle, there remain lingering differences between the models which prevent absolute reconciliation
  - Staff will continue to explore these differences. The range of results is reasonable considering the uncertainties involved. The range of emissions between RESOLVE and SERVVM provide an indicator of possible outcomes for these portfolios.

# **Analysis Related to MTR Procurement Sufficiency & PFMs**

# Reliability Analysis – Baseline-Only

# Baseline-Only Studies: Definition and Purpose

- Baseline-only studies are designed to determine the current reliability situation based on A) planned retirements, and B) Baseline existing and in-development resources coming online over the near to mid-term years (2024-2028)
  - Modeled resources include only Baseline resources (online and/or in-development) and **excludes** "Planned New/Review" resources from the 11/2022 LSE IRP filings
  - "In-development" resources are those from 11/2022 LSE IRP filings, not online but with executed contracts as at 8/1/2022
- Baseline-only resources include a portion of ordered procurement (e.g., MTR) but not all of it
  - Baseline includes approximately 5,000 MW of in-development MTR procurement
  - Baseline does not include the remaining approximately 10,500 MW order that is not yet in-development
- Electric demand inputs use the 2022 IEPR Planning Peak and Energy Forecast
- Staff tuned/quantified the amount of "Perfect Capacity" (i.e., PCAP or ELCC MW) required to be added to the Baseline to achieve 0.1 days/year LOLE in each year from 2024 through 2028
- Results are informative to Baseline + Ordered Procurement analysis (next section)

# Baseline-Only Nameplate MW, by study year

Unit Category	2024	2025	2026	2027	2028
<b>Storage</b>	<b>12,385</b>	<b>12,845</b>	<b>12,946</b>	<b>12,946</b>	<b>12,946</b>
Battery Storage	8,614	9,074	9,175	9,175	9,175
Hybrid_BattStorage	882	882	882	882	882
Paired_BattStorage	1,407	1,407	1,407	1,407	1,407
PSH	1,483	1,483	1,483	1,483	1,483
<b>Gas</b>	<b>27,814</b>	<b>27,814</b>	<b>27,833</b>	<b>27,833</b>	<b>27,833</b>
CC	17,528	17,528	17,528	17,528	17,528
Cogen	1,823	1,823	1,842	1,842	1,842
CT	8,204	8,204	8,204	8,204	8,204
ICE	259	259	259	259	259
Biomass	669	669	669	669	669
Coal (Intermountain)	480	0	0	0	0
DR	2,404	2,230	2,381	2,238	2,242
Geothermal	1,290	1,290	1,330	1,351	1,384
Hydro	5,374	5,374	5,374	5,374	5,374
Nuclear	2,935	1,785	635	635	635
<b>Solar</b>	<b>19,948</b>	<b>19,948</b>	<b>19,948</b>	<b>19,948</b>	<b>19,948</b>
Solar_1Axis	11,799	11,799	11,799	11,799	11,799
Solar_2Axis	13	13	13	13	13
Solar_Fixed	6,228	6,228	6,228	6,228	6,228
Solar_Thermal	997	997	997	997	997
Hybrid_Solar_1Axis	711	711	711	711	711
Hybrid_Solar_Fixed	200	200	200	200	200
<b>Wind</b>	<b>7,713</b>	<b>7,789</b>	<b>7,789</b>	<b>7,789</b>	<b>7,789</b>
<b>Total MW</b>	<b>81,013</b>	<b>79,745</b>	<b>78,906</b>	<b>78,783</b>	<b>78,821</b>

- For units whose MW values vary by month, the July values were used for this table

