

Local Capacity Requirement Reduction Compensation Mechanism

Decision (D.) 20-12-006 adopted a Local Capacity Requirement Reduction Compensation Mechanism (LCR RCM) to encourage development of preferred and energy storage resources in local capacity areas.

D.22-03-034 updated the LCR RCM price calculation. It states that “if selected, the load-serving entity shall be paid the showing price (pre-determined or below) without annual adjustment for effectiveness. The showing price shall not exceed the pre-determined local price, which is calculated as follows:

- Use the weighted average price from the last four quarters of the Energy Division Power Charge Indifference Adjustment responses for system and local Resource Adequacy (RA); subtract system RA price from local RA price.”¹

Accordingly, the table below summarizes the weighted average price for system RA and local RA in the SCE and PG&E territories based on Energy Division PCIA responses from Quarters 1-4 2021, for delivery in 2022 and 2023. For local areas with weighted average price greater than the system price, the local premium is the difference between the two, otherwise it is \$0.

Local Area	Capacity (MW-month)	% of Total Capacity	Weighted Average Price (kW-month)	Local Premium
Bay Area	39,539	32.1%	\$6.97	\$0.00
Big Creek-Ventura	4,700	3.8%	\$8.88	\$1.48
Fresno	4,106	3.3%	\$6.93	\$0.00
Humboldt	128	0.1%	\$7.15	\$0.00
Kern	813	0.7%	\$8.29	\$0.89
LA Basin	27,774	22.5%	\$7.21	\$0.00
NCNB	1,781	1.4%	\$8.17	\$0.77
Sierra	1,766	1.4%	\$8.75	\$1.35
Stockton	659	0.5%	\$8.13	\$0.74
System	42,094	34.1%	\$7.40	-

¹ D.22-03-034 at Ordering Paragraph 15.