

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)

COMMUNITY ENVIRONMENTAL COUNCIL OPENING BRIEF ON TRACK I
ISSUES

TAM HUNT



Attorney for:
Community Environmental
Council
26 W. Anapamu St.,
Santa Barbara CA 93105
(805) 214-6150

Sept. 24, 2012

EXECUTIVE SUMMARY

The Commission must, based on its own clear precedent, fully consider the ability of preferred resources to meet LCR before granting authority to procure conventional fossil fuel generation for LCR. The state's loading order and EAP I and II have for far too long been guiding precedent in theory but not in practice. It is imperative that the Commission change this unfortunate history in the current LTPP cycle.

I.

DETERMINATION OF LOCAL CAPACITY REQUIREMENTS (LCR) NEED IN LOS ANGELES BASIN

A. CAISO's LCR And Once-Through Cooling (OTC) Generation Studies

No comment at this time.

B. Consideration Of Preferred Resources, Including Uncommitted Energy Efficiency, Demand Response, Combined Heat and Power, and Distributed Generation, In Determining Future LCR Needs

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The Order Instituting Rulemaking (OIR) for R.12-03-014 states (p. 2): "All resource and procurement planning in this proceeding will be done in the context of the Energy

Action Plan II (EAP II)¹ and other state energy policies, such as AB 32 greenhouse gas,² and once-through-cooling policies.³”

The key content of EAP I and EAP II is the state’s long-established but long-ignored loading order. EAP II states (p. 2):

EAP II continues the strong support for the loading order – endorsed by Governor Schwarzenegger – that describes the priority sequence for actions to address increasing energy needs. The loading order identifies energy efficiency and demand response as the State’s preferred means of meeting growing energy needs. After cost-effective efficiency and demand response, we rely on renewable sources of power and distributed generation, such as combined heat and power applications. To the extent efficiency, demand response, renewable resources, and distributed generation are unable to satisfy increasing energy and capacity needs, we support clean and efficient fossil-fired generation.

The May 17 Scoping Memo includes as one of the issues to be addressed in this proceeding (p. 5): “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...”

Accordingly, under the clear terms of the OIR and EAP II, this proceeding must fully consider the ability of energy efficiency, demand response, energy storage, distributed generation and other renewables to meet Local Capacity Requirements (LCR) before it commits to allowing any new fossil-fired generation. This analysis not been done yet and it seems that the default path toward fossil-fired generation is yet again being followed thus far in this proceeding. We are, however, encouraged by the Commission’s recent willingness (through the joint workshop on preferred resources held on Sept. 7) to more fully consider preferred resources for meeting LCR. We

¹ EAP I was issued jointly on May 8, 2003, by the Commission, the California Energy Commission (CEC) and the California Consumer Power and Conservation Financing Authority. EAP I was updated with the adoption of EAP II, as a joint policy plan of the California Public Utilities Commission and the CEC, in October 2005.

² Stats. 2006, Chapter 488.

³ Statewide Water Quality Control Policy on the Use of Coastal and Estuarine Waters Used for Power Plant Cooling.

strongly urge the Commission to respect the loading order, the EAP II and the OIR's own directives by conducting a complete analysis of the ability of preferred resources to meet any LCR before authorizing any new fossil-fired generation in this proceeding. We also strongly urge the Commission to postpone any decisions until the additional rounds of comments on the Sept. 7 workshop and related issues are received and fully considered, as these comments will be highly material to the topics covered in Track I hearings.

The Council proposed an LCR feed-in tariff in reply testimony during the Track I hearings, but this portion of our testimony was struck as coming too late. We will be fleshing out our proposal, however, in comments on the Sept. 7 workshop and related documents.

C. Appropriate Assumptions Concerning Retirement of OTC Generation

No comment at this time.

D. Transmission Mitigation

No comment at this time.

II.

DETERMINATION OF LCR NEED IN BIG CREEK/VENTURA AREA

No comment at this time.

III.

PROCUREMENT OF LCR RESOURCES

As mentioned above, the Council will be submitting further comments regarding procurement of LCR resources through alternative means in comments on the Sept. 7 workshop and related documents. We again urge the Commission to fully consider these forthcoming comments (and other parties' comments) before making any decisions regarding all-source RFOs or other procurement tools. The Commission's clear precedent in this proceeding, prior LTPPs and in the EAP I and II demands full consideration of preferred resources and alternative means of procurement before any final decisions are made.

IV.

**INCORPORATION OF THE PREFERRED LOADING ORDER IN LCR
PROCUREMENT**

No comment at this time.

V.

**INCORPORATION OF FLEXIBLE CAPACITY ATTRIBUTES IN LCR
PROCUREMENT**

A. Resource Adequacy (RA) Rules Regarding Flexible Capacity

No comment at this time.

**B. Additional Rules, Not Already Covered By RA Rules, To Govern LCR
Procurement**

No comment at this time.

VI.

COST ALLOCATION MECHANISM (CAM)

A. Appropriate Allocation Of Costs Of Additional LCR Resources In Light Of Commission-Adopted CAM

No comment at this time.

B. Should CAM Be Modified At This Time?

No comment at this time.

C. Should Load Serving Entities (LSEs) Be Able To Opt Out Of CAM?

No comment at this time.

VII.

OTHER ISSUES

A. SCE Capital Structure Proposal

No comment at this time.

VIII.

CONCLUSION

For the reasons discussed above, we urge the Commission to fully consider the ability of preferred resources to meet LCR before authorizing any conventional generation for LCR purposes.

TAM HUNT

A handwritten signature in black ink, consisting of several fluid, overlapping strokes that form a stylized representation of the name 'Tam Hunt'.

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Santa Barbara CA 93105
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Dated: September 24, 2012