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Owens-Corning and CMA have sought modification of Priority 1 to include service to industrial safety machinery in times of electric generating capacity shortages in order to protect operating personnel from injury resulting from the curtailment of electricity to industrial operations where there has not been sufficient notice of electric curtailment to shut down operations safely. It is argued that curtailment caused by fuel shortages would be sufficiently foreseeable to allow an orderly reduction in electrical usage without sudden danger to operating personnel and equipment. The goal to be reached is industrial safety, whether the curtailment is caused by capacity related shortages or fuel shortages. Therefore the proposed modification is hereby designated for hearing in the next round of hearings scheduled to commence on March 28, 1977. The burden will be on petitioners to establish the feasibility of implementing the proposed safety measure during a capacity related electric curtailment.

Petitioner SoCal requests modification of the Priority 1 classification so as to provide for the use of electricity with respect to operating control devices and intermittent ignition devices on gas appliances which have been given Priority 1 status in Decision No. 85189 in Case No. 9642, by which we established priorities for the end-use curtailment of natural gas. Natural gas appliances given Priority 1 status in Decision No. 85189 are primarily residential gas appliances used for space heating, water heating, ranges, and clothes dryers. The priorities for end-use electrical curtailment provide for residential service to be in Priority 3.

SPEC and Teledyne Laars seek further hearings to introduce evidence concerning alleged danger to the public health and safety if electric service to swimming pool filter equipment is not assigned a higher priority.

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CMA also petitions for modification of Priority 2(b) and Priority 2(c) relating to agricultural, commercial, and industrial uses to prevent loss of crops or irreparable damage to manufacturing equipment and to maintain production of goods produced thereby.

DISCUSSION

1. The Next Phase of Hearings Should Include the Issues Raised By Petitioners.

The abnormally dry winters of the last two years have now exposed California electric consumers to a new form of potential energy shortages. Hydroelectric generation capacity in northern California has been reduced to less than one-half of normal as a result of the drought. The generation deficiency is presently being fulfilled by operating fossil fuel plants statewide at nearly full capacity, thus placing heavy statewide reliance upon reserve capacity in southern California. Hearings have been scheduled commencing March 28 in San Diego to formulate procedures for the implementation of these priorities established by Decision No. 86081. Implementation of the priorities will be held in reserve should energy load shortages develop notwithstanding the pervasive statewide conservation practices now being implemented.

The foregoing petitions for rehearing illustrate what may be insoluble competing requirements for electricity at priority levels below Priority 1. The SoCal petition illustrates the great difficulty in balancing priorities between gas and electric residential service when no reasonable alternative to gas or electric energy is available for residential customers. Similarly, no alternative to electrical energy is reasonably available for many end uses of electricity for agricultural, commercial and industrial customers.

The petitions by SoCal, SPEC, Teledyne Laars, and CMA with respect to modification of Priority 2(b) and Priority 2(c), should be further explored in the hearings scheduled to commence March 28. An outline of the issues to be considered in the next phase of the hearings, was mailed to all parties by Examiner Surt E. Banks on March 7, 1977. The outline is hereby expanded to include the issues raised by petitioners herein.

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2. An Extreme Effort Must Be Made to Avoid Rolling Blackouts.

In Decision No. 86081 at mimeo page 24 we said:

"It would appear that the only justification for sequential or rolling blackouts during a shortage is administrative ease of enforcement. It also appears to be the most inequitable and arbitrary method of curtailment since it fails to take into account the tolerance of various classes of customers and their uses and the resultant impact of such total outages on the state's welfare and economy.

Because of the questionable effectiveness of rolling blackouts as a conservation measure and the severe disruption that would result to the state's productive sector, the measure must be used only as a last resort. We believe, however, the utilities should consider the implementation of sequential interruptions as a method to control peak demand."

There is much that can be done to avoid a last resort to rolling blackouts. Strict enforcement of Tariff Rule 14.1 which calls for the elimination of many of the nonessential uses of electricity by commercial and industrial users; pervasive, voluntary, cost effective electric conservation programs by all electric users; voltage reductions by distribution companies and expanded mutual assistance agreements to provide for long-term capacity-related or fuel-related shortages, should be adequate to achieve necessary levels of electric conservation without implementation of mandatory curtailments.

