

IOU Planning, Procurement, and Operational Issues

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Together, Building
a Better California



Plan of Reorganization

PG&E's plan of reorganization prioritizes wildfire victims, puts customers ahead of investors, and enables continued support of California's clean energy goals.

Key elements of the plan include:

- Satisfaction of pre-petition wildfire claims and funding for future wildfire claims
- Creditors paid in full
- ***PPAs & CCA agreements are assumed***
- Collective bargaining agreements are assumed
- Pensions & employee claims & obligations paid in full
- Utility governance satisfies AB 1054



The Changing Landscape in California



Generation



Delivery



Retail

1980



2000



2019



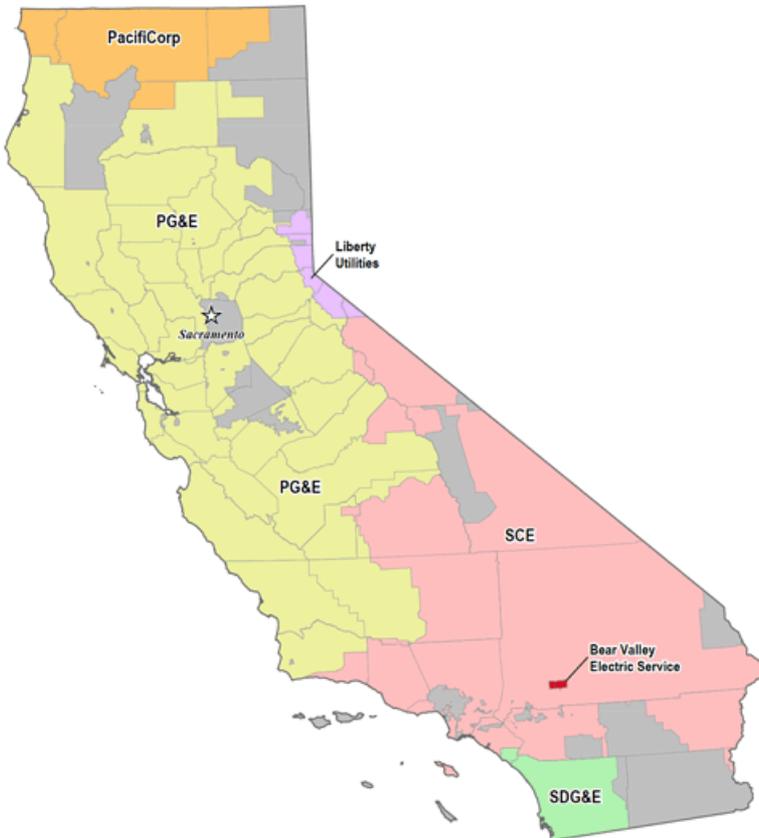
2025





California's Load-Serving Entities

THEN: Majority Investor-Owned Utilities



Source: California Energy Commission

NOW: 19 Operational Community Choice Aggregators (CCAs)

