

### 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.”<sup>1</sup>

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 2022, for delivery in 2023 and 2024. 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	15,693	14.5%	\$8.70	\$1.69
Big Creek-Ventura	6,471	6.0%	\$9.02	\$2.01
Fresno	1,867	1.7%	\$7.71	\$0.70
Humboldt	0	0.0%	-	\$0.00
Kern	5,005	4.6%	\$7.77	\$0.77
LA Basin	22,857	21.1%	\$7.34	\$0.33
NCNB	335	0.3%	\$9.63	\$2.63
Sierra	7,199	6.7%	\$7.31	\$0.31
Stockton	92	0.1%	\$7.60	\$0.60
System	48,578	44.9%	\$7.01	-

<sup>1</sup> D.22-03-034 at Ordering Paragraph 15.