

**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  
REPLY COMMENTS ON TRACK 2 REVISED SCENARIOS**

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TABLE OF CONTENTS

Which scenario is the real "base" case?..... 3

CAISO advocates considering demand resources as supplies, for purposes of LTPP..... 4

Still no need for DSM?..... 6

Cost effectiveness of EE should be a factor in procurement..... 6

Cost reductions of EE and DR are essential to fair consideration of retirement..... 7

Essential to model both Diablo and San Onofre nuclear plants offline..... 8

High DSM and High DG assumptions viable; dependent on secret data held by utilities..... 8

**WOMEN'S ENERGY MATTERS  
REPLY COMMENTS ON TRACK 2 REVISED SCENARIOS**

Women's Energy Matters (WEM) appreciates this opportunity to reply to parties' comments on the Revised Standardized Planning Scenarios filed October 5, 2012, pursuant to the September 20, 2012 AC Ruling, revised on September 25<sup>th</sup>. References refer to these comments except where otherwise indicated.

**Which scenario is the real “base” case?**

Energy Division defined three scenarios: Base, Replicating TPP (aka No new DSM), and High DG, with six sensitivities.<sup>1</sup> Parties disagreed as to the relative weight and roles of different scenarios and sensitivities. TURN urged the Commission to pick the Base Scenario as primary:

[T]he Commission... reiterate clearly its commitment to key assumptions of its Base Scenario – many of which reflect specific state energy planning policies and goals – and the role of alternate scenarios as means of testing “what happens if” rather than as principal planning scenarios. TURN, p. 1.

In a footnote, TURN complained about CAISO using the 2010 LTTP High Load case as the most definitive scenario.

CAISO's opening comments also urged the Commission to “identify the specific case that will be used for determining the need.” This would serve as a starting point and the other scenarios would be “studied as alternatives to any defined need.”<sup>2</sup> CAISO also referred to this case as the “the operational reference case for the purposes of the LTTP renewable integration needs and flexibility analysis” — or “operational bookend scenario” for short.

CAISO said it had proposed “an additional ‘high load’ scenario with a 1 in 2 high load, without any uncommitted EE.”<sup>3</sup> Alternatively, it is willing to use the Replicating TPP scenario (“TPP”) or the Stress Case — redefined with a high load.<sup>4</sup>

Significantly, CAISO was willing to give up the 1 in 5 high load that was specified in the Replicating TPP scenario, which DRA feels is inappropriate for any scenarios:

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<sup>1</sup> ED Proposed Scenarios, August, 2012, p. 9

<sup>2</sup> CAISO, p. 3.

<sup>3</sup> CAISO, p. 3, referencing Sept. 7, 2012 CAISO Technical Comments submitted to Energy Division.

<sup>4</sup> CAISO, pp. 3-4.

DRA is unaware of evidence that shows a 1-in-2 load forecast is ineffective in meeting system needs. The proper forum to discussion changes to the load forecast metric is a proceeding such as a planning reserve margin rulemaking or the resource adequacy proceeding. As the planning reserve margin is based on a 1-in-2 load forecast, to deviate from this metric would create inconsistencies in the Commission’s planning assumptions.<sup>5</sup>

CAISO had interesting reasons for using a scenario with no incremental EE or Demand Response as a starting point. One reason was that EE could “potentially mask operational issues.” It is true that some operational issues would disappear as the load disappears — and if the EE failed to materialize, the operational issues would still be there.

CAISO acknowledged that certain types of demand response could address operational issues<sup>6</sup> but fails to mention that certain types of EE and “demand-side” solar PV could also address certain operational issues — for example, air conditioning and rooftop solar would reduce the need for ramping and load following resources because they both reduce peak load.

**CAISO advocates considering demand resources as supplies, for purposes of LTPP**

CAISO put forth a more compelling reason for using a scenario with no-incremental-EE or demand response as a starting point:

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.<sup>7</sup>

CAISO gave similar reasons for considering Demand Response as a supply-side solution. The underlying issue here is the accountability of EE and DR resources for meeting their targets. WEM agrees this is a serious problem. We have pointed out that supply side resources have requirements in their contracts to ensure they will be available when called upon, but EE programs need not come even close to their goals. Instead, the

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<sup>5</sup> DRA, p. 1.

<sup>6</sup> CAISO, pp. 4-5.

