

**BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE  
STATE OF CALIFORNIA**

Order Instituting Rulemaking to Integrate and  
Refine Procurement Policies and Consider  
Long-Term Procurement Plans

R.10-05-006

**OPENING BRIEF OF THE  
CALIFORNIA LARGE ENERGY CONSUMERS ASSOCIATION  
ON TRACK ONE ISSUES**

William H. Booth, Of Counsel  
Alcantar & Kahl  
33 New Montgomery Street, Suite 1850  
San Francisco, CA 94105  
(415) 421-4143  
whb@a-klaw.com

Counsel for CLECA

September 15, 2011

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**I. INTRODUCTION**

The California Large Energy Consumers Association (CLECA) has been an active participant in this proceeding and is a signatory to the multi-party Settlement Agreement filed on August 3, 2011. CLECA strongly concurs in the Settlement's conclusion that there currently is insufficient evidence in Track 1 of this proceeding to support any procurement of resources for the purpose of integration of intermittent renewable generation resources. CLECA also believes that it is critical that there be further analysis before any determination is made that new generation resources would be required to meet this need. Under the schedule included in the Settlement, the Commission should have sufficient information to make a need determination as to requirements for renewable integration and local reliability and the type of resources that can meet these needs, if any, by the end of 2012. The Commission should create an evidentiary process to allow it to reach a decision in that time frame.

## **II. THERE IS NO SYSTEM RESOURCE NEED AT THIS TIME AND THE NEED FOR RENEWABLE INTEGRATION RESOURCES IS UNCERTAIN**

In the past, the main focus of Long Term Procurement Proceedings (LTPP) has been on the number of MWs of generation resources which were needed for a utility to meet its planning reserve margin (PRM). This is often referred to as "system need". In this proceeding, no scenario showed a need for generation resources to serve this purpose. Indeed, it appears there will be generation resources in excess of the authorized planning reserve margin (PRM) of 15-17%, as a result of the utilities actions to meet new renewable procurement requirements, unless all generation using "Once Through Cooling" (OTC) is retired. So, the issue is whether there is a need for additional resources to meet a set of needs other than the PRM.

These other needs are 1) integration of intermittent renewable resources, and 2) replacement of fossil generation with once-through cooling (OTC), often called "fossil OTC generation". The latter also provides local reliability.

The California Independent System Operator (CAISO) and the utilities have performed considerable computer modeling, and the results to date have been submitted in the Track 1 testimony of these parties. However, while the results to date have provided some useful information, they are not conclusive. The Commission does not have enough solid information at this point make a decision as to the need for additional resources for the integration of intermittent renewable resources, or what type of resources, including existing resources, can meet this need. Indeed, as the Settlement states, there is and should be "no presumption on the basis of the record in this proceeding that there is a system need for new gas-fired generation resources

above and beyond those needed to meet the current planning reserve margin.”

(Settlement, p. 4.)

Thus, the Settlement properly concludes that further analysis is needed before any renewable integration resource need determination is made.

### **III. NEED FOR FURTHER ANALYSIS IN A TIMELY MANNER**

Since the time frame for this LTPP cycle extends to 2020, and since state law requires that 33% of electricity be provided by renewable resources by that time, it is important that further analysis be performed in a timely manner to determine the level and nature of resource needs to integrate intermittent renewable energy. For this reason, the Settlement sets forth a series of further steps so that such a need determination can be made by the end of 2012. The CAISO and the utilities will perform further analysis to refine and understand this need. Such analysis will include the CAISO proposed Phase 2 analysis, whose purpose is

to determine the amount and operational characteristics of resources, whether supply or demand side resources, that could address the operational needs of renewable integration, including not only conventional generation but also resources such as demand response, renewable resource dispatchability, energy storage, electric vehicle charging, smart grid, and greater reliance on renewable resources that require fewer integration service, either individually or combined with a suite of other renewable resources. (Settlement. pp. 6-7.)

These could include existing resources. The Settlement proposes that the Commission provide a process during the second quarter of next year for parties to draw conclusions from this further analysis and to provide an evidentiary record on which the Commission can base a need determination for renewable integration. CLECA urges the Commission to provide such a process.

#### **IV. OTC AND LOCAL RELIABILITY NEEDS**

The other matter to be addressed in this proceeding is whether there are local reliability needs separate from system and renewable integration needs that require additional resource procurement. As the Settlement notes, the CAISO will complete its analysis of local area needs resulting from state water policies requiring repowering or replacement of fossil OTC generating plants by the end of this year. Once this analysis is complete, the CAISO will include the results in its renewable integration model and hopes to have results by the end of the first quarter of 2012. Since this additional information will be available for the evidentiary process proposed in the Settlement to occur next year, the Commission should have the ability to make a local reliability need determination by the end of 2012. We note that the Settlement does not address the request of San Diego Gas & Electric Company (SDG&E) for additional resources in this proceeding for local reliability purposes. CLECA takes no position on this SDG&E request.

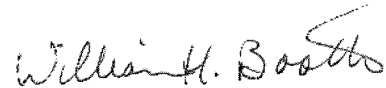
#### **V. CONCLUSION**

CLECA urges the Commission to adopt the Settlement agreement. CLECA also requests that the Commission establish a process, either in an extension of this proceeding or in a new docket, to allow for the development of an evidentiary record that will allow it to make a determination as to need, if any, for resources to integrate intermittent renewable resources and to meet local reliability needs of Pacific Gas and Electric Company (PG&E) and Southern California Edison Company (SCE) by the end of 2012. CLECA finally asks that the Commission consider the entire range of cost-

effective resources that can meet this need, not just new generation resources, as part of its need determination.

Dated: September 15, 2011

Respectfully submitted,

A handwritten signature in black ink that reads "William H. Booth". The signature is written in a cursive style with a prominent, sweeping flourish at the end of the name.

William H. Booth, Of Counsel  
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