

**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 CAPITAL POWER CORPORATION ON
THE ENERGY DIVISION PROPOSED STANDARDIZED
PLANNING ASSUMPTIONS**

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I. INTRODUCTION

Pursuant to the schedule set forth in the Scoping Memo and Ruling of Assigned Commissioner and Administrative Law Judge issued on May 17, 2012, Capital Power Corporation (“CPC”) hereby submits its Opening Comments on the 2012 Energy Division Straw Proposal on LTPP Planning Standards (“Straw Proposal”), as issued by Energy Division Staff on May 10, 2012. The comments herein are in response to selected questions posed by Energy Division Staff.

II. RESPONSES TO QUESTIONS POSED BY ENERGY DIVISION STAFF

1. Load Forecast

CPC generally supports the proposal to use the low, mid, and high load forecast scenarios from the Final 2012 CED, subject to the concerns expressed below. Prior to adoption of the Final 2012 CED, use of the revised 2012 CED is preferable to the latest adopted 2009 CED to avoid planning from a “stale” forecast, and to minimize timing discrepancies between the assumptions in the unmanaged forecast and incremental adjustments proposed by Energy Division Staff for the managed forecast.

As noted by the Environmental Parties¹ in its May 25, 2012 request for extension of time to submit opening comments in response to the Straw Proposal, parties were unable to analyze the actual Final 2012 CED data which is arguably the most critical input to the Straw Proposal Planning Assumptions. Parties should be afforded the opportunity to provide additional comments on the Planning Assumptions upon review of the Final 2012 CED.

2. Weather Sensitivities

Energy Division Staff proposes that weather sensitivities, such as 1-in-10 peak demand, should be applied to the mid-case unmanaged forecast, including for use in local area assessments. CPC proposes an additional 1-in-10 weather sensitivity should be conducted around the high-case load forecast, as it would be helpful to consider the most extreme, feasible, peak demand potential.

3. Incremental Uncommitted Energy Efficiency

CPC suggests the proposed high and low “savings scenario” assumptions for incremental energy efficiency undergo further analysis. Staff proposes use of the CEC’s Incremental Uncommitted Energy Efficiency report to apply incremental uncommitted EE to the CED forecast. A base case update is expected to be issued in the second quarter of 2012, but the second phase of this report – which will evaluate potential policies, market mechanisms, and economic conditions – will not be complete until the end of 2012. Staff therefore proposes applying flat percentages to the CEC’s base case in an attempt to account for various proposed programs not considered in the base case. Staff states that *“as these analyses have not yet been vetted in the energy efficiency proceeding ... staff proposes that a broader spread should be considered for the low and high scenarios for incremental energy efficiency.”* This justification is inappropriate. A lack of supporting analysis is not a rationale for considering a wider range of savings, particularly in the high case. Any incremental uncommitted energy efficiency assumptions should be based on reliable data sources to ensure conformance to the “cost-effective, reliable, and feasible” resource stipulations. In the absence of additional concrete data on which to base high and low sensitivities, the published data from the CEC’s 2012 Uncommitted Energy Efficiency

¹ CEERT, CEJA, IREC, NRDC, Sierra Club, and Vote Solar

report, when available, should be used without further adjustment. Upon its issuance, parties should be provided the opportunity to comment on the report in the context of this proceeding.

4. Renewable Resources

Renewable portfolio development is expected to be established in the RPS Proceeding (R. 11-05-005). CPC supports this proposal. However, CPC underscores the need to ensure that consistent, realistic, and transparent assumptions are used to develop the RPS portfolios, which will be a critical input to both this LTPP proceeding, and the CAISO's 2013-2014 Transmission Planning Procedure.

III. Conclusion

CPC appreciates the opportunity to comment on the Straw Proposal, and respectfully requests the Commission take into account the above comments in its consideration of the 2012 LTPP Proposed Planning Assumptions. CPC looks forward to continuing to work with Energy Division in the LTPP process.