# Baseline-Only Studies: Reliability Results Before and After Tuning with Perfect Capacity

Annual Reliability Metrics		Before tuning to 0.1 LOLE					After tuning to 0.1 LOLE				
Metric	Units	2024	2025	2026	2027	2028	2024	2025	2026	2027	2028
LOLE	days/year	0.43	2.04	1.92	3.14	4.10	0.12	0.10	0.10	0.10	0.10
EUE	MWh	997	12,193	12,386	23,873	29,769	187	198	191	156	188
LOLH	hours/year	0.85	5.35	5.22	9.29	11.88	0.19	0.19	0.17	0.14	0.16
LOLH/LOLE (average length of outage)	hours/day	2.0	2.6	2.7	3.0	2.9	1.6	1.9	1.6	1.4	1.5
Normalized EUE (EUE / total electric demand)	percent	0.00040%	0.00486%	0.00487%	0.0093%	0.01143%	0.00008%	0.00008%	0.00007%	0.00006%	0.00007%
PCAP added to return to 0.1 LOLE	MW	N/A	N/A	N/A	N/A	N/A	2,200	6,000	5,800	8,000	8,000



# Baseline-Only Studies: Conclusions

- Baseline-only studies were performed for near- to mid-term study years 2024 through 2028. Staff identified whether the system as-is was reliable (LOLE below 0.1) and if unreliable, how much PCAP (i.e. ELCC MW) must be added to return the system to adequate reliability
- All study years were initially found to be unreliable but were returned to reliability after adding PCAP ranging from 2,200 MW in 2024 to 8,000 MW in 2028
  - While the Perfect Capacity need is smaller in 2024, due to the 2024 contracted additions in the Baseline, the need grows significantly in 2025 and beyond as Diablo Canyon retires
  - The Baseline includes some capacity that is contracted but not yet online, mainly in 2024
- This analysis demonstrates that significant new capacity in addition to the Baseline is needed to ensure reliability
  - It can be used to assess the sufficiency of the existing MTR procurement orders, and risks to that procurement (next section)
  - Staff notes that contracts for new resources entered after the cutoff date for LSEs' 11/1/2022 plans are excluded from the Baseline studied here, and help address the PCAP shortfalls found

# Reliability Analysis – Baseline + Ordered Procurement

# Baseline + Ordered Procurement

- After analyzing the MTR incremental capacity in the 2023 PSP Baseline (~5,000 Perfect Capacity MW by 2026), an estimation of the sufficiency of the MTR order was performed via the following method:
  1. Calculate the cumulative MTR MW targets
  2. Subtract the MTR incremental procurement in the 2023 PSP Baseline to calculate the “remaining MTR procurement”
  3. Compare the remaining MTR procurement to the calculated PCAP shortfall from the Baseline-only studies, to calculate any potential MTR “gap”
    - If PCAP shortfall > remaining MTR procurement, there is a gap
    - If PCAP shortfall < remaining MTR procurement, there is a surplus
- Initial runs were conducted using the PSP Baseline thermal retention assumptions (no gas retires beyond the modeled attrition of the OTC plants at the end of 2023)
- Key additional risks include further gas retirements, import availability, climate change impact risks, and project development delays
- Results are informative for 2023 PSP development and determining the need for additional procurement action. They are also compared to similar studies including various SB 846 required studies and CAISO’s 2023 Summer Assessment.

# MTR Sufficiency Analysis: Result

(Units = Perfect capacity MW)		2023	2024	2025	2026	2027	2028	Notes
A	MTR Ordered Procurement (annual)	2,000	6,000	1,500	2,000	2,000	2,000	
B	MTR Ordered Procurement (cumulative)	2,000	8,000	9,500	11,500	13,500	15,500	Cumulative sum of A
C	MTR Incremental Procurement (in PSP Baseline)	2,896	4,219	4,578	4,700	4,719	4,750	Source: Staff analysis of RESOLVE-centric Generator List
D	Remaining MTR Procurement (above PSP Baseline)	(896)	3,781	4,922	6,800	8,781	10,750	B – C
E	SERVM PCAP Shortfall (using PSP Baseline)	n/a	2,200	6,000	5,800	8,000	8,000	Direct SERVM model outputs
F	MTR Gap: MTR ordered relative to SERVM shortfall	n/a	(1,581)	1,078	(1,000)	(781)	(2,750)	E – D