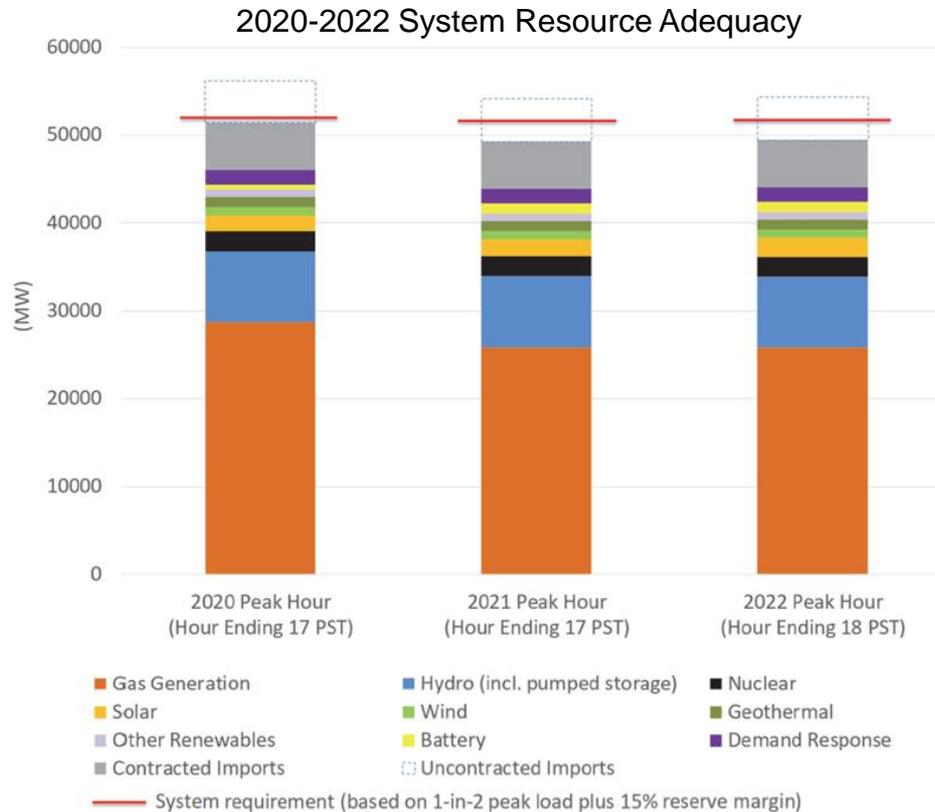


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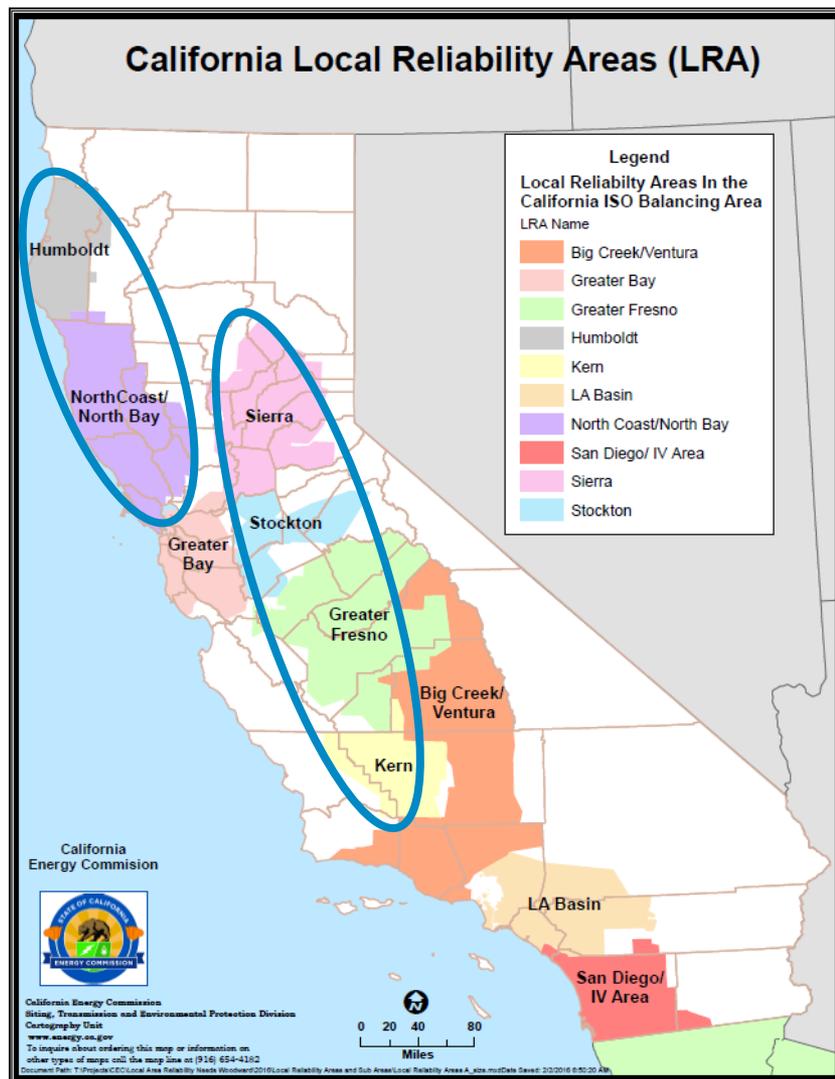


System Resource Adequacy (RA)

Recent CAISO analysis shows a 500 MW system resource adequacy gap in 2020, which increases to 2,300 MW in 2021 and 2,200 MW in 2022. The system is relying on uncontracted imports to balance demand.



Local RA Disaggregation



In February 2019, the CPUC adopted a minimum three-year forward multi-year RA requirement and disaggregated **6 local areas** in PG&E’s service territory that were previously grouped into “PG&E Other”.

As a result:

- There are **20+** entities
- Buying across **7 local areas** in Northern California
- Over **36 individual monthly requirements**



Central Buyer for Local RA

PG&E supports front-stop central procurement for all Local RA requirements to address flaws in the existing program.

- ✓ **Administrative Efficiency.** Currently, 20+ entities are assigned individual capacity requirements and do not have knowledge of which resources have already been procured by other entities. Some needed resources go unprocured, resulting in costly backstop procurement.
Central procurement entity knows exactly what needs to be procured.
- ✓ **Right Resources.** Individual entities may not procure most effective resources. Single buyer can procure most efficient set of resources to meet need.
Central procurement entity buys most cost-effective, reliable, and appropriate resources to meet the planning need.
- ✓ **Indifference to Load Changes.** Currently, system requires a complex process of forecasting requirements, which are less accurate the more years out you go and are not trued-up. Each entity must adjust its portfolio annually.
Central procurement entity can adjust bills rather than drive thousands of transactions annually.

CPUC

- In the Integrated Resource Planning (IRP) proceeding, the CPUC needs to increase its focus on reliability and ensuring the right mix of resources are contracted going forward to provide reliable operations.

CAISO

- CAISO should work expeditiously on the 3 identified challenges:
 - Increased ramping needs
 - Low renewable production due to multi-day weather events
 - Potential capacity shortfalls through participation in the IRP proceeding
- In addition, CAISO should:
 - Refine its market rules with respect to RA
 - Address RA import rules



Questions?

Thank you!

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