<sup>7</sup> Ibid, p. 4. CAISO specifically mentioned that EE and DR should be considered on the supplyside. We believe other demand-side resources, such as “customer solar” and certain types of CHP, would also benefit from being considered as supply-side resources rather than reductions to the load.

utilities received \$240 million bonuses for 2006-08 EE portfolios that fell nearly 40% short of their targets, on average — meaning that some programs were far worse than that.<sup>8</sup> WEM sympathizes with CAISO's frustration in dealing with such lax standards, and we agree that the Commission must initiate new methodology for ensuring accountability of demand resources in the context of procurement — and this should take place in this proceeding.

Considering procurement-related demand resources on the supply side would encourage parties to take a fresh look at them, to consider what types of characteristics and data are essential for procurement. For example, rather than the vague mass of demand resources that are currently seen to float throughout each utility territory — everywhere and nowhere — the subset of resources appropriate for procurement would first of all be anchored to specific substations.

The Commission could add new data requirements to the existing Evaluation, Measurement & Verification for energy efficiency (EM&V). However, WEM is concerned that the EE proceedings have demonstrated a lack of concern and/or lack of understanding of the needs of procurement, so these changes might be unduly delayed.

Therefore, WEM supports the Commission initiating a process in the LTPP to develop new standards that demand resources must meet in order to be considered in procurement. These standards could be tracked and measured separately from current EM&V, and would enable developers of EE, DR, local solar and CHP to bid into procurement solicitations and RFOs, side by side with supply-side developers.

CAISO urges the Commission to develop such information for demand response, for use in the modeling runs:

However, to assess the impacts of demand response on the LTPP renewable integration needs assessment, the Commission must identify details about the types of and capabilities of the demand response assumed in the supply assumptions. Therefore, any additional information regarding the operational characteristics of the demand response will be important to incorporate into the

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<sup>8</sup> D1012049 Regarding the Risk/Reward Incentive Mechanism Earnings True-Up for 2006-2008:

[http://docs.cpuc.ca.gov/PublishedDocs/WORD\\_PDF/FINAL\\_DECISION/128879.PDF](http://docs.cpuc.ca.gov/PublishedDocs/WORD_PDF/FINAL_DECISION/128879.PDF)

See, especially, Comm. Grueneich dissent.

[http://docs.cpuc.ca.gov/PUBLISHED/FINAL\\_DECISION/128882.htm](http://docs.cpuc.ca.gov/PUBLISHED/FINAL_DECISION/128882.htm)

Energy Division's Final Report on 2006-08 EE programs is posted at

<http://www.cpuc.ca.gov/PUC/energy/Energy+Efficiency/EM+and+V/2006-2008+Energy+Efficiency+Evaluation+Report.htm>

study. Such operational characteristics information includes lead time to interruption, maximum number of hours of interruption, triggering events for interruption and minimum interruption time. It is only with accurate modeling of these operational characteristics that the studies can accurately consider the extent which demand response is effective in meeting the flexibility requirements of the system. The level of operational detail associated with demand response should be on par with the level of operational characteristics that we have for generation, so that an accurate assessment of effectiveness of demand response solutions can be performed.<sup>9</sup>

WEM recommends the same types of information be developed also for EE, CHP and local solar. As WEM recommended in Track 1, new standards for demand resources should allow for different levels of “stringency” — e.g. resources capable of substituting for energy at various times of day or night, and/or for peak demand, grid contingencies, or operational requirements.

#### **Still no need for a No-DSM scenario**

The question remains whether or not there is any point in modeling a no-DSM case. Modeling procurement-related EE, DR, local solar and CHP as supplies would change certain Planning Assumptions, but there is little likelihood of a future without these resources, so why base a scenario on the absence of them?

The Commission does need to come up with estimates of the amounts of future EE that would be appropriate to model as various types of procurement resources, vs. other amounts of EE that might (or might not) be appropriate to model as reducing future forecasts.

#### **Cost-effectiveness of EE should be a factor in procurement**

WEM urges the Commission to remember that D1201033 in the previous LTPP affirmed that the Loading Order is ongoing — and is not satisfied by just meeting targets set in other proceedings. *WEM believes that the Commission should allow developers of EE and other preferred resources to compete in procurement solicitations — rather than restricting EE to the IOU targets in the EE proceedings* (plus the impacts of CEC’s Codes & Standards.)