The hydroelectric shortage has caused California utilities to generate much more electric energy from expensive fuel oil supplies than in previous years. By undertaking substantial and pervasive conservation measures, California electric consumers can do much to reduce the burning of expensive fuel oil, thereby not only improving reliability of electric utility service, but also controlling electric generating cost increases and helping to control air quality problems resulting from fossil fuel generation.

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3. Public Cooperation is Essential to Achieving Effective Electricity Conservation.

The essential element for any successful curtailment procedure is the cooperation of all end users of the utility service, whether gas or electricity. Upon review of the petitions for rehearing herein and of the entire record in this proceeding, we are persuaded that great emphasis must be placed upon voluntary conservation of electricity in all categories of service. Effective conservation programs are available for every class of customer. We shall therefore continue to place much emphasis on cost effective conservation procedures, which if properly managed will permit continued adequate service to all classes of customers.

Customers that pursue effective energy conservation programs should be given special consideration under mandatory curtailment procedures, while customers that unnecessarily waste energy should be subject to greater curtailment. If mandatory curtailment procedures must be implemented, it is essential that curtailment does not operate as a counter incentive to those customers who have voluntarily instituted conservation measures. For example, a compulsory percent reduction in use for different classes of service could discourage consumers from voluntarily reducing their useage. Users who had voluntarily reduced usage before implementation of a mandatory curtailment plan would have less "slack" than other users who had not voluntarily cutback. Therefore, mandatory curtailment procedures must be as sensitive as possible to both the efforts and the actual reductions already achieved by particular users before mandatory curtailments.

Curtailment should not act as a disincentive to conservation but rather to encourage voluntary conservation measures and thus forestall or prevent the necessity for mandatory curtailments. An example would be an industrial or commercial customer who implements conservation programs relating to waste heat utilization in cooperation with a utility; or customers who adjust their operations to curtail load in an extraordinary manner during times of peak demand.

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In the event of some form of mandatory curtailment, these customers should be given preference over others similarly situated who have not made such voluntary efforts to curtail electrical usage.

Finally, it is expected that a number of investigations being undertaken by the Energy Resources Conservation and Development Commission will result in reducing the risk of electric curtailment and energy shortages.

With proper planning we can reduce the impact of energy on the environment and avoid adverse economic impact as we reduce the risk of energy curtailment.

CONCLUSIONS

1. Substantial and pervasive voluntary conservation procedures are necessary to achieve curtailments of electrical use without the economic dislocations and inevitable inequities resulting from a mandatory system of curtailments based solely upon priorities of use.

2. It is essential that implementation of mandatory curtailment procedures do not operate as a counter incentive to electric utility customers who have voluntarily instituted conservation practices.

3. Strict enforcement of Rule 14.1, together with pervasive voluntary cost effective electric conservation programs, voltage reductions by distribution companies and expanded mutual assistance agreements should achieve levels of electric conservation sufficient to avoid implementation of mandatory curtailments under normal conditions.

4. The issues raised in the petitions for modification by Owens-Corning, CMA, SoCal, SPEC and Teledyne Laars are hereby included for further record development in the hearings scheduled to commence March 28, 1977. Petitioners shall have the burden of proving the feasibility of implementing the proposed electrical use during a period of mandatory curtailment:

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O R D E R

IT IS ORDERED that:

1. The issues in the petitions for modification by Owens-Corning, CMA, SoCal, SPEC and Teledyne Larrs are included in the further hearings scheduled to commence on March 28, 1977. Each petitioner shall have the burden of proving the feasibility of implementing the proposed electrical use during a period of mandatory curtailment.

The effective date of this order is the date hereof.

Dated at San Francisco, California, this 15th day of March, 1977.

Robert Babine
President

William J. ...

Leonard ...

Leonard ...

Richard A. ...
Commissioners