

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)

**THE DIVISION OF RATEPAYER COMMENTS ON PROPOSED DECISION
ADOPTING LONG-TERM PROCUREMENT PLANS
TRACK 2 ASSUMPTIONS AND SCENARIOS**

RADU CIUPAGEA
NIKA ROGERS
ALAN WECKER
Analysts for the
Division of Ratepayer Advocates
California Public Utilities Commission
505 Van Ness Avenue
San Francisco, CA 94102
Phone: (415) 703-1529
Email: nika.rogers@cpuc.ca.gov

DIANA L. LEE
IRYNA A. KWASNY
Attorneys for the
Division of Ratepayer Advocates
California Public Utilities Commission
505 Van Ness Avenue
San Francisco, CA 94102
Phone: (415) 703- 4342
Email: diana.lee@cpuc.ca.gov

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TABLE OF CONTENTS

I.	INTRODUCTION AND SUMMARY	1
	A. DEMAND RESPONSE.....	1
	1. Permanent Load Shifting	1
	2. PG&E’s Peak Time Rebate	1
	3. Event Based Demand Response	2
	B. RETIREMENT ASSUMPTIONS.....	2
	1. The PD modifies the retirement assumptions so that all resources used for Renewables Portfolio Standard (RPS) compliance will be repowered.	2
	C. IMPORT CAPABILITY	2
	1. The PD establishes the CAISO maximum import capability.	2
II.	DISCUSSION	2
	A. DEMAND RESPONSE.....	2
	1. Permanent Load Shifting	2
	2. PG&E’s Peak Time Rebate Program	2
	3. Event-Based Demand Response Peak Load Impacts	4
	B. DRA SUPPORTS THE PD’S REVISION OF THE RETIREMENT ASSUMPTIONS	4
	C. DRA SUPPORTS THE PD'S DECISION TO RETAIN THE IMPORT LIMIT AT THE CAISO MAXIMUM IMPORT CAPABILITY	5
III.	CONCLUSION	5

TABLE OF AUTHORITIES

DECISIONS

D.04-01-050 1
D.12-04-045 2

I. INTRODUCTION AND SUMMARY

Pursuant to Rule 14.3 of the Rules of Practices and Procedure of the California Public Utilities Commission (CPUC or Commission), the Division of Ratepayer Advocates (DRA) submits these comments on Administrative Law Judge (ALJ) David M. Gamson's November 20, 2012 Proposed Decision Adopting Long-Term Procurement Plans (LTPP) Track 2 Assumptions and Scenarios (PD). Track 2 in the 2012 LTPP assesses the impact of the State's energy policies on the need for new system reliability resources. The PD would adopt a number of standardized planning assumptions that will be used to forecast system reliability needs and also guide the investor-owned utilities' (IOUs) bundled customer need authorization in Track 3 of the LTPP. The PD also requests that the California Independent System Operator (CAISO) use the adopted standardized planning assumptions to conduct its operational flexibility modeling.

DRA generally supports the Planning Assumptions adopted in the PD. The LTPP uses the best available information to predict energy needs ten years in the future. The base case scenario reasonably balances the uncertainties inherent in any forecast. The PD prudently determines a Net System Balance of 10,062 MW¹, which indicates a capacity surplus above the planning reserve margin of 15-17%.² This is the most likely scenario assuming that load growth continues to follow California Energy Commission's (CEC) load forecasts and that the renewable portfolio standard (RPS) remains at 33%. However, DRA recommends the following modifications to specific assumptions:

A. Demand Response

1. Permanent Load Shifting

- a) DRA supports the PD's modification of the CEC load forecast to account for permanent load shifting (PLS).

2. PG&E's Peak Time Rebate

- a) The PD adopts Pacific Gas and Electric Company's (PG&E) updated estimates for energy savings from the Peak Time Rebate (PTR) program delineated in its Reply Comments on the Energy Division Draft Scenarios without evidence that its previous, higher,

¹ PD, Attachment A, p. 51

² D.04-01-050, p. 184

estimates are unattainable. At a minimum, the PD should use PG&E's recommended values with a "low" of zero megawatts (MW), "mid" of 108 MW, and "high" of 244 MW for 2014. Load impacts for PG&E's PTR for all cases should increase after 2014.

3. Event Based Demand Response

- a) The PD's scenario tool erroneously uses the month of August of each year to calculate Event – Based Demand Response (DR) for each of the three IOUs. Instead, the scenario tool should be updated to show increases of 46 MW for PG&E, 18 MW for Southern California Edison Company (SCE) and 32 MW for San Diego Gas and Electric Company (SDG&E), for a total of 96 MW across all three IOUs in 2022.

DRA also supports the PD's modifications of two assumptions:

B. Retirement Assumptions

- 1. The PD modifies the retirement assumptions so that all resources used for Renewables Portfolio Standard (RPS) compliance will be repowered.**

C. Import Capability

- 1. The PD establishes the CAISO maximum import capability.**

II. DISCUSSION

A. Demand Response

1. Permanent Load Shifting

DRA supports the PD's modification of the CEC's load forecast to account for permanent load shifting (PLS) impacts, consistent with Decision (D.)12-04-045. Furthermore, DRA recognizes the Energy Division's (ED) and CEC's staff efforts to determine the correct megawatt numbers for PLS to be included in the LTPP Track 2 assumptions and scenarios.

