

**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
RESPONSE TO SCE MOTION TO STRIKE**

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**WOMEN'S ENERGY MATTERS
RESPONSE TO SCE MOTION TO STRIKE**

Women's Energy Matters (WEM) appreciates this opportunity to reply to SCE's 7-6-12 Motion to Strike. We note that the ALJ and Commissioner have already issued a ruling partially striking WEM's testimony, specifically removing pages 3-8.

These pages contained testimony about the sorry condition of San Onofre Nuclear Waste Generating Station (SONWGS) and the likelihood that the outage, now in its seventh month, will extend well beyond this summer and result in permanent shutdown of at least one and hopefully both reactors.

It is not clear to WEM whether the related issue of *clean replacement resources for local reliability* in the event of an extended SONWGS outage or permanent shutdown has been entirely struck from the LCR track. This topic was discussed in later sections of our Testimony as well as the sections that were struck. We have requested clarification, but we are still left with questions.¹

The ruling stated:

We will strike the portions of WEM's testimony related to SONGS. In an Assigned Commissioner's Ruling dated June 27, 2012, standardized planning assumptions were established for Track 2 of this proceeding, which is the system needs track. As part of the assumptions, three retirement scenarios were established, including scenarios for nuclear power plants including SONGS. Track 2 is the appropriate venue for consideration of issues related to retirement of SONGS. Further, as Track 1 of this proceeding concerns long-term local capacity requirements, this is not the proper venue for considering issues related to the current outage. 7-17-12 Ruling, p. 2.

¹ We wrote an email to the Commissioner and ALJ with this question. The Commissioner's advisor left the following phone message in response:

The judge is out of town and the commissioner is unavailable so unofficial guidance is the best I can give you for now.

The shortest answer to your question is that we're not taking testimony & evidence on what would replace Songs should it be unavailable for the long term – in track 1. We're taking that evidence in track 2 but not in track 1.

If there are need determinations made on local reliability in either LA or Big Creek/ Ventura they won't account for replacement resources for Songs in track 1. 7-20-12 phone message from Advisor Matthew Tisdale.

(We are notifying parties about this exchange here; since the question and answer were procedural we understand that ex parte does not apply.)

We assumed clean replacement resources for SONWGS would be addressed in Track 1 since the Scoping Memo specifically included the following issues in Track 1:

1. Whether additional capacity is required to meet local reliability needs in the Los Angeles Basin and Big Creek/Ventura area between 2014 and 2021, and, if so, how much;
4. What assumptions concerning retirements of OTC plants should be made for the purpose of determining future local reliability needs;
5. Whether the ISO's local capacity requirements and OTC studies should be adopted by the Commission as the basis for procurement of additional local capacity, and, if not, what should form the basis of a Commission decision;
6. How resources aside from conventional generation, such as uncommitted energy efficiency, demand response, energy storage and distributed generation resources should be considered in determining future local reliability needs;
11. What rules should govern procurement of additional local reliability needs not already covered by the Commission's RA rules. 5-17-12 Scoping Memo, pp. 5-6.

We note that nuclear power plants *are once-through-cooling* (OTC) plants; and there are problems with ISO's studies, not least that they modeled SONWGS online, mistakenly assuming that this outage would be solved by summer.

The planning process for clean replacement resources would be nearly identical whether we're discussing nuclear or gas-powered OTC plants in Local Capacity Areas, although there are some unique characteristics that also must be addressed.² It would be a waste of time and effort to have to go through all these issues twice, first in Track 1 related to OTC plants and then in Track 2 related to SONWGS.³

² There are three points which require specificity as to which plant is being discussed: 1) the need for voltage support in particular locations — solutions must address those locations; 2) generation and/or megawatts are needed in certain locations more than others depending on what generator is offline, because of the load/supply configuration on particular transmission/ distribution lines; and 3) SONWGS is already offline and the issue of replacement is not theoretical, it is *actual* — right here right now.

³ As WEM discussed in the opening pages of our testimony as well as our comments on the Straw Proposal, we believe it would have made more sense to reverse the order of the tracks in this proceeding — Track 3 (Rules) should be Track 1, then Track 2 (system reliability), and the current Track 1 (LCRs) should be last.

(Worse still, *we may need to go through all this a third time, in the LTPP after this one* — which for WEM would be the fifth time, since we already covered this issue in both tracks in R1005006. This is because we were informed that the targeted use of energy efficiency, in local capacity areas or anywhere else, is being addressed under the “Rules” — Track 3. Though perhaps it’s possible to address it in Track 1 (under “local reliability rules” — see Item 11, above).

We note there might be even *further* delay if the Commission decides it must wait until a Resource Adequacy proceeding to designate EE and other demand resources as Net Qualifying Capacity.)

As WEM has repeatedly pointed out, six states in New England have been using EE, Demand Response and Distributed Generation as capacity resources since 2009, when ISO-New England held its first Forward Capacity Auction for demand resources. All this time, California’s cleanest resources have remained mired in a procedural tar pit at the Commission. It really is high time to move these issues forward.