- Assuming full gas plant retention\*:
  - 2024, 2026, 2027, and 2028 have moderate surplus capacity in the MTR order
  - 2025 has a deficit of ~1,100 MW (the MTR order is not sufficient in that year)

# MTR Sufficiency Analysis: Result, with Climate Risk

(Units = Perfect capacity MW)		2023	2024	2025	2026	2027	2028	Notes
F	MTR Gap: MTR ordered relative to SERVM shortfall	n/a	(1,581)	1,078	(1,000)	(781)	(2,750)	E – D
M	Reliability need impact: <i>Weather-year re-weighting</i>		1,500	1,500	1,500	1,500	1,500	SERVM analysis
N	MTR Gap: Ordered relative to SERVM shortfall		(81)	2,578	500	719	(1,250)	F + M
O	Reliability need impact: <i>Strategic Reserve Procurement*</i>		(2,430)	(2,430)	(2,430)	0	0	Staff estimate
P	MTR Gap: Ordered relative to SERVM shortfall		(2,511)	148	(1,930)	719	(1,250)	F + M + O

- Climate risk analyzed based on re-weighting of SERVM's 23 weather years (1998-2020)
  - 2020's extreme August heat event re-weighted to occur every 5 years, instead of every 23 years, increasing PCAP need by 1,500 MW
  - Broadly representative of more frequent extreme heat events, though not tied to any specific climate modeling scenario
- Use of OTC units in the strategic reserve during extreme climate events mitigates against the climate risk analyzed

# MTR Sufficiency Analysis: Result, if LLT PFM Relief Granted

(Units = Perfect capacity MW)		2023	2024	2025	2026	2027	2028	Notes
A	MTR Ordered Procurement (annual)	2,000	6,000	1,500	2,000	2,000	0	Extension granted from 2028 to 2031
B	MTR Ordered Procurement (cumulative)	2,000	8,000	9,500	11,500	13,500	13,500	Cumulative sum of A
C	MTR Incremental Procurement (in PSP Baseline)	2,896	4,219	4,578	4,700	4,719	4,750	Source: Staff analysis of Generator List
D	Remaining MTR Procurement (above PSP Baseline)	(896)	3,781	4,922	6,800	8,781	8,750	B – C
E	SERVM PCAP Shortfall (using PSP Baseline)	n/a	2,200	6,000	5,800	8,000	8,000	Direct SERVM model outputs
F	MTR Gap: MTR ordered relative to SERVM shortfall	n/a	(1,581)	1,078	(1,000)	(781)	(750)	E – D

- D.21-06-035 and D.23-02-040 have ordered 13.5 GW NQC through 2027, and cumulative 15.5 GW NQC through 2028
- Granting the LLT PFM would delay up to 2 GW NQC from 2028 to 2031, which impacts the 2028 MTR Gap. Note a substantial portion of the 2 GW NQC is already contracted to come online by 2028, so the negative reliability impact of granting the PFM may be less than estimated here.

