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Sent: 10/30/2012 11:18:32 AM  
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Cc: Jacobson, Erik B (RegRel) (/O=PG&E/OU=Corporate/cn=Recipients/cn=EBJ1)  
Bcc:  
Subject: Evidentiary Cites

CONFIDENTIAL

Frank:

Following up on our Oakley conversation last week, we thought it might be helpful to provide to you some citations from the record and recent Commission decisions supporting the need for the Oakley Project. These citations are in addition to the lengthy CAISO studies which were submitted into the record, but are limited based on the evidentiary ruling at the hearing. The citations below support the general need associated with renewable integration and the retirement of once-through cooling (OTC) units. Read with the CAISO studies (which were admitted to demonstrate that the second prong of D.10-07-045 had been met that there were CAISO studies demonstrating reliability risks), we think there is more than sufficient evidence in the record, and in previous Commission decisions, to support a general determination that there will be a significant need in the future associated with the integration of renewable resources and the retirement of OTC units. We believe that the Commission does not need to make a specific megawatt number determination of need in this proceeding, but can more generally determine that there is a significant need for flexible resources to integrate renewables and, with the retirement of OTC units, that need must be met with plants such as the Oakley Project. There is lots of information in the record that the Oakley Project is expressly designed to meet the renewable integration need, and I can provide citations to that as well if you would like.

In addition, I have included some citations to evidence submitted by the intervenors into the record that includes information from the CAISO regarding need. It is notable that the intervenors themselves submitted evidence and documents that discussed the needs associated with renewable integration. While there is ample evidence in the record to support the need for the Oakley Project without citing to this, it could certainly be cited as further evidence in the record to demonstrate that the intervenors' own evidence, which they did not object to on evidentiary grounds, supports a conclusion that the Oakley Project is needed.

I thought this might be helpful. Let me know if you want to discuss

Charles

**Evidence/Support for the Need for the Oakley Project (Not Including the CAISO Studies):**

- D.12-06-025 at pp. 11-12 (recent Commission decision in the RA proceeding that discusses impact of RPS resources and need for a “flexible fleet of generating resources”)
- CEC Final Report approving Oakley, Greenhouse Gas Emissions section, p. 12 discussing the need for the Oakley Project to integrate renewable resources (ALJ Yacknin took official notice of the CEC Report so it is in the record in this proceeding)
- Exhibit 5, Attachment O, Slides 15-16 (CAISO slides attached to DRA’s prepared testimony showing operational impacts of renewables)
- Exhibit 39 (IEP pleading from 2012 LTPP proceeding describing impact of RPS resources and lengthy time needed to build new generation)
- Exhibit 2, Attachment O (testimony of IEP witness from 2012 LTPP regarding risk of under-procurement to meet the need)
- Exhibit 2 at p. 51 (PG&E rebuttal testimony about increase in needs given SONGs outage and potential retirement)
- Exhibit 5, Attachment G (list of OTC retirements in PG&E’s service area)

**CAISO Need Numbers Submitted by Intervenors:**

- Exhibit 5, Attachment O, Slide 2 in “Incorporate Local Capacity Requirement” -- Residual need of 1,200 MW even with 2012 LTPP Track 1 resources (DRA Exhibit)
- Exhibit 21 (CAISO initial testimony from 2012 LTPP offered by DRA shows the need for system resources)
- Exhibit 30 (CAISO rebuttal testimony from 2012 LTPP offered by DRA supports the need for system resources)
- Exhibit 7, Attachment R3 at p. 7 (TURN attached a portion of a July 2012 CAISO whitepaper describing the challenges or renewables and OTC retirements)