
August 6, 2021

**ADVICE 4558-E
(U 338-E)**

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA
ENERGY DIVISION

SUBJECT: New Standard Offer Contract Price Terms for Qualifying
Facilities 20 Megawatts or Less

PURPOSE

Pursuant to Ordering Paragraph (OP) 7 of the California Public Utilities Commission (Commission) Decision (D.)20-05-006 (Decision), Southern California Edison Company (SCE) submits this advice letter to request approval for the attached prices articulated in OPs 1-5 of the Decision.

BACKGROUND

On May 15, 2020, the Commission issued the Decision, which, among several requirements, ordered the investor-owned utilities (IOUs) to create a new standard offer contract of qualifying facilities (QFs) of 20 megawatts (MW) or less, with new price terms. The Commission issued the Decision pursuant to the Order Instituting Rulemaking (OIR) initiating the proceeding. The OIR, Rulemaking (R.)18-17-017, addresses the history of the Commission's implementation of the Public Utility Regulatory Policies Act (PURPA). The Commission noted in the OIR that the Rulemaking would consider adoption of a New QF standard offer contract (SOC) and price terms as specified in the Federal Energy Regulatory Commission's (FERC) PURPA regulations 18 C.F.R. § 292.304(d)(2).

In the Decision, the Commission detailed the new Price Terms for the New QF SOC as follows.

1. An energy price determined at time of contract execution using a three-year average of publicly available California Independent System Operator (CAISO) locational marginal prices (LMPs), updated on a monthly basis.
2. A capacity price identified at the time of contract execution based on a five-year weighted average of publicly available resource adequacy (RA) prices, shaped based on generation capacity allocation factors as applied to time-of-use periods.
3. An energy price determined at time of delivery using hourly LMPs from the CAISO's day-ahead market for the pricing node specific to the QF.
4. A capacity price at the time of delivery using the same methodology for capacity price at the time of execution, updated annually based on the CPUC's RA Report.
5. A price for as-available energy that is not subject to a legally enforceable obligation based upon the hourly LMPs from the CAISO's day-ahead market.

Pursuant to these directives and OP 7, this advice letter provides the initial prices as applicable to the QF SOC for approval by the Commission.

PRICES FOR THE PURPA SOC

The following pricing components for SCE's New QF SOC are provided in Appendix A of this advice letter:

1. The Net Qualifying Capacity (NQC) Prices for time of contract execution, which consists of the monthly and annual capacity prices, and the hourly capacity price payment tables.
2. The applicable CPUC approved QF Time-of-Delivery (TOD) periods for time of contract execution and for time of contract delivery.
3. The indicative Energy Price and price limits for time of contract execution for each time-of-delivery (TOD) period at the SP15 Energy Trading Hub.

APPENDICES

This advice letter contains appendices as listed below.

Appendix A: New Standard Offer Contract for Qualifying Facilities of 20 MW or Less—Contract Price August 2021

TIER DESIGNATION

Pursuant to D.20-05-006, OP 7 SCE submits this advice letter with a Tier 1 designation.

EFFECTIVE DATE

This advice letter will become effective on August 6, 2021, the same date submitted.

NOTICE

Anyone wishing to protest this advice letter may do so by letter via U.S. Mail, facsimile, or electronically, any of which must be received by the Energy Division and SCE no later than 20 days after the date of this advice letter. Protests should be submitted to:

CPUC, Energy Division
Attention: Tariff Unit
505 Van Ness Avenue
San Francisco, California 94102
E-mail: EDTariffUnit@cpuc.ca.gov

Copies should also be mailed to the attention of the Director, Energy Division, Room 4004 (same address as above). In addition, protests and all other correspondence regarding this advice letter should also be sent by letter and transmitted via facsimile or electronically to the attention of:

Shinjini C. Menon
Managing Director, State Regulatory Operations
Southern California Edison Company
8631 Rush Street
Rosemead, California 91770
Facsimile: (626) 302-6396
Telephone: (626) 302-3377
E-mail: AdviceTariffManager@sce.com

Tara S. Kaushik
Managing Director, Regulatory Relations
c/o Karyn Gansecki
Southern California Edison Company
601 Van Ness Avenue, Suite 2030
San Francisco, California 94102
Facsimile: (415) 929-5544
E-mail: Karyn.Gansecki@sce.com

With a copy to:

Eric B. Sezgen
Attorney
Southern California Edison Company
2244 Walnut Grove Avenue, 3rd Floor
Rosemead, California 91770
Phone: (626) 302-1054
E-mail: Eric.Sezgen@sce.com

There are no restrictions on who may submit a protest, but the protest shall set forth specifically the grounds upon which it is based and must be received by the deadline shown above.