This would provide a new revenue stream for procurement-appropriate types of EE and DR etc., which would improve their likelihood of being developed. *Most*

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<sup>9</sup> CAISO, pp. 7-8 (emphasis added).

*importantly, if would finally enable the system to incorporate the great economic benefits of energy efficiency resources, which are almost always the most cost-effective.*

**Cost reductions of EE and DR are essential to fair consideration of nuclear retirement**

CAISO questioned why “early SONGS retirement sensitivity” is considered only on the base case, instead of all cases.<sup>10</sup> WEM agrees that nuclear retirements should be assessed as part of High DG and High DSM in particular, since those resources will be essential to ensure continued GHG emissions reductions following the closure of reactors.

CEJA emphasized the need to consider GHG issues in the scenarios: “For instance, to reduce GHGs to 1990 levels by 2020, CARB found that it will be necessary to expand and strengthen existing efficiency programs.”<sup>11</sup>

A4NR made a similar point that would support the change to the nuclear sensitivity that WEM recommends (although it made the comment in relation to the High DG/DSM, 40% RPS case):

In light of the motivating role which climate change continues to play in many of California’s electricity policies, and the Commission’s past leadership in that effort, A4NR is acutely aware of the necessity 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.<sup>12</sup>

Instead of *reducing costs* with EE and other preferred resources, *the current configuration of the nuclear sensitivity would lead to unnecessary expenses to mitigate the higher GHG emissions of the base case.* This would unfairly drive up the perceived cost of nuclear retirement.

This is especially important if the Commission reduces the assumption of import capability as SCE recommends, because this would mean even more local capacity would be needed. SCE claims that the import capability is overstated by 3000 MW.<sup>13</sup> CAISO puts it at about 4000MW.<sup>14</sup>

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<sup>10</sup> CAISO, p. 7.

<sup>11</sup> CEJA, p. 3.

<sup>12</sup> A4NR, p. 4.

<sup>13</sup> SCE, p. 5.

<sup>14</sup> CAISO, p. 9.

### **Essential to model both Diablo and San Onofre nuclear plants offline**

For unexplained reasons, ED's revised Scenarios eliminated the Nuclear Retirement sensitivity, where by both Diablo and San Onofre would be assumed to be shutdown by 2015 at the earliest. The Early SONGS Retirement has Diablo Canyon online until 2024.

A4NR urged the Commission to consider a random, year-long outage of Diablo as part of the nuclear sensitivity, rather than assuming that its two reactors are online through 2024 or relicensed to run another 20 years. A4NR quoted passages from the AB1632 report, which warned back in 2008 of the increasing potential for unplanned outages as nuclear power plants age, or because of earthquakes or other known and unknown factors.

It is mystifying why the Commission would eliminate consideration of unplanned outages or retirement of Diablo, in the midst of experiencing the uncertainty and potential disruptions of the San Onofre shutdown, nine months and counting this year.

*Note: None of the scenarios would provide modeling for the Local Capacity Requirements for the Los Angeles – San Diego areas in the event of an extended outage or permanent shutdown of either or both San Onofre reactors.* This makes little sense, in view of the ongoing outage and the expectation that at least Unit 3 may not ever come back online.

Track 2 was supposed to consider LCRs in the absence of the nuclear plants, as well as system needs. There is some confusion about whether the short and medium term LCR needs will be considered in the Order Instituting Investigation (draft just published) instead of the LTPP. It doesn't really matter, though, because the modeling would be needed in either proceeding. It should be ordered here, along with the other LTPP scenarios, or it is likely to fall through the cracks.

This would require ED to develop a new set of scenarios, analogous to those used in Track 1, but with the San Diego area included. This should be done without delay.

### **High DSM and High DG assumptions non-verifiable; dependent on secret data held by utilities**

SCE opposed the 40% RPS:

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.<sup>15</sup>

The lack of transparency of preferred resources data became a burning issue in this proceeding, when ISO and SCE testified in Track 1 hearings that utilities do not provide and CAISO (and CPUC) do not receive data on what's attached to IOU distribution systems — which is nearly all the preferred resources.

The Commission should acknowledge that the data is still secretly held in the hands of utilities, which would provide the necessary verification for the High DG and High DSM scenarios. It should order them to reveal that information.

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Respectfully Submitted,

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<sup>15</sup> SCE, p. 7.