

October 19, 2012 L. Jan Reid

**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 L. JAN REID ON STANDARDIZED  
PLANNING SCENARIOS**

October 19, 2012

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## **I. Introduction**

Pursuant to the September 25, 2012 Assigned Commissioner's Ruling (ACR) of Commissioner Michael Florio, I submit these reply comments on the proposed standardized planning scenarios in the Long Term Procurement Plan (LTPP) proceeding.

## **II. Summary and Recommendations**

I have relied on state law and past Commission rulings in developing recommendations concerning the standardized planning scenarios. I recommend the following:<sup>1</sup>

1. The Commission should order the IOUs to track the location of energy efficiency resources and to communicate this information to both the CAISO and to the Commission's Energy Division. Relevant locational information can then be accounted for when different scenarios are modeled in the instant rulemaking. (pp. 2-3)
2. The Commission should give zero weight to SCE's comments on the nuclear power plant retirement issue. (pp. 3-4)

## **III. Proposed Findings**

My recommendations are based on the following proposed findings:

1. In resource modeling, there is a mathematical difference between a supply-side resource and a reduction in demand. (p. 2)
2. In order to oversee the modeling of energy efficiency as a supply-side resource, the Commission must know the location of energy efficiency resources. (pp. 2-3)
3. Both the creation and the scope of R.12-03-014 have been publicly noticed and all constituency groups have the opportunity to participate in R.12-03-014. (pp. 3-4)

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<sup>1</sup> Citations for these recommendations and proposed findings are given in parentheses at the end of each recommendation and finding.

#### IV. Energy Efficiency

The California Independent System Operator (CAISO) has argued that:  
(CAISO Comments, p. 4)

Rather, energy efficiency programs should be considered like a supply-side solution to any identified need, rather than as a reduction to the load forecast. As a supply-side solution, energy efficiency can then be procured and committed via a robust procurement process that considers all solutions, enabling an uncommitted energy efficiency program to become a committed resource which can then be tracked and its performance measured.

I agree with the CAISO that energy efficiency should be treated as a supply-side resource and not as a simple reduction in demand. In resource modeling, there is a mathematical difference between a supply-side resource and a reduction in demand. Almost any resource could be treated as a reduction in demand. For example, a must-run fossil fuel plant could be treated as a reduction in demand. Yet, only energy efficiency is currently modeled in this manner.

Neither the output of fossil fuel plants, hydro plants, or demand response is subtracted from load when modeling supply and demand. It is time for the Commission to treat energy efficiency in a nondiscriminatory manner, as a supply-side resource, so that the true value of different resources can be accurately determined.

It is my understanding that the investor owned utilities<sup>2</sup> (IOUs) do not track the location of energy efficiency resources. In order to model energy efficiency as a supply-side resource, the Commission must know the location of energy efficiency resources.

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<sup>2</sup> The term “investor owned utilities” (IOUs) refers to Pacific Gas and Electric Company (PG&E), San Diego Gas & Electric Company (SDG&E), and Southern California Edison Company (SCE).

Therefore, I recommend that the Commission order the IOUs to track the location of energy efficiency resources and to communicate this information to both the CAISO and to the Commission's Energy Division. Relevant locational information can then be accounted for when different scenarios are modeled in the instant rulemaking.

#### **V. Nuclear Power Generation Plant Retirement**

Southern California Edison Company (SCE) argues that: (SCE Comments, p. 9)

It is not possible or appropriate for the Commission to take action on nuclear retirements based on the analysis of scenarios in Track 2 of the LTPP. Such a determination is a complex undertaking, and will involve the participation of numerous constituency groups that are commonly not participants in LTPP proceedings.

SCE receives millions of dollars of income from the operation of the San Onofre Nuclear Generating Station (SONGS). Thus, it is not surprising that SCE is continuing their opposition to the Commission's resolution of the nuclear power generation plant retirement issue. I note that SCE has previously opposed exactly the type of detailed multi-party analysis that SCE is now demanding.

Reid has previously recommended that the Commission open an Order Instituting Investigation (OII) into the feasibility of shutting down the SONGS and Diablo Canyon nuclear power generation facilities. (R.10-05-006, Exhibit 1302, pp. 8-9) SCE opposed Reid's recommendation. (R.10-05-006, SCE Opening Brief, September 16, 2011, p. 43)

It is well known that the Commission is considering the nuclear power generation plant retirement issue in phase 2 of R.12-03-014. Both the creation and scope of the instant rulemaking have been publicly noticed and all constituency groups have the opportunity to participate in R.12-03-014.

Therefore, I recommend that the Commission give zero weight to SCE's comments on the nuclear power generation plant retirement issue.

**VI. Conclusion**

The Commission should adopt Reid's recommendations for the reasons given herein.

\* \* \*

Dated October 19, 2012, at Santa Cruz, California.

/s/ \_\_\_\_\_  
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