

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

Rulemaking 12-03-014
(Filed March 22, 2012)

COMMENTS OF THE UTILITY REFORM NETWORK
ON THE ORDER INSTITUTING RULEMAKING

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COMMENTS OF THE UTILITY REFORM NETWORK ON THE ORDER INSTITUTING RULEMAKING

Pursuant to Ordering Paragraph 6 of the Order Instituting Rulemaking (OIR) 12-03-014, The Utility Reform Network (TURN) submits these comments on the preliminary scoping memo and schedule.

Under the Settlement Agreement that would be approved by the pending Proposed Decision of ALJ Allen in R.10-05-006, the Commission is supposed to reach determinations of system need by the end of 2012. Although the OIR's schedule is consistent with this goal, it is not yet clear how much time will be required to review CAISO modeling results and what delays may result from the need to make changes to modeling assumptions or inputs.

There are already reasons to believe that it will be challenging to meet the timeline contained in the pending settlement agreement. The March 30th date for production of a new round of CAISO modeling results has already slipped. The last meetings held to review the CAISO's interim results were held on February 10 and February 24. Stakeholders have not been able to review any subsequent changes and the CAISO has not yet provided results for broader review.

TURN cautions the Commission that the next iteration of CAISO modeling methodology, inputs, and results is unlikely to be accepted by the settling parties. There will continued disputes over fundamental elements of the modeling exercise that must be explored in the upcoming proceeding. The Commission should retain the time and flexibility to incorporate stakeholder feedback and ensure that the modeling incorporates relevant planning assumptions specified in either R.10-05-006 or OIR 12-03-014. After conducting this review, the Commission should direct the CAISO to modify the methodology, inputs and scenarios. As part of this process, the Commission must compare any new modeling results to a base case that assumes present system

conditions such as an “All Gas” scenario and / or a 15-17 percent Planning Reserve Margin. In R.10-05-006, TURN highlighted concerns with the CAISO model based on anomalous results related to the base case. These concerns were not fully addressed or resolved.

Long-term local reliability is likely to be a significant issue in this OIR given Once Through Cooling policies and the potential for an extended outage at the San Onofre Nuclear Generating Station. In approaching local reliability issues, TURN urges the Commission to ensure that any CAISO long-term studies use similar assumptions for determining both local and system resource needs. The CAISO studies that are due to be submitted in the new OIR should be reviewed to determine whether they incorporate different assumptions and may need to be updated to correct for mistakes.¹

To ensure that the Commission can resolve the most time sensitive issues, some of the issues identified in the OIR should be deferred until after the resolution of system and local resource needs. At the same time, certain issues may need to be prioritized given near-term needs. Specifically, the Commission should give priority to consideration of Southern California local reliability (given OTC retrofit/retirement policy and SONGS uncertainty), renewable integration needs generally, and procurement mechanisms for ensuring that renewable integration needs are met.

The Commission should ensure that the OIR is coordinated with the exploration of related issues in other proceedings. Although the OIR attempts to prevent forum shopping by identifying issues that are “not in the scope of this proceeding”, the subsequent list of proceedings fails to acknowledge the inexorable linkage between related issues addressed in multiple dockets. TURN offers three specific examples of issues that cannot be easily compartmentalized.

¹ For example, the CAISO will file updated testimony in A.11-05-023 (SDG&E 3 PPAs) on April 6th because of an oversight related to WECC planning criteria.

First, the goal of addressing multi-year forward procurement of flexible capacity (OIR, page 9) is difficult to reconcile with the statement that Resource Adequacy requirements are outside the scope of this proceeding (OIR, page 12, Item #12). If the Commission seeks to require additional resource contracting by all LSEs, it may conflict with existing Resource Adequacy rules and the adopted Planning Reserve Margin.

Second, the CAISO local and system need studies may include assumptions at odds with adopted Commission policies and factual findings relating to Energy Efficiency, Demand Response and Dynamic Pricing. The OIR states that proceedings addressing these issues are outside the scope (OIR, page 11, #2-4). Parties should be permitted to reference relevant assumptions used in those proceedings to ensure that the Commission relies on consistent facts and forecasts.

Third, the data being developed in A.11-05-023 addresses SDG&E's local needs and should be consistent with the local need assumptions adopted in the OIR (OIR, page 12, #16). It would be a mistake to keep the consideration of these assumptions separate in the two proceedings.

TURN supports efforts to exclude extraneous issues from the OIR. The Commission should balance this goal against the need to ensure consistency between assumptions and policies adopted in various overlapping proceedings.

Respectfully submitted,

_____/S/_____

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Dated: April 6, 2012

VERIFICATION

I, Matthew Freedman, am an attorney of record for THE UTILITY REFORM NETWORK in this proceeding and am authorized to make this verification on the organization's behalf. The statements in the foregoing document are true of my own knowledge, except for those matters which are stated on information and belief, and as to those matters, I believe them to be true.

I am making this verification on TURN's behalf because, as the lead attorney in the proceeding, I have unique personal knowledge of certain facts stated in the foregoing document.

I declare under penalty of perjury that the foregoing is true and correct.

Executed on April 6, 2012, at San Francisco, California.

_____/S/____

Matthew Freedman
Staff Attorney