

**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)

**WOMEN'S ENERGY MATTERS
COMMENTS ON THE OIR**

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WOMEN'S ENERGY MATTERS COMMENTS ON THE OIR

Women's Energy Matters (WEM) appreciates this opportunity to comment on the Preliminary Scoping Memo in the OIR for this proceeding.

Summary of Recommendations

Immediately convene an expedited public planning process for replacement of San Onofre nuclear power with clean, affordable resources;

Utilize the planning process for replacement of San Onofre power as a laboratory for considering rapid replacement options that could be applied to Diablo Canyon as well as Once-Through-Cooling plants;

Specifically affirm that this proceeding will determine the criteria and methodology for using preferred resources as capacity and generation resources.

Discussion

The OIR states:

In this proceeding, we shall consider the unresolved issues in Track I of Rulemaking (R.) 10-05-006 related to the overall long-term need for new system and local reliability resources, including adoption of system resource plans and assessment of long-term local area reliability needs. These resource plans will allow the Commission to comprehensively consider the impacts of state energy policies on the need for new resources. OIR, pp. 1-2.

It mentions nuclear issues in relation to relicensing:

Our long-term resource planning efforts will take into consideration emerging policy discussions related to the retention of existing flexible capacity resources at risk of retirement due to current market conditions; and an assessment of the state's reliance on nuclear power in light of the expected expiration of nuclear licenses near the end this planning horizon. OIR, p. 8.

Unresolved issues in the R1005006 LTPP included issues that WEM raised in both Tracks 1 and 2 about replacement resources for nuclear power plants *whenever* they are offline — either for unplanned outages, retrofits, or permanent shutdown. WEM advocated for the utilities to follow the loading order for replacement power during outages, and recommended that the Commission undertake an expedited planning process to determine what clean, affordable resources could replace nuclear power quickly, especially if a shutdown occurred unexpectedly and lasted through peak periods.

An unplanned, emergency shutdown of the San Onofre (S.O.) nuclear power plant did indeed occur as of January 31, 2012, and there is still no word about when (or whether) either reactor might be restarted. The Commission and CAISO are faced with uncertainty as to grid reliability, and there is confusion about whether or not it will be necessary to restart old power plants that were recently closed (and disabled) because they were excessively polluting. Except for an unspecific mention of demand response, the use of energy efficiency and other preferred resources to address this crisis has not been mentioned, much less systematically addressed. Instead of endorsing WEM's proposal to convene an expedited planning process, the 80% owner and operator of S.O., Southern California Edison (SCE) is causing needless worry with warnings that it might have to institute rolling blackouts this summer — even though CAISO's 2010-11 and 2011-12 Transmission Plans both assert that complete mitigation is available in the event that S.O. reactors are both out of service.¹

S. David Freeman, who designed the CAISO, issued a strong rebuke when CAISO seemed to concur with Edison that blackouts might be needed:

Bob, you have been a leader in energy efficiency and load management since we first spoke on the phone 35 years ago. You and I have discussed how simple load management such as cycling air conditioners can reduce peak loads by large amounts. And you know we have all worked together to assure that blackouts never again happen in California. Under the leadership of the ISO, California is not and cannot be one power plant away from rolling blackouts.

I know you and the other members of your Board are dedicated to safety-first with respect to nuclear power so you should understand how disturbing it is for the ISO to be warning of a return to blackouts unless a very troubled nuclear plant is rushed back into operation. Instead the ISO Board, at this meeting, should tell the public and the Edison company to assume the nuclear plant will still be down this summer and put in place the efficiency and load management programs that will in fact "keep the lights on". 3-20-12 letter from S. David Freeman to Bob Foster, Exec. Director of CAISO.

Mr. Freeman is familiar with how to replace a nuclear plant with preferred resources, having been General Manager of Sacramento Municipal Utility District when SMUD replaced the power from Rancho Seco, primarily with energy efficiency and solar power.

¹ CAISO's 2010-11 Transmission Plan concluded that southern California's grid could survive hot summers without San Onofre: *"The study results from various studies show that there are no thermal overloads, voltage or stability concerns related to the SONGS units under normal or emergency conditions."* CAISO 2010-11 Transmission Plan, Approved by ISO Board of Governors May 18, 2011, p. 155. <http://www.caiso.com/Documents/Board-approvedISO2010-2011TransmissionPlan.pdf>

It is abundantly clear from these developments that WEM's proposal in R1005006 to convene an expedited, public process to create a plan for quickly replacing nuclear power with affordable, clean resources is timely and necessary, and should begin at once. Plans should be developed for replacement resources for both San Onofre and Diablo Canyon.²

It is also clear that the Commission must take positive action to ensure that preferred resources are part of the equation, rather than leave these questions up to the utilities. Unfortunately, they have refused to make such a plan — or any plan, although any sensible person would expect the unexpected from aging nuclear power plants going into their 4th decade. Utilities tried to divert attention from their own irresponsible approach by falsely accusing WEM:

WEM recommends the immediate shutdown of DCPD and SONGS, and stopping purchases from other nuclear plants without considering the impacts of such actions on system reliability, the environment, or customer costs. Exhibit 108, PG&E Comments, p. 1 (R1005006).

