

**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)

TRACK 1 OPENING BRIEF OF THE VOTE SOLAR INITIATIVE

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**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 10-05-006
(Filed May 6, 2010)

TRACK 1 OPENING BRIEF OF THE VOTE SOLAR INITIATIVE

Pursuant to Rule 13.11 of the California Public Utility Commission's (Commission's) Rules of Practice and Procedure and Administrative Law Judge (ALJ) Gamson's ruling¹, The Vote Solar Initiative (Vote Solar) submits this opening brief on the issues addressed in Track 1 of the above captioned proceeding. Vote Solar is not responding to all of the issues in the "common briefing outline" prepared by Southern California Edison Company (SCE), but where Vote Solar does respond, the exact headings and numbering from the common briefing outline have been retained.

I. EXECUTIVE SUMMARY

Vote Solar appreciates and applauds the thorough, robust and voluminous record, representing diverse and numerous parties, developed and established in this Track 1. Equally, however, Vote Solar recognizes that at the heart of this Track 1 is the "artful science" of forecasting, and therefore that no amount of detail, vetting or analyzing will render static otherwise perpetually moving targets. Thus, as further described below, Vote Solar recommends the Commission make a finding of a Local Capacity

¹ Transcript at p.1384, lines 16-21 (ALJ Gamson/Commission).

Requirement (LCR) need, for the SCE LA Basin and Big Creek/Ventura Local Reliability Areas (LRAs), falling within, or inclusive of, a range of 800 to 1,700 MW. Critical to this recommendation is that the demand lowering, incremental preferred resources underlying this range materialize. Vote Solar's recommendations regarding the procurement of the preferred and conventional resources to meet these needs will be addressed in comments to be filed on October 5, 2012 and consistent with the directives in the *Administrative Law Judge's Ruling Seeking Comment on Workshop Topics*, issued on September 14, 2012 in this proceeding (ALJ Ruling).

II. DETERMINATION OF LOCAL CAPACITY REQUIREMENTS (LCR) NEED IN CALIFORNIA INDEPENDENT SYSTEM OPERATOR (CAISO) STUDIES

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

Relying on modeling based on the "Trajectory" scenario assumptions, CAISO concludes that the Commission should authorize procurement of approximately 3,000 MW of new or replacement generation in the LRAs.² CAISO supports this conclusion by stating that the Trajectory scenario is the "most aligned with commercial interest and therefore should be used as the reference case for local procurement needs authorized in this proceeding."³ Many parties challenge these CAISO conclusions and some, such as the Division of Ratepayer Advocates (DRA), counter that zero new or replacement generation is needed at this time.⁴

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

² Exh. ISO-01 at p.17, lines 4-16.

³ Id.

⁴ Exh. DRA-01 at p.23, lines 1-24.

In addition to the Trajectory scenario, CAISO also modeled a number of other assumptions sets, including one referred to as the “Sensitivity” scenario.⁵ The Sensitivity scenario results in a need for approximately 1,000 to 1,700 MW of new or replacement generation in the LRAs.⁶ CAISO, however, contends that these results should not be relied upon because the embedded assumption that increased amounts of Energy Efficiency (EE), Combined Heat and Power (CHP) and Distributed Generation (DG) will materialize creates too much uncertainty, and thus might jeopardize system reliability.⁷ Many parties challenge CAISO’s conclusion that the incremental EE, CHP and DG modeled in the Sensitivity scenario should not be relied upon, including Vote Solar witness Dr. Gimon. Dr. Gimon testifies that adoption of CAISO’s views on incremental EE, CHP and DG “would amount to abdication of the Commission’s leadership in implementing its own preferred loading order position.”⁸

III. DETERMINATION OF LCR NEED SPECIFIC TO LA BASIN AND BIG CREEK/VENTURA AREA

A. LA Basin

B. B. Big Creek Ventura Area

Ultimately, all of the work of this Track 1, like much of the electrically related work of the Commission in general, is performed for the singular and highly worthy purpose of maintaining a reliable and resilient California grid.⁹ This work is, however, completely dependent upon forecasting that is, as testified to by TURN witness Mr. Woodruff, like all forecasting, inherently prone to frailties.¹⁰ Accordingly, a case can be made both supporting and refuting not only

⁵ Exh. ISO-02 at p.2, lines 12-24.

⁶ Id. at p.5, Table 2.

⁷ Id. at pp.4-8, lines 1-2.

⁸ Exh. Vote Solar-01 at p.3, lines 13-15.

⁹ Id. at p.2, lines 18-19.

¹⁰ Exh. TURN-01 at p.9, lines 1-5.

the CAISO’s modeling and recommendations, but the recommendations of all of the parties.