# Connection to SB 846 Quarterly Report

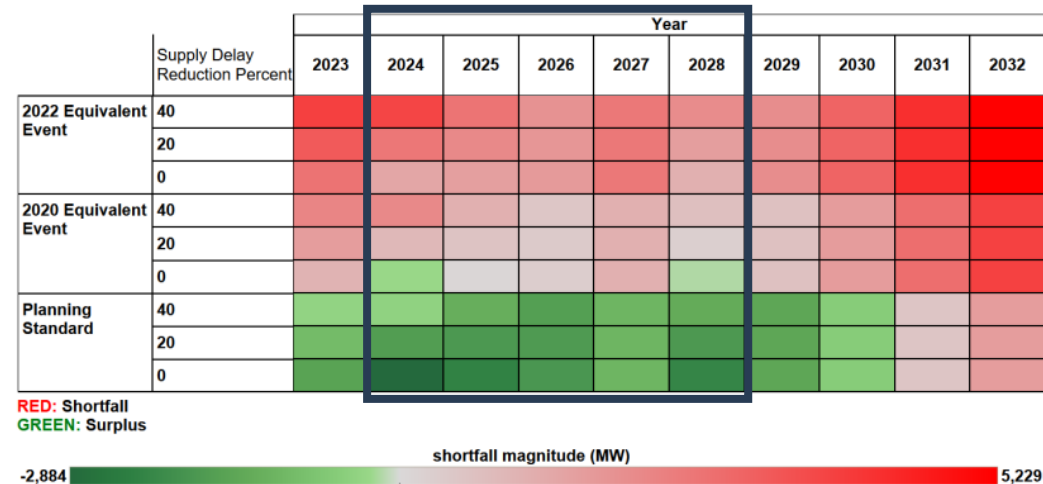
- 1<sup>st</sup> Quarterly Report analyzed the supply and demand balance, considering ordered procurement (p.48 of February 2023 report<sup>1</sup>)
- The various supply delay scenarios were compared to the various demand scenarios, to identify shortfalls or surpluses for each year
  - Deterministic approach
  - Relatively comparable to CPUC Energy Division's probabilistic MTR Sufficiency Analysis (dark box indicates relevant results)

## Ordered Procurement

**10-Year Overview – Delay Scenario:** This section will explore the supply and demand balance in the 10-year horizon using 0, 20, and 40 percent delay adjustments to the ordered procurement supply in each year. The annual supply was compared to a planning standard of a 17 percent reserve margin. Then, the annual supply was compared to more extreme events, which were defined as a 2022 equivalent event and a 2020 equivalent event.

Under the planning standard, the ordered procurement resulted in surplus under all delay scenarios until 2030, which is due to no new supply being ordered after 2028 and the gradual demand increase year to year. The max shortfall observed in the planning standard was 1600 MW in 2032 (*Figure 6: 10-Year Supply Imbalance Outlook – Ordered Procurement*).

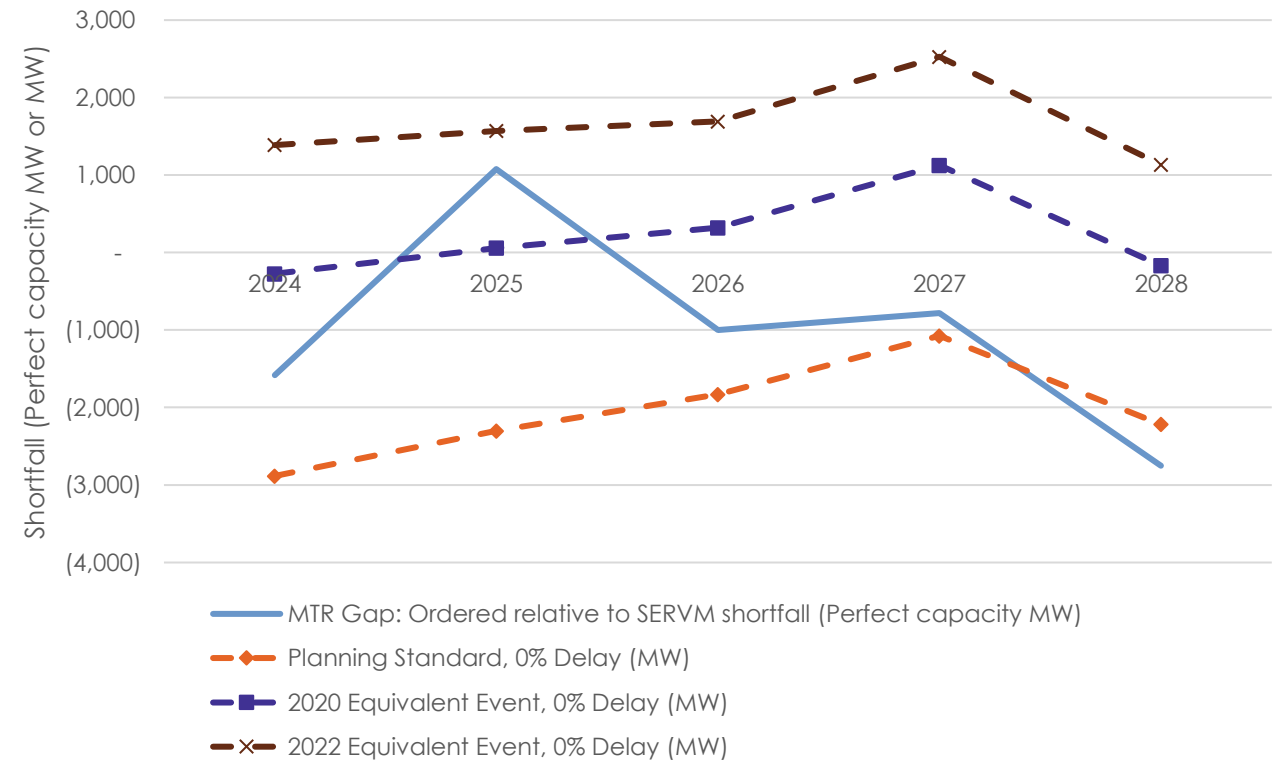
**Figure 6: 10-Year Supply Imbalance Outlook – Ordered Procurement**



