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
COMMENTS TO ENERGY DIVISION ON SCENARIO PLANNING
(served, not filed)

September 7, 2012

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Questions: ð
1. ☐ð Are ☐ð there ☐ð any ☐ð technical ☐ð errors ☐ð in ☐ð the ☐ð proposed ☐ð scenarios, ☐ð scenari
Calculator? ☐ð For ☐ð any ☐ð alleged ☐ð errors, ☐ð please ☐ð be ☐ð very ☐ð specific ☐ð in ☐ð your ☐
location ☐ð of ☐ð the ☐ð error ☐ð and ☐ð the ☐ð correct ☐ð value, ☐ð including ☐ð the ☐ð source ☐
appropriate, ☐ð please ☐ð provide ☐ð a ☐ð revised ☐ð spreadsheet ☐ð showing ☐ð any ☐ð corrected ☐
questions ☐ð to ☐ð consider ☐ð in ☐ð identifying ☐ð factual ☐ð errors ☐ð are: ☐ð
a. ☐ð Are ☐ð any ☐ð double ☐ð counted ☐ð or ☐ð inappropriately ☐ð left ☐ð out ☐ð of ☐ð the ☐ð a

Yes – Scenario 2, NO NEW DEMAND SIDE MANAGEMENT (DSM) is unrealistic and highly unlikely to occur. It's unclear what "actionable" guidance this scenario would provide. That we should have DSM resources or not? Of course we do and we will. D1201033 stated unequivocally: "FOF 7. Utility procurement must comply with the Commission's established loading order."

(The description is inaccurate in other ways – for example, equating DSM with preferred resources: "…it assumes preferred resources (e.g. energy efficiency and demand response) either are not pursued beyond current commitments or do not reach program goals." Proposed Scenarios, p. 9. In fact, DSM is a *subset* of preferred resources. Scenario 2 assumes RPS remains on track. The description also fails to mention PV and CHP — or that there is a distinction between those resources on the "demand side" vs. those same resources on the supply-side. The notion that no customer solar and CHP will materialize is completely unrealistic.)

It would be much more appropriate to model HIGH DEMAND SIDE MANAGEMENT. The Environmental Sensitivity and High DG Scenario do not fully address the need for this scenario.[1] The role of energy efficiency (and conservation) are left out. As these are the least cost resources, the failure to fully include them in the portfolios results in unrealistically high cost assumptions.

D1201033 made it very clear that merely meeting EE targets was not the end of the story: "COL 7. Satisfying Commission-established targets for certain resources does not alter their place in the loading order." None of the scenarios explores how we might go *beyond* the Commission's EE targets. Instead, they are only concerned with how the utilities might continue to miss their targets. Fortunately, the utilities are no longer the whole story of EE. The Commission is poised to adopt independent administration for Community Choice Aggregators and Regional Energy Networks in the 2013-14 "bridge years," and the May, 2012 EE decision indicated that the Commission would likely expand independent programs further in the post-2015 cycle. Thanks to the federal stimulus programs, we have already had a few years of semi-independent EE programs driven by local governments and non-utility EE providers. The financing initiatives

[1] Sensitivity 1A 0 the "Environmental Sensitivity" considers *only* additional RPS – no additional DSM. Scenario 3 – High DG projects an increase in both supply and demand side PV, CHP, and Demand Response – Efficiency and conservation are not mentioned. Conservation is completely ignored, although we have a current example of the effectiveness of conservation, as customers have been conserving energy to avoid grid problems durin g the outage of the San Onofre nuclear waste generating station. Data is not yet available, but experience during the 2001 crisis demonstrated 7% reductions that summer from conservation. This is certainly worth the Commission's attention.

being promoted in the EE docket are being adopted first by these non-utility entities (i.e. CCAs and RENs) for the "bridge years."

For that matter, independent (non-utility) providers are already providing these additional DSM resources and are expected to continue to do so. For example, for the past three years there have been non-utility programs that successfully reduced air conditioning load (virtually non-existent in utility programs). In addition, financing programs have been run by utilities as well as independent parties, including local governments. Neither of these were counted in the "incremental EE study."

