

**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. 12-03-014  
(Filed March 22, 2012)

**SIERRA CLUB CALIFORNIA'S AND CEJA'S OPPOSITION TO THE MOTION OF  
PACIFIC GAS AND ELECTRIC COMPANY (U 39 E) TO MODIFY THE  
STANDARDIZED PLANNING ASSUMPTIONS ADOPTED IN THE JUNE 27, 2012  
ASSIGNED COMMISSIONER'S RULING**

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Pursuant to Rule 11.1 of the California Public Utilities Commission’s (Commission) Rules of Practice and Procedure, Sierra Club California (“Sierra Club”) and the California Environmental Justice Alliance (“CEJA”) oppose Pacific Gas and Electric Company’s (“PG&E”) July 31, 2012 motion to modify the standardized planning assumptions.

**ARGUMENT**

PG&E’s request to modify the adopted planning assumptions to consider an extreme, high load sensitivity should be rejected. PG&E requests that the planning assumptions be adjusted so that the standardized planning assumptions would consider the high load scenario using a 1-in-10 year temperature case. The motion should be denied for two reasons. First, PG&E raised the same argument in its comments on the standardized planning assumptions and the decision declined to adopt PG&E’s proposal. PG&E should not be given a second chance to raise the same information without providing a new justification for its request. Second, PG&E requests a scenario that is unrealistic and unnecessary. PG&E requests the Commission to analyze an extreme event that will not occur but could be used to justify over procurement. Additionally, the planning assumptions already include a 1-in-10 year temperature sensitivity around the mid case. This is sufficient to understand the impacts of a rare 1-in-10 year temperature event.

## **I. PG&E Should Be Denied a Second Bite at the Apple.**

PG&E's motion should be denied, because PG&E simply makes the same argument that has already been rejected by the Assigned Commissioners Ruling on Standardized Planning Assumptions. Without citing new information or any new justification, PG&E once again requests that the standardized planning assumptions include a wider range of load projections. The only difference is that PG&E now emphasizes its request to change the upper end of the load projection.<sup>1</sup> In essence, PG&E's motion is one for reconsideration. As such, it should be held to a higher standard.<sup>2</sup> PG&E should be required to provide a new justification for relitigating an issue on which it lost. It has not made this showing.

PG&E simply makes the same request to change the standardized planning assumptions load projections. In PG&E's comments on the straw proposal, PG&E argued that the straw proposal "provides an unrealistic narrow range of load uncertainty over the planning horizon."<sup>3</sup> PG&E then

recommends that range be expanded to include not just the expected values of the CED scenarios, but the complete distribution of load projections of the three CED scenarios produced by economic and demographic drivers. The range of load projections should be adequate to represent a range of resource need that if procured would limit customer outages to a typical reliability target of outages not exceeding a 1 day in 10 year frequency.<sup>4</sup>

PG&E makes the same argument in its motion. It argues that "[t]he range of „unmanaged“ load in the standardized planning assumptions as currently adopted is too narrow to adequately evaluate the uncertainty associated with the net „managed demand“ for system reliability."<sup>5</sup>

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<sup>1</sup> Cf. Motion of Pacific Gas And Electric Company (U 39 E) to Modify the Standardized Planning Assumptions Adopted in the June 27, 2012 Assigned Commissioner's Ruling ("PG&E's Motion") to Comments of Pacific Gas And Electric Company (U 39 E) on the May 10, 2012, Energy Division Standardized Planning Assumptions Proposal ("PG&E Comments") Appendix A, pp. 2-3.

<sup>2</sup> Cf. Rule 16.1(c) the standard for requests for rehearing on Commission decisions must "set forth specifically the grounds on which the applicant considers the order or decision of the Commission to be unlawful or erroneous, and must make specific references to the record or law."

<sup>3</sup> PG&E Comments, Appendix A, p. 2.

<sup>4</sup> *Id.*

<sup>5</sup> PG&E's Motion, p. 1

Since PG&E makes no new showing for why the standardized planning assumptions should be changed, the motion should be denied.

## **II. PG&E's Motion for an Analysis of an Unrealistic Sensitivity Should Be Denied.**

PG&E's Motion requests analysis of a worst-case projection; however, the standardized planning standards need to be reasonable projections of the future, not worst-case highly unlikely projections. PG&E proposes that the sensitivity consider both the CEC's high load scenario and the 1-in-10 year temperature, the combination of which would produce an unrealistic analysis that could be an exercise to justify unneeded procurement.

Another sensitivity using the 1-in-10 temperature case is unnecessary. The standardized planning assumptions already include a 1-in-10 sensitivity based on the mid case load forecast.<sup>6</sup> An additional sensitivity using the 1-in-10 temperature is not necessary for the Track 2 system analysis, which is based on the 1-in-2 year temperature. Using the 1-in-10 case increases the amount of load because it assumes a much higher load than is likely to occur, and the 1-in-2 case already assumes a reserve.<sup>7</sup>

The use of high load case also overestimates load, because load forecasts have historically been high. Past demographic and economic assumptions, chiefly assumptions on population growth, have historically tended to be too high, thus artificially inflating need. For instance, the CEC lowered its population growth rate projected for the years 2007-2016 from 1.7 percent per year to 1.3 percent per year for the 2010 to 2020 period.<sup>8</sup> Additionally, the demographic assumptions in CEC Forecast overestimate California's future population growth. The CED 2011 Revised forecast does not attempt to account for ongoing decrease in population growth by adjusting the California Department of Finance's projections using Moody's projections, but further adjustments are necessary to produce realistic assumptions. The new projections created in the CED 2011 Revised Forecast estimate California's population at

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<sup>6</sup> See Assigned Commissioner's Ruling on Standardized Planning Assumptions, June 27, 2012, Attachment, p. 11.

<sup>7</sup> See D.04-12-048 at p. 30 (rejecting argument that all cases should switch to a 1-in-10 peak weather standard because existing resource planning using average weather and a reserve margin provides a "cushion should hotter than average weather occur").

<sup>8</sup> See CEC, California Energy Demand 2010-2020 Adopted Forecast (Dec. 2009), p. 2.

approximately 42.5 million people in 2020.<sup>9</sup> However, projections in a study from USC released last month and based on the 2010 census data indicate that California's population will be closer to 40.8 million people in 2020.<sup>10</sup> Similarly, the recent economic downturn has also caused a dip in energy demand.<sup>11</sup> Thus, it is prudent to rely on conservative assumptions when estimating economic and demographic trends so as not to overestimate need. PG&E requests the exact opposite and as a result its motion should be denied.

## CONCLUSION

For the foregoing reasons, PG&E's Motion should be denied.

Respectfully submitted,

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<sup>9</sup> Alcorn, Bryan, Ciminelli, Mark, Fugate, Nicholas, Gautam, Asish, Gorin, Tom, Kavalec, Chris, Sharp, Glen, and Sullivan, Kate. 2012. *DRAFT STAFF REPORT -- Revised California Energy Demand Forecast 2012-2022*. California Energy Commission. Publication Number: CEC-200-2012-001-SD-V1, Figure 1-9, p. 29.

<sup>10</sup> Pitkin, John and Myers, Dowell. 2012. *Generational Projections of the California Population by Nativity and Year of Immigrant Arrival*. Produced by the Population Dynamics Research Group, Sol Price School of Public Policy, University of Southern California. Text and supporting materials are published at: <http://www.usc.edu/schools/price/research/popdynamics>, p. iii.

<sup>11</sup> See Bill Powers Track II Testimony in R.10-05-006, (May 4, 2011) at p. 5; California Energy Efficiency Strategic Plan, January 2011 Update.

/s/

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