In accordance with General Rule 4 of GO 96-B, SCE is furnishing copies of this advice letter to the interested parties shown on the attached A.16-11-005, R.18-07-003, R.18-07-017, and GO 96-B service lists. Address change requests to the GO 96-B service list should be directed to AdviceTariffManager@sce.com or at (626) 302-3719. For changes to any other service list, please contact the Commission's Process Office at (415) 703-2021 or at Process_Office@cpuc.ca.gov.

Further, in accordance with Public Utilities Code Section 491, notice to the public is hereby given by submitting and keeping the advice letter at SCE's corporate headquarters. To view other SCE advice letters submitted with the Commission, log on to SCE's website at <https://www.sce.com/wps/portal/home/regulatory/advice-letters>.

All questions concerning this advice letter should be directed to Raffi Minasian at (626) 302-8905 or by electronic mail at Raffi.Minasian@sce.com.

Southern California Edison Company

/s/ Shinjini C. Menon
Shinjini C. Menon

SCM:rm/es:cm
Enclosure



ADVICE LETTER SUMMARY

ENERGY UTILITY



MUST BE COMPLETED BY UTILITY (Attach additional pages as needed)

Company name/CPUC Utility No.:

Utility type:

- ELC GAS WATER
 PLC HEAT

Contact Person:

Phone #:
E-mail:
E-mail Disposition Notice to:

EXPLANATION OF UTILITY TYPE

ELC = Electric GAS = Gas WATER = Water
 PLC = Pipeline HEAT = Heat

(Date Submitted / Received Stamp by CPUC)

Advice Letter (AL) #:

Tier Designation:

Subject of AL:

Keywords (choose from CPUC listing):

AL Type: Monthly Quarterly Annual One-Time Other:

If AL submitted in compliance with a Commission order, indicate relevant Decision/Resolution #:

Does AL replace a withdrawn or rejected AL? If so, identify the prior AL:

Summarize differences between the AL and the prior withdrawn or rejected AL:

Confidential treatment requested? Yes No

If yes, specification of confidential information:

Confidential information will be made available to appropriate parties who execute a nondisclosure agreement. Name and contact information to request nondisclosure agreement/ access to confidential information:

Resolution required? Yes No

Requested effective date:

No. of tariff sheets:

Estimated system annual revenue effect (%):

Estimated system average rate effect (%):

When rates are affected by AL, include attachment in AL showing average rate effects on customer classes (residential, small commercial, large C/I, agricultural, lighting).

Tariff schedules affected:

Service affected and changes proposed¹:

Pending advice letters that revise the same tariff sheets:

¹Discuss in AL if more space is needed.

Protests and all other correspondence regarding this AL are due no later than 20 days after the date of this submittal, unless otherwise authorized by the Commission, and shall be sent to:

CPUC, Energy Division
Attention: Tariff Unit
505 Van Ness Avenue
San Francisco, CA 94102
Email: EDTariffUnit@cpuc.ca.gov

Name:
Title:
Utility Name:
Address:
City:
State: Zip:
Telephone (xxx) xxx-xxxx:
Facsimile (xxx) xxx-xxxx:
Email:

Name:
Title:
Utility Name:
Address:
City:
State: Zip:
Telephone (xxx) xxx-xxxx:
Facsimile (xxx) xxx-xxxx:
Email:

ENERGY Advice Letter Keywords

Affiliate	Direct Access	Preliminary Statement
Agreements	Disconnect Service	Procurement
Agriculture	ECAC / Energy Cost Adjustment	Qualifying Facility
Avoided Cost	EOR / Enhanced Oil Recovery	Rebates
Balancing Account	Energy Charge	Refunds
Baseline	Energy Efficiency	Reliability
Bilingual	Establish Service	Re-MAT/Bio-MAT
Billings	Expand Service Area	Revenue Allocation
Bioenergy	Forms	Rule 21
Brokerage Fees	Franchise Fee / User Tax	Rules
CARE	G.O. 131-D	Section 851
CPUC Reimbursement Fee	GRC / General Rate Case	Self Generation
Capacity	Hazardous Waste	Service Area Map
Cogeneration	Increase Rates	Service Outage
Compliance	Interruptible Service	Solar
Conditions of Service	Interutility Transportation	Standby Service
Connection	LIEE / Low-Income Energy Efficiency	Storage
Conservation	LIRA / Low-Income Ratepayer Assistance	Street Lights
Consolidate Tariffs	Late Payment Charge	Surcharges
Contracts	Line Extensions	Tariffs
Core	Memorandum Account	Taxes
Credit	Metered Energy Efficiency	Text Changes
Curtable Service	Metering	Transformer
Customer Charge	Mobile Home Parks	Transition Cost
Customer Owned Generation	Name Change	Transmission Lines
Decrease Rates	Non-Core	Transportation Electrification
Demand Charge	Non-firm Service Contracts	Transportation Rates
Demand Side Fund	Nuclear	Undergrounding
Demand Side Management	Oil Pipelines	Voltage Discount
Demand Side Response	PBR / Performance Based Ratemaking	Wind Power
Deposits	Portfolio	Withdrawal of Service
Depreciation	Power Lines	