We explain further below why we still think the issue of clean replacement resources for SONWGS should be addressed in the LCR track. *We ask the Commission to issue another ruling to clarify whether this will be done.*

Reasons to consider clean replacement for SONWGS in the LCR track of R1203014

To WEM, questions about the availability of SONWGS certainly seemed germane to Local Capacity Requirements. Indeed, for many months now, multiple California energy agencies (and nationwide media) have been discussing “emergency” requirements to keep the lights on in local areas which were formerly served by the reactors. The “emergency” was precisely because these are load pockets with limited access to generation or transmission alternatives.

Over a year ago in our Track 2 and Track 1 testimony in R1005006 (all of which has been incorporated into this proceeding), WEM warned that breakdowns at California’s nuclear power stations could and probably would occur at any moment, due to their advanced age and antiquated technology. Not to mention the terrifying prospect of an earthquake or human error triggering a nuclear disaster.

With all that in mind, we noted — as early as May 2011 — that backup planning for extended outages of nuclear power plants has been sketchy at best in California. We urged the Commission to take immediate steps to prepare for such a contingency. We made it particularly clear that such planning was necessary to ensure that preferred resources would be used for backup.

Instead, we learn state regulators are “scrambling” — right now — to find backup resources for 2013-14 as the article below describes. This is taking place entirely without public input and apparently without efforts to access the enormous pot of unused 2010-12 EE funds that is just sitting in utilities’ coffers: approximately \$450 million at SCE and \$90 million at SDG&E (as of end of April, 2012).⁴

ENERGY: Planners bracing for no San Onofre in 2013

19 hours ago • By ERIC WOLFF ewolff@nctimes.com(3) Comments

Although state and utility officials hope San Onofre will be producing some power as soon as this fall, they're scrambling to avoid a dark 2013 and 2014.

The nuclear plant north of Oceanside has been offline since January due to design flaws with both of its new generators. Officials from the plant's majority owner, Southern California Edison, hope to apply to nuclear regulators in September to restart one of the units at reduced capacity. But California's regulatory apparatus, along with Edison and San Diego Gas & Electric Co., have turned their attention to making sure the region can keep the lights on without San Onofre.

"In talking to the NRC (Nuclear Regulatory Commission) and Edison, it was pretty clear that as we implement this summer's plan, it was time to start working on a plan for 2013 and 2014," said Robert Weisenmiller, chairman of the California Energy Commission. "That plan will be based on having neither unit of San Onofre available. That's a worst-case assumption."

...Weisenmiller is liaison between the NRC and Gov. Jerry Brown and has been deeply involved in the problems at San Onofre. He said Edison plans to apply to the NRC in September to restart one of the two generators at 70 percent capacity for six months as a trial.

... "With the potential long-term outage of (the San Onofre Nuclear Generating Station), we are actively engaged in contingency planning for summer 2013 and beyond and expect to have recommendations for summer 2013 later this summer," Stephen Berberich, CEO of the California Independent System Operator, told his board two weeks ago.

⁴ <http://eega.cpuc.ca.gov/Documents.aspx> See Report Names: SCE.MN.201204.1.xls; SDGE.MN.201204.1.xls

... Weisenmiller also said the commission was prepared to force the state to ramp up the energy efficiency of its own buildings to reduce long-term load.

Regulators must also find a way to replace the "voltage support" provided by San Onofre. In order for the physics of importing power to work, there needs to be some electricity added to the system between Southern Orange County and Northern San Diego County. Weisenmiller and Pendergraft said they may install special equipment at Huntington Beach to solve that problem, and AES has applied to repower Units 1 and 2 at that location.

"We will certainly have, as part of our program, energy-efficiency measures and a whole range of technologies in those areas," Weisenmiller said. "We are very focused on Orange County and San Diego." 7-21-12 North County Times.⁵

Progress on this issue in the LTPP is urgently needed *this year*

The Commission's processes tend to be slow-moving and circuitous, often involving a series of adjustments in more than one proceeding in order to launch a new policy or methodology. Moving an issue through the right forums in the right order can make a big difference, so we strongly urge the leadership in this proceeding to get the process moving since it's already been on hold for fourteen months.

Key elements are still missing that need to be accessed from other proceedings or other agencies. For example, ISO needs to put nuclear outages in its scenarios; the joint CEC/CPUC group "DAWG" or somebody somewhere needs to finally figure out how to use Evaluation, Measurement & Verification to qualify Energy Efficiency as a resource⁶ (and the Commission needs to assess penalties for missing EE targets rather than paying utilities bonuses for that); the Resource Adequacy proceeding needs to declare Energy Efficiency and Distributed Generation NQC; a variety of issues involving distribution system capabilities and resources that are scattered amongst the IOU General Rate Cases need to be consolidated in a distribution grid rulemaking; and CEC and/or CPUC need to collect better data on what resources are attached to distribution grids.

⁵ http://www.nctimes.com/business/energy-planners-bracing-for-no-san-onofre-in/article_eba0dbac-6b33-5428-b1a8-104491e5ba46.html

⁶ At the 6-26-12 Workshop on EE & Demand Forecasting, one of ED's leading representatives stated that there needs to be funding from outside EM&V for procurement issues.