Source: California Energy Commission staff with CPUC data

# MTR Sufficiency Analysis: Result vs. SB 846 Quarterly Report

- Key methodological and input differences between these analyses include:
  - This analysis (MTR Sufficiency) is probabilistic, whereas the SB 846 1<sup>st</sup> Quarterly Report, February 2023 (SB 846) used a deterministic “stack analysis”; the probabilistic analysis is more directly based on the 1-day-in-10-year reliability standard
  - Results of a probabilistic analysis will be different to a stack analysis with the same resources because it accounts for more operational dependencies between resources across a broader range of weather conditions; the impact of this on results will not necessarily be linear or in the same direction across study years or scenarios
  - This analysis accounts for D.23-02-040 which ordered an additional 4 GW NQC of procurement, and allowed delay of 2 GW NQC of long lead-time resources to 2028. Net effect is this analysis assumes 2 GW NQC extra procurement ordered in each of 2027 and 2028 than assumed in the SB 846 analysis.
- MTR Gap results generally fall within the range of results from the February 2023 SB 846 Quarterly Report, particularly if the SB 846 results were adjusted for D.23-02-040 and/or if the additional MTR risks are layered in





# Connection to CAISO's 2023 Summer Assessment

- CAISO performed probabilistic analyses<sup>1</sup> examining:
  - Sufficiency of “authorized” (ordered) procurement (p.11)
  - Reliability of the 2021 PSP (p.12)
- Staff compares its probabilistic MTR Sufficiency Analysis to CAISO's analysis of ordered procurement (dark box indicates relevant results)
  - The analysis of the 2021 PSP is less comparable

**Table 1: Summary of Resource Requirements to Achieve Resource Planning Targets**

Capacity (MW)	2023	2024	2025	2026
<i>Calculation of Required NQC to meet LOLE Target</i>				
Preferred System Plan New Additions	2749	5348	1955	412
Cumulative new Preferred System Plan Additions	2749	8097	10052	10464
<i>ISO PLEXOS LOLE Simulation Results</i>				
NQC Surplus (Shortfall) to meet LOLE Target	421	1313	(1294)	(1412)
Cumulative New NQC Additions needed to maintain 1-in-10	2328	6784	11346	11876
<i>Comparison of Required Amounts to Authorized Procurement</i>				
Procurement Authorizations (NQC)	2825	6000	1500	2000
Cumulative Procurement Authorization (NQC)	2825	8825	10325	12325
Cumulative surplus (shortfall) in authorizations by year	497	2041	(1021)	449
<i>Comparison of Required Amounts to Current Projection</i>				
NQC Installed Surplus (shortfall) above PSP by June 1, 2023		(1551)		
Surplus (Shortfall) meeting LOLE Target with June 1 resources		(1130)		
NQC Installed Surplus (shortfall) above PSP by Sept 1, 2023		543		
Surplus (Shortfall) meeting LOLE Target with Sept 1 resources		964		