How then does the Commission complete the monumental task of forecasting LCR need while minimizing the inevitable frailties in such an undertaking? Consistent with the framework referenced by ALJ Gamson,¹¹ Vote Solar considers the reasonable spectrum of LCR need to be as follows:

<u><i>Optimistic</i></u>		<u><i>Conservative</i></u>
<= zero immediate need (per, e.g., DRA)	1,000 to 1,700 MW (Sensitivity scenario)	3,000 MW => (Trajectory scenario)

Vote Solar initially recommended approximately 800 MW¹² of need, and thus supports an LCR need finding for the SCE LRAs falling within, or inclusive of, a range between 800 and 1,700 MW. Vote Solar makes this recommendation for a number of reasons. First, the CAISO’s own modeling of both the Trajectory and Sensitivity scenarios demonstrates that if incremental preferred resources are added to the Trajectory scenario (thereby creating something akin to the Sensitivity scenario), the LCR needs are significantly reduced. However, as discussed in Section II.B, *above*, CAISO’s incredulity regarding whether the incremental preferred resources embedded in the Sensitivity scenario will materialize causes CAISO to dismiss this very reasonable approach for reducing the Trajectory scenario based LCR need. Nevertheless, in light of the Commission’s clear desire to adhere to the mandate of the preferred loading order,¹³ CAISO’s arguments must be dismissed in their entirety. Having overcome CAISO’ opposition to reliance on incremental preferred resources, the 3,000 MW need indicated by the Trajectory scenario now becomes the very tail end of the spectrum, rendering the 1,700 MW high end of the Sensitivity scenario a more reasonable and prudent high end LCR need boundary.

¹¹ Transcript at p.923, lines 13-19 (ALJ Gamson, Commission).

¹² Exh. Vote Solar-01 at p.6, lines 10-14.

¹³ As established in the Energy Action Plan II (September 21, 2005). *See also* Commission Decision 12-01-033 at p. 21, which states that the “loading order applies to all utility procurement.”

Next, the zero immediate LCR need recommendation, albeit modeled by DRA and advocated for by a number of other parties, when compared to the Sensitivity scenario, likewise becomes a tail end, but on the other side of the spectrum. While generally highly compelling, DRA witness Mr. Fagan does acknowledge: 1) that DRA uses a “simpler” modeling tool than CAISO¹⁴, and 2) there is the possibility of “a few hundred megawatts” or more, of LCR need.¹⁵ Further, in addition to Vote Solar’s own analysis supporting 800 MW of need (see footnote 12), Vote Solar is at least partially persuaded by the many arguments regarding the urgency of the lead time required to procure new or replacement resources.¹⁶ Thus, even if some amount of time exists to defer some amount of LCR need, zero near term procurement is too severe an outcome and therefore too risky. For these reasons, zero immediate need is the tail end of the spectrum and 800 MW is a more reasonable low end boundary.

Importantly, Vote Solar’s support of an LCR need for the SCE LRAs falling within, or inclusive of, the 800 to 1,700 MW range is largely based on the relative merit of the “Sensitivity” scenario when compared to the zero immediate need and Trajectory scenario. Vote Solar is willing to move off of its original 800 MW recommendation to an 800 to 1,700 MW range because the “Sensitivity” scenario low end of 1,000 MW is surprisingly close to what Vote Solar envisioned (i.e. 800 MW) without the benefit of access to reliability modeling tools, and Vote Solar does not disagree that the need could be higher than 800 MW depending on locational effectiveness. Further, because the “Sensitivity” scenario is central to Vote Solar’s recommendation, realization of the incremental preferred resources embedded in the “Sensitivity” scenario assumptions is imperative.

¹⁴ Transcript at p.902, lines 8-10 (Fagan/DRA).

¹⁵ Id at pp.918-919, lines 10-7.

¹⁶ e.g. *see* Exh. SCE-01 at pp.16-17, lines 21-8.

IV. PROCUREMENT OF LCR RESOURCES AND INCORPORATION OF THE PREFERRED LOADING ORDER IN LCR PROCUREMENT

V. INCOPRORATON OF FLEXIBLE CAPACITY ATTRIBUTES IN LCR PROCUREMENT

To avoid confusion and duplication of effort, Vote Solar will respond to Sections IV and V in comments to be filed on October 5, 2012 and consistent with the directives in the ALJ Ruling.

WHEREFORE, for the reasons stated herein, Vote Solar respectfully requests the Commission adopt a Track 1 LCR need for the SCE LRAs falling within, or inclusive of, a range of 800 to 1,700 MW.

Respectfully Submitted,

_____/s/_____

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