

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)

**REPLY COMMENTS OF THE  
CENTER FOR ENERGY EFFICIENCY AND RENEWABLE TECHNOLOGIES ON  
STANDARDIZED PLANNING SCENARIOS**

October 19, 2012

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The Center for Energy Efficiency and Renewable Technologies (CEERT) respectfully submits these Reply Comments on the Standardized Planning Scenarios attached to the Revised Assigned Commissioner’s Ruling Setting Forth Standardized Planning Scenarios for Comment issued on September 25, 2012 (September 25 Revised ACR). These Reply Comments are filed and served pursuant to the Commission’s Rules of Practice and Procedure and the September 25 Revised ACR.

**I.  
MULTIPLE PARTIES, ALONG WITH CEERT, HAVE RAISED  
APPROPRIATE CONCERNS REGARDING THE ENERGY DIVISION’S  
PROPOSED STANDARDIZED PLANNING SCENARIOS.**

In its Opening Comments, CEERT objected to the failure of the Energy Division’s Proposed Standardized Planning Scenarios (attached to the September 25 Revised ACR (Scenarios Attachment)) to follow basic tenets of scenario planning that require examination of “a plausible range of future outcomes for the forecast period at issue” and “a range of possible, critical input assumptions.”<sup>1</sup> The consequences of not doing so has yielded “proposed scenarios”

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<sup>1</sup> CEERT Opening Comments, at pp. 1, 4.

that are simply “variations on *one* theme – an ‘all gas’ forecast and future,”<sup>2</sup> an outcome at odds with the State’s renewables and clean energy procurement policies.

CEERT, therefore, recommended in its Opening Comments that the Commission should take certain steps to correct these errors before and in adopting any final Standardized Planning Scenarios. As explained in detail in CEERT’s Opening Comments, these steps were generally described as having the Commission: (1) develop and adopt a “Do the Best You Can With What You Have Got” Scenario, (2) develop and adopt a “Continue Environmental Policy” Scenario, and (3) conduct a true scenario analysis.<sup>3</sup>

The Opening Comments of many other parties share the same concerns with the Standardized Planning Scenarios as voiced by CEERT. Further, like CEERT, each has offered meaningful recommendations to cure deficiencies in the Proposed Standardized Planning Scenarios.

Thus, the Alliance for Nuclear Responsibility (ANR), Sierra Club of California and Union of Concerned Scientists (Sierra Club/UCS), Natural Resources Defense Council (NRDC) and Community Environmental Council (Council), and the Clean Coalition in their Opening Comments agree that, when looking out over the next twenty years, it is important to have a principal scenario that assumes continuation of the environmental policies that are embedded in the Commission’s Energy Action Plan Loading Order of preferred resources and the 33% by 2020 Renewable Portfolio Standard (RPS).<sup>4</sup> Each of these parties urges that the Standardized Planning Scenarios *include* a scenario that embraces and *further*s these important policies.

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<sup>2</sup> *Id.*, at p. 1; emphasis original.

<sup>3</sup> CEERT Opening Comments, at pp. 4-6.

<sup>4</sup> ANR Opening Comments, at p. 4; Sierra Club/UCS Joint Opening Comments, at p. 4; NRDC/Council Joint Opening Comments, at p. 4; and Clean Coalition Opening Comments, at p. 3.

This shared emphasis on looking beyond a 33% RPS after 2020 to higher levels of renewable generation and other preferred resources to meet expected energy needs is not intended to trigger additional early procurement of renewables above 33% pre-2020. Instead, it is to make clear that over-procurement of gas resources in the short term (from now until 2020) and the procurement of natural gas to fuel these new resources must be avoided to prevent the State from becoming locked into a fossil-dominant future or crowding out investment that would otherwise be made in Loading Order preferred resources.

In fact, the Opening Comments of both utility *and* ratepayer representatives echo this concern. Thus, Southern California Edison Company (SCE), the Division of Ratepayer Advocates (DRA), and The Utility Reform Network (TURN) all note that *over-procurement* of gas in the short term could be an outcome of using the CAISO’s “stress case” as a basis for procuring more new gas resources.<sup>5</sup> CEERT agrees.

What is important in this LTPP cycle is to avoid the temptation to assume that the only answer to all the pressures to procure new generation resources (questions regarding the future of San Onofre Nuclear Generating Station (SONGS), once-through-cooling (OTC) retirements, intermittent renewables integration) is to build new gas. Even the CAISO rejects this prescription by advocating for procurement of preferred resources before turning to an all gas solution.<sup>6</sup>

While CAISO and CEERT share that view, CEERT does disagree with CAISO’s conclusion that their “stress case,” which appears here as the Replicating the Transmission

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<sup>5</sup> SCE Opening Comments, at p. 1; DRA Opening Comments, at p. 1; TURN Opening Comments, at p. 2.

<sup>6</sup> CAISO Opening Comments, at p. 4.

Planning Process (TPP) Scenario, should form the basis for procurement of energy to serve system need.<sup>7</sup>

However, the CAISO makes the extremely important point that Loading Order preferred resources should be considered as policy driven *outcomes* capable of filling a demonstrated need, rather than as fixed *input* assumptions with any residual need filled only by new natural gas fired generation as proposed in the Standardized Planning Scenarios.<sup>8</sup> To avoid that outcome, CEERT renews its request for adoption of its recommended revisions to the Standardized Planning Scenarios.

## II. CONCLUSION

For the reasons stated herein and in its Opening Comments, it is imperative for the Commission to revise and correct the Standardized Planning Scenarios consistent with CEERT's recommendations. As noted above, the need for such revisions is supported by the Opening Comments of many other parties to this proceeding.

Respectfully submitted,

October 19, 2012

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<sup>7</sup> Id., at pp. 3-4.

<sup>8</sup> Id., at p. 4.