The "incremental EE study" focused primarily on the continuation of *utility-run programs*. Independent non-utility programs are likely to provide significant increase in DSM, but these resources were left out of the "incremental EE" study. These should be assumed in that they are *"real-world possibilities, including the stated positions or intentions of market participants."*

These are currently-existing programs that are highly likely to materialize in the future, particularly if there is a "solicitation" for targeted DSM to meet the needs at specific locations, which Mr. Cushnie stated would be part of SCE's preferred method for procurement.[2]

It would be useful for the Commission to model EE programs that are allowed to bid into a solicitation or RFO. These could be considered a separate and distinct resource from existing utility-run programs. EE providers that are allowed to compete on a level playing field against supply-side resources would be able to provide a significant amount of capacity (and energy) at a low price compared to other resources. This is realistic and likely — EE (and Demand Response and DG) are already competing in forward capacity auctions in New England, PJM, and the Midwest. For California (the self-styled "leader" in green energy programs) to continue to exclude these resources from procurement is highly unlikely.

b. ☐ð Are ☐ð any ☐ð numbers ☐ð cited ☐ð in ☐ð the ☐ð proposed ☐ð scenarios ☐ð☐ð or ☐ð spreadsheet intended ☐ð sources☐ð ☐ð

☐ð The definition of "portfolio" states: "A high distributed generation scenario would have a different portfolio of resources than a low cost scenario." (Ibid, p. 4) While the definition is not attached to specific numbers, this statement reflects an underlying assumption throughout the scenario modeling, that the costs of (solar) DG would remain higher than natural gas and nuclear power, which is not necessarily so.

WEM has not yet had an opportunity to review ISO's assumptions about relative resource costs, but the scenarios should consider the possibility that we will have a near-term price spike in natural gas, possibly followed by another price collapse, and perhaps a permanent price rise. This is realistic considering the fact that gas drilling has been drastically declining for more than a year because the price is far below the costs of production. This is likely to create a gas price spike in the near future. It's possible that this would drive a new drilling boom, and another bust. But fracking experts such as Anthony Ingraffia of Cornell expect shale gas resources to decline sooner, not later and in the meantime, the damage caused to water supplies is likely to result in policies that

[2] Mr. Cushnie's response to Barbara George question at the 9-7-12 workshop on storage/LTPP.

would also raise the price of fracked gas.

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c. ☐ð Are ☐ð there ☐ð any ☐ð errors ☐ð in ☐ð the ☐ð renewable ☐ð generation ☐ð project ☐ð data ☐
2. ☐ð Staff ☐ð has ☐ð assumed ☐ð a ☐ð resource ☐ð with ☐ð no ☐ð current ☐ð COD ☐ð estimate ☐ð
siting ☐ð cases ☐ð (http://www.energy.ca.gov/sitingcases/ACTIVE.PDF), ☐ð but ☐ð meeting ☐ð other ☐ð
criteria, ☐ð would ☐ð be ☐ð online ☐ð by ☐ð 2017. ☐ð Is ☐ð this ☐ð a ☐ð reasonable ☐ð assumption?
and ☐ð justification ☐ð ☐ð

3. ☐ð If ☐ð Staff ☐ð could ☐ð not ☐ð locate ☐ð a ☐ð COD ☐ð for ☐ð an ☐ð existing ☐ð resource, ☐ð
this ☐ð a ☐ð ☐ð ☐ð assumption? ☐ð If ☐ð not, ☐ð please ☐ð provide ☐ð a ☐ð year ☐ð and ☐ð justificat
source. ☐ð

4. ☐ð Is ☐ð it ☐ð appropriate ☐ð to ☐ð group ☐ð renewable ☐ð resources ☐ð such ☐ð as ☐ð geotherm
conventional ☐ð generators ☐ð for ☐ð purposes ☐ð of ☐ð estimating ☐ð resource ☐ð retirements? ☐ð

5. ☐ð ☐ð 19% ☐ð conversion ☐ð from ☐ð nameplate ☐ð small ☐ð PV ☐ð capacity ☐ð to ☐ð peak ☐ð p
what ☐ð data ☐ð source ☐ð and ☐ð method ☐ð publically ☐ð available ☐ð should ☐ð be ☐ð used ☐ð f

6. ☐ð Please ☐ð provide ☐ð a ☐ð prioritization ☐ð of ☐ð staff's ☐ð ☐ð ☐ð ☐ð ☐ð ☐ð ☐ð ☐ð ☐ð
more ☐ð than ☐ð 1 ☐ð page) ☐ð explain ☐ð the ☐ð ☐ð ☐ð this ☐ð prioritization ☐ð

Dated: September 7, 2012

Respectfully Submitted,

/s/ Barbara George

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