The utilities are really the ones who are failing to consider the impacts of immediate shutdown — their blind faith that these huge power plants would keep running no matter what is exposing California to *completely unnecessary risks to system reliability, the environment, and customer costs*.

In fact, WEM proposed the sensible approach — some contingency planning.

The LTPP is the appropriate venue for considering replacement power

Utilities fought to remove the issue of replacement power for nuclear plants from the LTPP proceeding. SCE claimed that nuclear issues should all be considered somewhere else. Jan Reid proposed that the Commission open an OIR to take a comprehensive look

² We should be under no illusions that PG&E created a viable plan for “alternatives” to Diablo Canyon as part of its relicensing application (A1001022). PG&E followed the NRC's regulations, considering *only one resource — gas power plants* — as the single replacement option: *“Based on these evaluations, PG&E determined that the only viable alternative generation technology to replace DCPD power is natural gas-fired generation.”* Pacific Gas And Electric Company, Diablo Canyon Power Plant License Renewal, Attachment 6.1, *PG&E's Federal Environmental Report*, Appendix E Of Diablo Canyon Power Plant License Renewal Application, dated January 29, 2009, pp. 7-2-1 -7-2-2. https://www.pge.com/regulation/DiabloLicenseRenewal/Testimony/PGE/2010/DiabloLicenseRenewal_Testimony/PGE_20100129-03.pdf This violates California procurement policies, which require diversity of resources, following the State's “loading order” which begins with preferred resources.

at all nuclear power issues.³ While WEM sees value in Mr. Reid's proposal, we believe that the issue of *replacement power* really belongs here, in the LTPP.

The OIR points out that the Commission will also be grappling over the next decade and a half with the issue of replacing the power from other Once-Through Cooling (OTC) plants that are either offline for retrofits or permanently shut down.

It's true that nuclear power plants are larger, they use experimental technology that is less reliable and far less well understood than conventional power plants — and more subject to unexpected breakdowns, they are extremely dependent on the grid even long after they are shut down, and they have the potential to add enormously to panic, chaos and catastrophic costs during natural disasters. But these things notwithstanding, the task of determining how to replace nuclear power with preferred resources is basically the same as replacing power from a conventional plant, just bigger, and therefore more urgent.

Replacing nuclear power fits squarely within the first of the general issues in this Rulemaking:

- (1) Identify CPUC-jurisdictional needs for new resources to meet local or system resource adequacy (RA), renewable integration, or other requirements and to consider authorization of IOU procurement to meet that need. This includes issues related to long-term renewable planning and need for replacement generation infrastructure to eliminate reliance on power plants using OTC. OIR, p. 5.

WEM recommends adding the following underlined phrase to the above language, to make it clear that *nuclear power replacement generation infrastructure* will be considered in this proceeding:

This includes issues related to long-term renewable planning and need for replacement generation infrastructure to eliminate reliance on power plants using OTC, and nuclear power plants.

For example, replacing San Onofre's power requires consideration of local resource adequacy. In the previous LTPP WEM recommended that the Commission order utilities to first begin to simply *account for* the existing solar rooftops, energy efficiency and other preferred resources connected to their distribution grids. CAISO stated that these

³ Jan Reid's Comments on the Proposed Decision (Track 1) in R1005006, pp. 3-5, March 12, 2012.

resources are currently invisible to them⁴ and are therefore wasted when they could be contributing to resource adequacy. Rules to accommodate such resources need to be written, not only for preferred resources to replace nuclear power, but also to ensure that the Governor's 12,000 MW of distributed generation is properly utilized.

There was discussion in the last LTPP of potential future grid congestion from large renewable projects in the desert, which could limit opportunities for renewables integration in Local Capacity Areas unless more local resources are developed — especially in a sustained absence of nuclear power plants. WEM recommended that the Commission consider the potential for distributed resources, including renewables and efficiency, to be part of “renewables integration” solutions, and otherwise serve as “capacity” resources. WEM pointed out that efficiency and solar resources that meet stringent criteria are recognized as capacity by ISO-New England, and allowed to participate in forward capacity auctions.

Many preferred resources are far quicker to site and build than power plants. Recognizing these resources as capacity would have the additional benefit of enabling an earlier shut-down or repowering of OTC plants, providing quicker relief for impacted species, and improved water and air quality.

WEM asks that the Commission specifically affirm that this proceeding will determine the criteria and methodology for using preferred resources as capacity and generation resources.

Conclusion

The planning processes that WEM advocates would be an excellent laboratory to develop and test the types of policies that the OIR seeks to achieve in this new LTPP. Most of the questions that are on the table in the Preliminary Scoping Memo would come into play, in a very concrete way.

⁴ Currently, CAISO only has “visibility” of what’s on the transmission system, which it manages; utilities’ distribution systems are not transparent to CAISO or anyone else — a situation that clearly needs to change. CAISO stated that resources attached to the utilities’ distribution systems are “invisible” to them and could result in “forecast errors.” It hoped “to establish and agree with utilities on approach for getting updates regarding penetration and location of distributed energy resources.” Exhibit 805 ISO Response to WEM DR, #1(a) and 1(e).

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Respectfully Submitted,

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