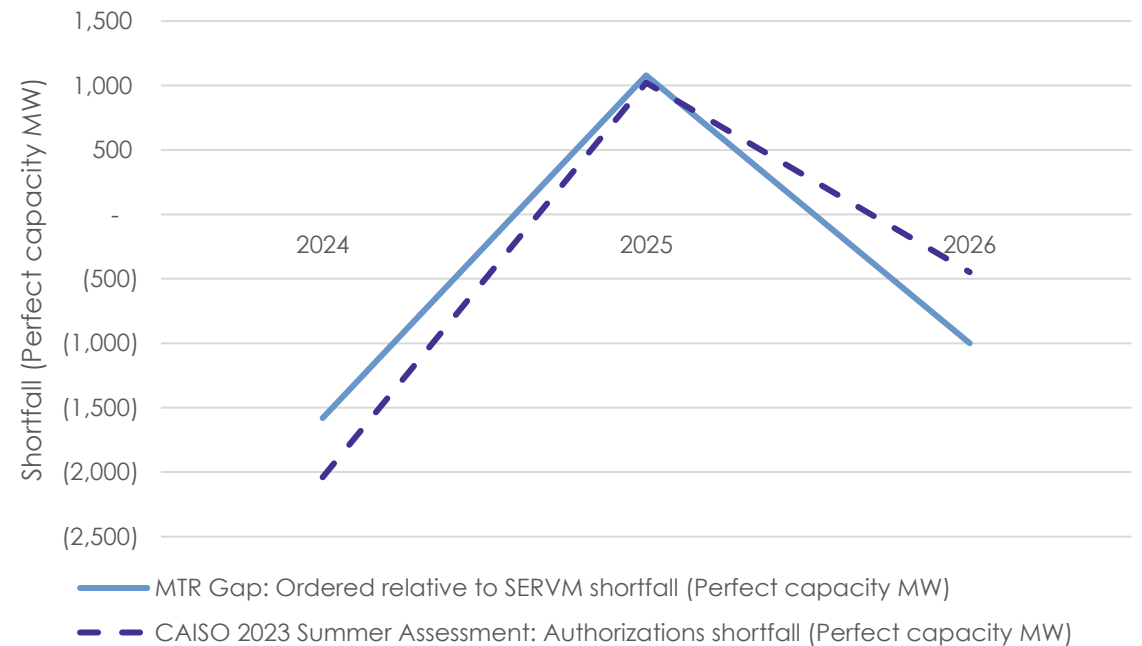
Current high hydro conditions provide an *additional* 1340 MW margin, achieving a 1-in-10 target even with only resources forecast online by June 1

1. 2023 Summer Loads and Resources Assessment, May 15, 2023, available at: [California ISO - Reports and bulletins \(caiso.com\)](https://www.caiso.com/reports-and-bulletins)

# MTR Sufficiency Analysis: Result vs. CAISO's 2023 Summer Assessment

	2023	2024	2025	2026	2027	2028	Notes
F MTR Gap: MTR ordered relative to SERVM shortfall	n/a	(1,581)	1,078	(1,000)	(781)	(2,750)	Units = Perfect capacity MW
CAISO 2023 Summer Assessment: Authorizations shortfall	(497)	(2,041)	1,021	(449)	n/a	n/a	Units = Perfect capacity MW