APPENDIX A
NEW STANDARD OFFER CONTRACT
FOR QUALIFYING FACILITIES (QF) OF 20 MW OR LESS (D.20-05-006)
CONTRACT PRICES – AUGUST 2021 ¹

Prices for Time of Execution Contracts (“As-Executed Option”)

1. **Table 1** - The Capacity Price identified at time of execution for contracts using the “As-Executed Option” under the New QF SOC would be as provided below for a contract executed in this month. These values correspond to the table in Section 3(c) of Exhibit D for the As-Executed Option of the New QF SOC.

Term Year	Monthly RA Capacity Price (\$/kW-month) ²	Annual RA Capacity Price (\$/kW-year)	Annual Price Escalation Factor ³
1	\$3.26	\$39.12	1.000
2	\$3.26	\$39.12	1.000
3	\$3.26	\$39.12	1.000
4	\$3.34	\$40.10	1.025
5	\$3.43	\$41.10	1.051
6	\$3.51	\$42.13	1.077
7	\$3.60	\$43.18	1.104
8	\$3.69	\$44.26	1.131
9	\$3.78	\$45.37	1.160
10	\$3.88	\$46.50	1.189
11	\$3.97	\$47.66	1.218
12	\$4.07	\$48.86	1.249

Table 2 - The Hourly Capacity Prices for contracts using the As-Executed Option for the New QF SOC, based on Term Year 1 values in Table 1 above, CPUC approved allocation factors and time of delivery (TOD) periods would be as provided below for contracts executed in this month. These values correspond to the table in Section 3(b) of Appendix D for the As-Executed Option and will be multiplied by the Annual Price Escalation Factor shown in Table 1 for each applicable Term Year.

¹ All contract prices herein are only applicable to contracts executed under the form of contract specified under D.20-05-006 and approved by the CPUC.

² 2019 Resource Adequacy Report, weighted average price in dollars per kilowatt-month on page 24, Table 7: Aggregated RA Contract Prices, 20. <http://www.cpuc.ca.gov/ra/>

³ This multiplication factor implements the 2.5% escalation for each year of the contract term pursuant to ordering paragraph 2 of D.20-05-006.

Month	1 - On-Peak (\$/MWh)	2 - Mid-Peak (\$/MWh)	3 - Off-Peak (\$/MWh)	4 - Super-Off-Peak (\$/MWh)
Jan	NA	\$4.58	\$0.13	\$0.11
Feb	NA	\$4.58	\$0.13	\$0.11
Mar	NA	\$4.58	\$0.13	\$0.11
Apr	NA	\$4.58	\$0.13	\$0.11
May	NA	\$4.58	\$0.13	\$0.11
Jun	\$65.21	\$26.95	\$0.04	NA
Jul	\$65.21	\$26.95	\$0.04	NA
Aug	\$65.21	\$26.95	\$0.04	NA
Sep	\$65.21	\$26.95	\$0.04	NA
Oct	NA	\$4.58	\$0.13	\$0.11
Nov	NA	\$4.58	\$0.13	\$0.11
Dec	NA	\$4.58	\$0.13	\$0.11

2. **Table 3** - The applicable CPUC approved Time-of-Delivery (TOD)⁴ periods for a contract executed this month under the New QF SOC would be as follows. These values correspond to the table in Section 2(a) of Appendix D for the As-Executed Option. The TOD periods are intended to apply to both the energy and capacity pricing of the New QF SOC. Despite the reference source of these TOD periods, they are meant to only apply to the New QF SOC and are subject to change from time-to-time via a Tier 2 advice letter to the CPUC, and will not modify the time periods used in other proceedings, including those used in existing Short Run Avoided Cost contracts.

TOD Period	Weekdays		Weekends & Holidays ⁵	
	Summer ⁶ (Jun – Sep)	Winter (Oct – May)	Summer (Jun – Sep)	Winter (Oct – May)
1 – On-Peak	4 pm – 9 pm	N/A	N/A	N/A
2 – Mid-Peak	N/A	4 pm – 9 pm	4 pm – 9 pm	4 pm – 9 pm
3 – Off-Peak	All hours except 4 pm – 9 pm	9 pm – 8 am	All hours except 4 pm – 9 pm	9 pm – 8 am
4 – Super-Off Peak	N/A	8 am – 4 pm	N/A	8 am – 4 pm

3. **Table 4** - The Contract TOD Energy Price (\$/MWh) for a contract executed this month using the As-Executed Option under the New QF SOC will be calculated using the three-year average of the CAISO **locational marginal prices (LMP)** for the pricing node specific to the qualifying facility. The monthly energy prices, for each time-of-delivery (TOD) period, will be limited by a 10% collar based on the three-year average prices at the SP15 Energy Trading Hub as shown below. These calculated values will be inserted into Section 2(b) of Appendix D for the As-Executed Option.