2. PG&E's Peak Time Rebate Program

The PD adopts PG&E's updated estimates for savings derived from the Peak Time Rebate (PTR) program delineated in its October 19, 2012 Reply Comments on the Energy Division

Draft Scenarios³ without evidence that PG&E's previous, higher, estimates are unattainable. In its June 11, 2012 reply comments⁴ on the standardized planning assumptions for PTR, PG&E not only recommended that the Commission use its estimate of 108 MWs for PTR but did not oppose use of 235 MWs as a high scenario:

PG&E does not oppose use of the prior estimate of 235 MW as a high scenario, despite there being virtually no chance that 235 MW of load impacts will be obtained. Finally, PG&E proposes that the low scenario assume zero MW for PTR, to reflect the possibility that the Commission may adopt PG&E's primary proposal in Application (A.) 10-02-028 that the PTR program not be implemented.⁵

In October, PG&E stated that "zero MW is the appropriate assumption for the low, mid, and high scenarios given the uncertainty as to whether the resource will be approved."⁶ Nevertheless, PG&E recommended 11 MWs of PTR in 2013, 108 MWs in 2014 and 108 MWs in 2015 – 2034 to be used "if at all, only in a high scenario."⁷ PG&E's rationale for the revised, lower, estimate is that "pilot PTR programs over the last several years have repeatedly shown those [higher] estimates to be unachievable."⁸ But the record contains no evidence to support PG&E's revised estimates. Thus, at a minimum, the PD should use PG&E's June 11, 2012 recommended values with a "low" of zero megawatts, "mid" of 108 MW, and "high" of 244 MW⁹ for 2014. Load impacts for PG&E's PTR program for all cases should increase after 2014. DRA has previously argued that it is unreasonable to assume in any planning scenario that PTR will provide zero megawatts in 2022. Even if PG&E's implementation of PTR is delayed, it is

³ Reply Comments of Pacific Gas and Electric Company on the Energy Division Draft Scenarios dated October 19, 2012, pp. 8-9.

⁴ Reply Comments of Pacific Gas and Electric Company on the May 10, 2012 Energy Division Standardized Planning Assumptions Proposal, dated June 11, 2012, p. 7.

⁵ Id., p. 7.

⁶ PG&E October 19, 2012 Reply Comments, p. 8

⁷ Id. p. 8-9.

⁸ Id. p. 8.

⁹ DRA revised its estimates of PG&E's PTR MW impacts, based on D.09-03-026, from 235 MW to 244 MW for 2014. See Response to the Division of Ratepayer Advocates to the Revised Assigned Commissioner's Ruling Setting Forth Standardized Planning Scenarios for Comment, dated October 5, 2012, p. 6.

likely to be short-term, since Southern California Edison Company (SCE) and San Diego Gas & Electric Company (SDG&E) have implemented their PTR programs.

3. Event-Based Demand Response Peak Load Impacts

The PD’s scenario tool erroneously uses the month of August of each year to calculate load impacts from Event – Based Demand Response (DR) for each of the three IOUs.¹⁰ Discounting peak load impacts in the LTPP by selecting the incorrect month of reference, as compared to peak load impacts in the DR proceeding, would effectively have ratepayers procuring twice for the discounted megawatt numbers in the planning scenarios. For every year, the planning scenarios should calculate Event – Based DR by picking the maximum DR load impact that occurs, irrespective of the month in which it occurs. For 2022 load impact forecasts, the maximum DR for SCE and SDG&E occurs in September, while for PG&E it occurs in July. This is the true amount of DR that is forecasted to be available in that specific year under system peak load conditions. By choosing the month of August for all three IOUs, the planning scenarios incorrectly reduce Event – Based DR by 46 MW for PG&E, 18 MW for SCE and 32 MW for SDG&E, for a total of 96 MW across all three IOUs in 2022. Thus, in the final adopted planning scenario assumptions, the Commission should revise its Event – Based DR assumption by selecting the month that best represents the IOUs’ forecasted Event – Based DR load impact for the year.

B. DRA Supports the PD’s Revision of the Retirement Assumptions

The PD adjusts the retirement assumptions for all RPS-eligible generation to expect that all renewable resources will either remain online or be repowered through the first planning period, which ends in 2022. This revision is significant for the geothermal resources retirement assumptions because, as the PD states, “...few, if any, of these baseload RPS-eligible resources appear poised to retire at this time.” DRA supports this revision, and looks forward to working with the Commission to determine the effective retirement assumptions metrics for RPS and non-RPS resources in future LTPPs.

¹⁰ Scenario Tool, worksheet Notes, rows 46-53.

C. DRA Supports the PD's Decision to Retain the Import Limit at the CAISO Maximum Import Capability

The PD maintains the import assumption based on the CAISO Maximum Imports minus Existing Transmission Contracts outside the CAISO's control area. DRA supports the use of this metric based on the assumption that reasonable amounts of imports in the future will enable cost effective out of state resources to participate in meeting future system needs.

III. CONCLUSION

DRA requests that the Commission adopt the PD with the modifications suggested in these Comments.

Respectfully submitted,

/s/ IRYNA A. KWASNY

IRYNA A. KWASNY
Staff Counsel

Attorney for the Division of
Ratepayer Advocates
California Public Utilities Commission
505 Van Ness Avenue
San Francisco, CA 94102
Telephone: (415) 7031477
Facsimile: (415) 703-2262
Email: iak@cpuc.ca.gov

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