- This analysis (MTR Sufficiency) and the CAISO's 2023 Summer Assessment use very similar methods and inputs
- Results are highly consistent



# Baseline + Ordered Procurement: Conclusions

- Ordered procurement amounts and timing address the shortfall between the reliability standard and the Baseline except for 2025
  - The 2025 risk to reliability is too soon to be addressed by procurement action in the IRP process, however is mitigated by the Strategic Reliability Reserve (approx. 2,430 MW perfect capacity contribution\*)
- Risks (beyond those allowed for in the reliability standard) to ordered procurement providing sufficient reliability include:
  - Unexpected gas retirements
  - MTR project development delays
  - More frequent extreme weather events than expected, due to climate change
  - Imports being less available than expected
- MTR DCP Energy PFM, if granted, would have a small negative effect on reliability in 2025, resulting in a larger shortfall of capacity to the reliability standard
- MTR LLT PFM, if granted, would reduce 2028 reliability, but still leave surplus capacity above the reliability standard if the additional risks above do not materialize

# Procurement-Related Recommendations

# Additional Procurement to Account for LLT PFM

- CESA and WPTF submitted a Petition for Modification (PFM) that seeks an ability to request extension of the 2028 deadline for large and/or long lead-time (LLT) resources set in D.21-06-035 and modified by D.23-02-040
- The Ruling proposes that if the LLT extension is granted, that LSEs be required to procure 2,000 MW NQC of replacement clean capacity by 2028
- This additional procurement would allow for an extension of the LLT procurement requirements without potential reliability impact in 2028
- The Ruling seeks party comments on this proposal

# Installing LDES at Existing Natural Gas Sites

- The Ruling puts forth a proposal to allow minimum 8-hour long-duration energy storage (LDES) at existing points of interconnection on the transmission system being utilized by natural gas generation to count towards MTR procurement (D.21-06-035 and D.23-02-040)
  - Allowing this would provide near-term reliability benefits under the most stressed system conditions when gas turbines derate due to high ambient temperatures
  - Installed LDES could provide long-term opportunity to completely transition away from natural gas
- The Ruling invites comments on the proposal, including on the following possibilities for how resources would be counted for MTR:
  - Difference between max interconnection value and average actual capacity the natural gas turbines provided during historic reliability events
  - Based on the findings of a reliability study, similar to how ELCCs are developed

# Proposed Reliability Framework for IRP

# Ruling Proposes to Formalize the Reliability Framework Used by Staff in 2022-23 IRP Cycle

- Framework comprises:
  - A probabilistic reliability standard that can be translated into a reliability resource need; and
  - Resource counting rules with which to quantify the extent to which the need is expected to be met or exceeded
- IRP use cases:
  - Capacity expansion modeling
  - Loss-of-load probability modeling
  - Planning and procurement by LSEs
- The framework was used in this 2022-23 IRP cycle to run reliability and ELCC studies using SERVVM<sup>1</sup>, set LSE plan filing requirements<sup>1</sup>, update and run capacity expansion modeling using RESOLVE<sup>2</sup>, and conduct reliability studies supporting the Ruling<sup>3</sup>