⁴ D.18-07-006 (SCE’s 2016 Rate Design Window Application (July 12, 2018))

⁵ Holidays are New Year’s Day (January 1), President’s Day (third Monday in February), Memorial Day (last Monday in May), Independence Day (July 4), Labor Day (first Monday in September), Veterans Day (November 11), Thanksgiving Day (fourth Thursday in November), and Christmas Day (December 25). When any holiday falls on a Sunday, the following Monday will be recognized as an off-peak period. No change will be made for holidays falling on a Saturday.

⁶ The Summer Season commences at 12:00 a.m. on June 1 and continue until 12:00 a.m. on October 1 of each year.

Month	1 On-Peak (\$/MWh)			2 Mid-Peak (\$/MWh)			3 Off-Peak (\$/MWh)			4 Super-Off-Peak (\$/MWh)		
	+10%	SP15	-10%	+10%	SP15	-10%	+10%	SP15	-10%	+10%	SP15	-10%
Jan	N/A	N/A	N/A	\$51.60	\$46.91	\$42.22	\$38.25	\$34.77	\$31.29	\$28.35	\$25.77	\$23.19
Feb	N/A	N/A	N/A	\$92.30	\$83.91	\$75.52	\$63.77	\$57.97	\$52.17	\$31.00	\$28.18	\$25.36
Mar	N/A	N/A	N/A	\$45.88	\$41.71	\$37.54	\$38.93	\$35.39	\$31.85	\$18.46	\$16.78	\$15.10
Apr	N/A	N/A	N/A	\$38.20	\$34.73	\$31.26	\$32.48	\$29.53	\$26.58	\$11.04	\$10.04	\$9.04
May	N/A	N/A	N/A	\$35.96	\$32.69	\$29.42	\$27.83	\$25.30	\$22.77	\$9.47	\$8.61	\$7.75
Jun	\$63.49	\$57.72	\$51.95	\$42.88	\$38.98	\$35.08	\$28.91	\$26.28	\$23.65	N/A	N/A	N/A
Jul	\$83.94	\$76.31	\$68.68	\$65.96	\$59.96	\$53.96	\$38.31	\$34.83	\$31.35	N/A	N/A	N/A
Aug	\$162.78	\$147.98	\$133.18	\$92.49	\$84.08	\$75.67	\$45.73	\$41.57	\$37.41	N/A	N/A	N/A
Sep	\$70.39	\$63.99	\$57.59	\$78.83	\$71.66	\$64.49	\$34.29	\$31.17	\$28.05	N/A	N/A	N/A
Oct	N/A	N/A	N/A	\$68.85	\$62.59	\$56.33	\$40.71	\$37.01	\$33.31	\$28.00	\$25.45	\$22.91
Nov	N/A	N/A	N/A	\$71.17	\$64.70	\$58.23	\$46.40	\$42.18	\$37.96	\$35.12	\$31.93	\$28.74
Dec	N/A	N/A	N/A	\$67.77	\$61.61	\$55.45	\$47.25	\$42.95	\$38.66	\$37.73	\$34.30	\$30.87

Prices for Time of Delivery Contracts (“As-Delivered Option”)

4. For purposes of determining the RA Capacity Price at the time of delivery for contracts using the As-Delivered Option under the New QF SOC, the Hourly Capacity Prices set forth in Table 2 above would apply for deliveries during this month. This is described in Section 3(a) of Exhibit D for the As-Delivered Option. For purposes of determining the Monthly RA Capacity Price (*MRACP*) as defined in Section 3(b) of Exhibit D, at the time of delivery for contracts using the As-Delivered Option, the Monthly Capacity Price in Table 1 above for Term Year 1 would apply for deliveries during this month. For clarity, there will be no Annual Price Escalation Factor applied to these values. The Hourly Capacity Prices and the Monthly RA Capacity Price will be recalculated annually based on changes in the cost of resource adequacy and/or capacity allocation factors, and time-of-use factors.
5. The Energy Price for contracts using the As-Delivered Option under the New QF SOC will be the locational marginal prices from the California Independent System Operator’s day-ahead market for the pricing node specific to the qualifying facility. This is described in Section 2 of Exhibit D for the As-Delivered Option.