If extenuating circumstances make it somehow inadvisable to try to plan clean replacement for nukes in the current track, so be it, but the Commission is taking surprising risks with reliability and the economy. Track 2 could become bogged down in a variety of thorny theoretical questions, leaving California with no plan for replacement resources for SONWGS in the summer of 2013 — by which time Huntington Beach will be shut down in order to transfer air emissions credits to Walnut Creek.

At the 6-22-12 infrastructure workshop in LA, *ISO's representative said that Walnut Creek Energy Center is unable to supply voltage support that Huntington Beach is supplying in the absence of SONWGS, so there would be a crisis next summer well beyond what we have this year.*

WEM recommended an expedited planning process for nuclear power

WEM's May 2011 testimony proposed an expedited month-long process to create an interim plan for clean resources to support reliability if a nuclear outage were to occur prior to the Commission having a chance to fully consider this issue in the regular course of a proceeding.

We anticipated that agencies, stakeholders, and the public would begin this process by identifying all the potential barriers to clean resource planning for such an outage, and would brainstorm how to remove those barriers as quickly as possible, or find a way to set them aside temporarily while more permanent solutions could be developed.

The goal of this exercise was to agree on an experimental "pilot" program to enable clean resources to be used in a nuclear outage, even before all the barriers were completely removed.

Now here we are in 2012 with a completely predictable nuclear outage being portrayed as a supposed "emergency," leading to a non-transparent backroom process to identify replacement resources, which has so far bypassed nearly all preferred resources, surprise surprise! The whole affair has been so murky and uncertain that the media, businesses and residents have been told that there could be rolling blackouts if the weather is extra hot — hardly reassuring, with most of the nation experiencing record breaking heat waves this summer.

At the June 22, 2012 LA workshop on electricity infrastructure, a leading businesswoman expressed astonishment at the failure of the energy agencies and utilities

to adequately prepare for this situation — noting the enormous chunk of California’s economy that is being placed at risk.

At that same meeting, the representative of the S. Coast Air Quality Management District showed shocking data, demonstrating that the *LA Basin has the worst air quality in the nation — by far*. Clearly, another gas plant is an unacceptable solution for reliability in this area — especially when truly clean resources are begging to be connected and used.

SCE errs in arguing to postpone consideration of replacement for SONWGs

SCE’s Motion pointed to different passages in the Scoping Memo, focusing on Track 2:

As part of Track II, the Commission identified 11 issues that it will consider including Issue No. 1, "what assumptions should be made about the availability of various supply resources and levels of electricity demand over the next 20 years" and Issue No. 7, "how the potential for shutdown of nuclear power plants in California would impact long-term system reliability needs." (Scoping Memo, pp. 8-9). SCE Motion, p. 3.

Just because nuclear issues happen to be named in relation to Track 2 doesn’t automatically mean that nuclear issues are excluded from Track 1. Obviously a long-term outage or permanent shutdown of SONWGS would impact local reliability needs in Los Angeles, Orange Co. and San Diego.

SCE also argues:

There is very little time to consider many Track I issues. It is a distraction to all parties to have WEM introduce issues to be determined in another Track. Ibid.

Well now, SCE might have some responsibility for messing up the design of its steam generators and causing this big distraction.⁷ But they’re too busy to talk about that – oh no, “I’m late, I’m late, I have a very important date!”

The longer the Commission waits to discuss clean replacement resources, the longer SCE spews GHGs and pollutes the air and water with the potentially unnecessary old Huntington Beach power plant — and the more the pressure mounts to allow SCE to

⁷ SCE insists that the condition of SONWGS steam generators are completely beyond the scope of this proceeding. Motion, p. 5. In fact, this portion of WEM’s testimony relates directly to “Whether additional capacity is required to meet local reliability needs in the Los Angeles Basin...” Scoping Memo, p. 5, as well as “What assumptions should be made about the availability of various supply resources,” Ibid, p. 8. The investigation into the shutdown, when and if it is launched, will no doubt go more deeply into these questions, but it’s important to understand enough about the steam generator problems to realize how they impact the availability of SONWGS.

restart SONWGS, regardless of the risk to local reliability (already obvious), as well as the economy, the food supply and countless other things we value.

Conclusion

The depth of denial around nuclear problems, worldwide, has become more and more apparent in the sixteen months since the triple meltdowns at Fukushima were covered up for three months and under-reported thereafter, by order of the US Secretary of State and the Japanese minister.

WEM's proposal for advance planning for use of preferred resources in the event of a nuclear outage was simply ignored throughout the last LTPP. We are grateful that the Scoping Memo envisioned taking up questions of eventual nuclear retirements and replacement in this proceeding. It's disappointing that these issues may again be delayed, even though we need clean replacement resources for SONWGS right now. Diablo Canyon could trip offline any time, with possibly catastrophic consequences, and SONWGs could shut itself down again as soon as it's restarted.

We request clarification whether questions of replacement resources for SONWGs will be considered in Track 1 of this proceeding.

Dated: July 23, 2012

Respectfully Submitted,

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