

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)

ALLIANCE FOR NUCLEAR RESPONSIBILITY'S
REPLY COMMENTS ON STANDARDIZED PLANNING SCENARIOS

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Date: October 19, 2012

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I. Introduction.

Pursuant to the September 25, 2012 ruling of Assigned Commissioner Michel Peter Florio in Track 2 of the R.12-03-014, the Alliance for Nuclear Responsibility (“A4NR”) respectfully submits its reply comments on the planning assumptions described in the Attachment to Commissioner Florio’s Ruling.

II. SCE’s recommendation to eliminate the 40%-RPS-by-2030 Scenario reinforces the priority of using widely divergent scenarios to illuminate “plausible future states of the world”.¹

Atavistically conflating analysis with embrace, one of the principal recommendations from Southern California Edison (“SCE”) carries a scent of dogmatism ordinarily shunned in risk assessment:

It is premature to investigate a 40% RPS at this time. Over the next few years, there will be a significant increase in renewable generation towards reaching 33% that is expected to raise utility rates and may have both anticipated and unanticipated impacts on reliability. SCE respects the concerns that some parties have expressed regarding state policies to promote longer-term decarbonization, but policies to reduce GHG emissions need to be viewed comprehensively, including transportation and manufacturing sector emissions, and not simply assume that higher RPS levels are an appropriate policy response.²

Track 1 in this proceeding has been exclusively devoted to attempting to solve an impending local capacity deficit in SCE’s service territory caused by the company’s longstanding

¹ Comments of Pacific Gas and Electric Company (U 39 E) on the Energy Division Draft Scenarios, September 7, 2012, p. 2. PG&E articulated the role which LTPP scenario planning should play in terms which ought to resonate with SCE: “... scenarios should utilize combinations of assumptions, representing plausible future states of the world, to arrive at a reasonably wide range of system need. Scenarios should be constructed in a manner that can pave the way for robust analyses that must consider the various operating attributes of different types of capacity in order to determine the operating attributes that are more effective in meeting the identified need. With resources having the right attributes, fewer megawatts (MW) should be required to meet the identified need.”

² SCE, Comments on the Track 2 Standardized Planning Scenarios, October 5, 2012, p. 7.

unwillingness to accept the legal reality of restrictions on once-through-cooling (“OTC”), and its refusal to procure resources that would diminish its reliance on OTC plants. Making this challenge even remotely tractable has required gross exogenous assumptions: 2,246 MW of moribund nuclear capacity was presumed to operate throughout the 10-year planning period; and a Hail Mary load shift between two SCE substations miraculously reduced need by 2 – 3,000 MW despite not yet showing up in SCE’s distribution planning process. Sadly, A4NR is unsurprised by SCE’s rebuff to even a hint of venturesome scenario analysis: this bias appears to be a core trait of SCE’s current corporate culture.

Whether best framed as a risk of “disruptive technology” or a risk of “disruptive policy”, A4NR would expect a semi-prudent utility planner looking at the California electricity market between 2020 and 2030 to want to fully analyze alternative assumptions about the penetration of renewables. In the 1980s and 1990s, did AT&T and Verizon assess different scenarios for cell phone penetration or did they retreat behind a moat of ignorance surrounding an imaginary landline fortress? Why should the electricity sector be presumed to be obtuse?

III. Continuing state government’s intensifying commitment to expanding the use of renewable generation is not an implausible scenario.

Probabilistically, it would seem that a continuation of government policy (in any subject area) is at least as likely – and many would say more likely – as a significant change to such policy. It is hardly daring to presume that California state government remains committed to the same rate of increase in the role of renewable electricity that has been its focus since the

first Energy Action Plan in 2003. A4NR believes that scenarios are most informative when they illustrate divergent futures which can be meaningfully compared. Each scenario, though, should be subject to a strict requirement of plausibility.

As explained in A4NR's initial comments,³ the "High DG + High DSM, 40% RPS by 2030" scenario suggested by Energy Division staff may inadvertently imply a slackening of state policies promoting renewable energy use. Because of uncertainty as to the amount of renewable generation embedded in the "High DG" assumption, however, A4NR acknowledges that it may be wrong to draw such an inference. To clarify the intent of this scenario as a logical continuation of the past decade's energy and climate policies, A4NR recommends that the electricity generated from renewable sources attributable to either DG or RPS sum to 54.5% in 2030.⁴

IV. Conclusion.

Climate policy's continuing role as a motivator of many California energy initiatives, and the significance of the Commission's ongoing leadership of those efforts, combine to focus A4NR on the imperative of finding non-emitting sources of generation (or displacement thereof through DSM) to backstop the large (but uncertain) contributions expected from SONGS and Diablo Canyon. SCE's regressive approach to the scenario planning process – and the degree to which its planning failures have dominated this LTPP cycle – should remind the Commission of the peril of turning off one's headlights when driving at night. Scenarios can illuminate the

³ A4NR, Comments on Standardized Planning Scenarios, October 5, 2012, pp. 4 – 6.

⁴ A4NR does not regard this formulation as materially different from the 55% RPS recommendation of several of the other parties to R.12-03-014, and in this subject area expects their policy instincts to be more predictive than its own arithmetic fastidiousness.

choices which loom ahead, and should be evaluated as analytic constructs rather than shunned or endorsed as doctrinal catechisms. A4NR has refrained from attempting to micromanage the Energy Division's framing of the Track 2 scenarios, but has recommended modest tweaks to correct otherwise significant deficiencies. These suggested adjustments, detailed in A4NR's previously filed comments, deserve careful consideration.

Respectfully submitted,

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