

**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)

**REPLY COMMENTS OF SIERRA CLUB CALIFORNIA
ON THE JOINT LTPP/STORAGE WORKSHOP, HELD SEPTEMBER 7, 2012**

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Sierra Club California (“Sierra Club”) respectfully submits these reply comments on the on the joint LTPP/Storage Workshop, held September 7, 2012.

Sierra Club agrees with CEERT’s point that procedurally it is unclear how the LTPP/Storage workshop fits into Track 1.¹ Sierra Club shares CEERT’s concern that holding the workshop after the evidentiary hearings raises procedural concerns about the record,² but Sierra Club does not agree with CEERT that the record is robust enough to make all decisions related to Track 1. If the Commission does find a LCR need, Sierra Club does not believe that the record is sufficient to determine the best way to procure new resources. Sierra Club supports CEJA’s, DRA’s, EnerNOC’s, and CEERT’s position that the loading order should guide LCR procurement.³ However, the current record even with the workshop does not provide a sufficient basis for establishing the best way to procure resources in compliance with the loading order.

¹ Comments of the Center for Energy Efficiency and Renewable Technologies on Workshop Topics Identified in ALJ’s Ruling of September 14, 2012 (“CEERT Comments”) p. 1-2.

² *Id.*, p. 2.

³ Response of the Division of Ratepayer Advocates to the Administrative Law Judge’s Ruling Seeking Comment on Workshop Topics (“DRA Comments”), p. 4-5; California Environmental Justice Alliance’s Comments Related to the Loading Order (“CEJA Comments”), p. 1; Comments of EnerNOC, Inc. on Workshop Topics Identified in ALJ’s Ruling of September 14, 2012, p. 9; CEERT Comments, p. 9.

Additionally, how energy storage will fit into and satisfy LCR procurement is not sufficiently defined; it also is unclear how energy storage will be addressed in this proceeding. Yet, in the recent energy storage workshop, the CPUC staffer said that procurement related to energy storage may occur as a result of an all-source RFO in this proceeding rather than from decisions made in that proceeding.⁴ Sierra Club has been an active participant in both this proceeding and the energy storage proceeding, but Sierra Club has not seen the Commission give a clear road map of how the procurement will be addressed and how proceedings will be coordinated despite the Commission's obligations pursuant to AB 2514. The energy storage workshop topics on September 7th did not shed further light on how the Commission will incorporate energy storage into its procurement or to what extent.

Sierra Club agrees with the California Environmental Justice Alliance ("CEJA") that more environmental analysis of the LCR procurement is necessary.⁵ CEJA argues that the policy choices related to the LCR procurement could have varying degrees of environmental effects. For example, an LCR procurement that results in a strict implementation of the loading order would have fewer environmental effects than a procurement based on CAISO's current proposal and assumptions. CAISO's proposal to build thousands of megawatts of new fossil fuel generation increases the likelihood of additional air pollution and greenhouse gas emissions.⁶ Sierra Club also agrees with CEJA that the various options should specifically be analyzed for their effects on greenhouse gas emissions and environmental justice.⁷ If Commission does authorize LCR procurement, Sierra Club urges the Commission to fully analyze the best

⁴ Cf. DRA Comments, p. 7 (energy storage proceeding may address issues related to LCR procurement).

⁵ CEJA Comments, pp. 2

⁶ *Id.*, pp. 8-12.

⁷ *Id.*, pp. 2, 4-8.

approach for both the ratepayers and the environment to accomplish that procurement. For example, DRA proposes

The Commission should consider changes to the IOUs' procurement process to reinforce the direct linkage between the use of demand-side preferred resources and supply-side investment decisions, so that ratepayers do not procure redundant supply-side resources over the short- or long-term. Reinforcing the direct linkage between demand side resources and supply side investment decisions also furthers progress towards greenhouse gas (GHG) reduction goals and ensures compliance with the loading order.⁸

Sierra Club urges the Commission to adopt a zero LCR need. If the Commission, however, adopts an LCR need, then the Commission should engage in a more thorough analysis of the environmental effects of the decision and how to ensure compliance with the loading order. Answering the critical and complex question of how to ensure the loading order is legitimately followed in the procurement merits further exploration and evidentiary hearings especially since the identified need does not occur until late in the planning period.

Respectfully submitted,

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⁸ DRA Comments, p. 1.