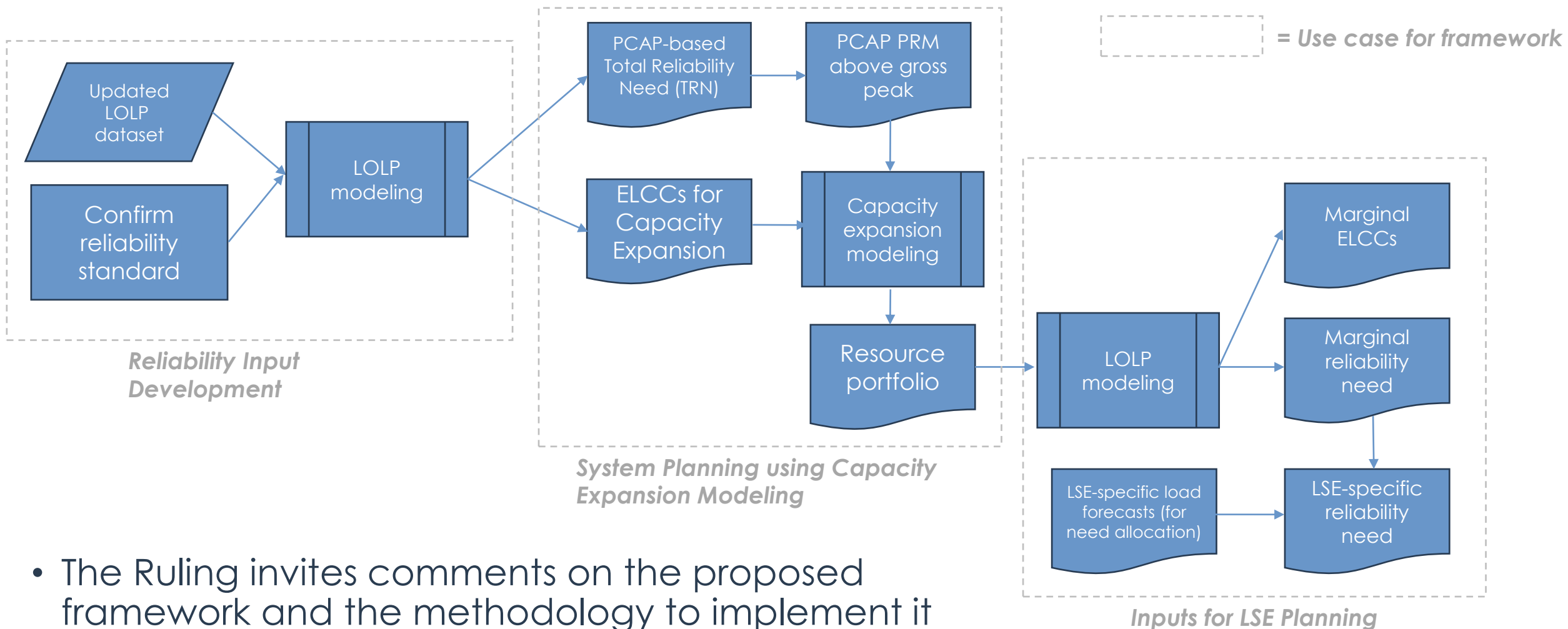
1. [LSE PRM and ELCC Study Results](#), 7/29/2022

2. [Final 2023 Inputs and Assumptions](#), 10/5/2023

3. [2023 Proposed PSP Reliability & Emissions Slide Deck](#), 10/5/2023



# Proposed Steps to Implement IRP Reliability Framework on a Regular Cadence



- The Ruling invites comments on the proposed framework and the methodology to implement it

# Questions?



# Appendix

# Acronym Glossary

- BTM: Behind the Meter
- CCA: Community Choice Aggregation
- DCCP: Diablo Canyon Power Plant
- ELCC: Effective Load Carrying Capability
- ESP: Electric Service Provider
- EUE: Expected Unserved Energy
- HE: Hour Ending
- I&A: Inputs and Assumptions
- IOU: Investor-Owned Utility
- LDES: Long Duration Energy Storage
- LLT: Long Lead-Time
- LOLE: Loss of Load Expectation
- LOLP: Loss of Load Probability
- LSE: Load Serving Entity
- MTR: Mid Term Reliability
- MMT: Million Metric Tons
- MRN: Marginal Reliability Need
- NQC: Net Qualifying Capacity
- PCAP: Perfect Capacity
- PCM: Production Cost Modeling
- PFM: Petition For Modification
- PRM: Planning Reserve Margin
- PSP: Preferred System Plan
- RDT: Resource Data Template
- TPP: Transmission Planning Process
- TRN: Total Reliability Need