

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 UTILITY REFORM NETWORK ON THE  
PROPOSED DECISION OF ALJ GAMSON ADOPTING TRACK 2  
STANDARDIZED PLANNING ASSUMPTIONS AND SCENARIOS



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**REPLY COMMENTS OF THE UTILITY REFORM NETWORK ON THE PROPOSED  
DECISION OF ALJ GAMSON ADOPTING TRACK 2 STANDARDIZED  
PLANNING ASSUMPTIONS AND SCENARIOS**

Pursuant to Rule 14.3 of the Rules of Practice and Procedure, The Utility Reform Network (TURN) submits these reply comments on the Proposed Decision (PD) of ALJ Gamson on the Track 2 standardized planning assumptions and scenarios. TURN responds to opening comments filed by the California Independent System Operator (CAISO), Southern California Edison (SCE), Pacific Gas & Electric (PG&E) and City and County of San Francisco (CCSF).

**I. Response to CAISO**

In Section I of its Comments, the CAISO stated it did not understand the Commission's expectation when it asked "[w]hat mix of resources minimizes cost to customers over the planning horizon".<sup>1</sup> This astounding statement shows the wide gap between traditional electric generation resource planning, as practiced by regulatory commissions and utilities for decades, and the new planning approaches the Commission is attempting to implement in this docket. For decades, the Commission's question was the key issue that electric resource planning tried to solve. Despite the major changes now occurring, this question continues to deserve a central place in the Commission's deliberations in this and future planning dockets. However, the above CAISO statement, and its discussion that follows immediately thereafter,<sup>2</sup> makes clear the challenges the Commission and others face in trying to incorporate the CAISO's transmission, reliability and operations expertise into the Commission's generation planning process.

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<sup>1</sup> CAISO December 10 Comments, p. 2.

<sup>2</sup> *Id.*

In Section II of its Comments, the CAISO proceeded to state that the Commission's Base Scenario does not provide the CAISO with a "valid" or "realistic operational scenario".<sup>3</sup> TURN notes that the concept of a realistic operational scenario, as the term is used by the CAISO, is a new concept in electric resource planning. In pursuit of resource plans that minimize customer costs, resource planning has for decades used as key inputs such middle-of-the-road concepts as a 1-in-2 peak forecast, a mid-level energy forecast and expected amounts of energy efficiency and demand response. The CAISO instead seems to be urging the Commission to shift to resource planning based on a scenario featuring multiple conservative assumptions. Such an approach may be valid in the contingency-based world of transmission planning. But it is not clear that this approach should be adopted for generation planning. The adoption of assumptions based on negative contingencies should only be made after careful consideration.

Finally and more generally, TURN also believes the Commission should set resource planning goals for its jurisdictional customers, consistent with state law and key criteria such as ratepayer cost minimization. If the Commission believes in such goals and programs to implement them, it should stick to them in its long-term plans. If the Commission decides that it does not have confidence in such goals, it should then back away from such goals and defund the related programs.

## **II. Response to SCE**

SCE raises concerns about the vintage of assumptions regarding SONGS generation, local generation from this docket's Track 1 and forecasts of electric loads.<sup>4</sup> TURN appreciates the challenge of balancing the desire to include the latest information in studies with the requirement that such assumptions be properly vetted before adoption.

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<sup>3</sup> *Id.*, pp. 2-3.

<sup>4</sup> SCE December 10 Comments, pp. 3-4. The CAISO raised similar concerns in its comments at pp. 3-4.

TURN suggests in general that such assumptions can be updated based upon some formal legal finding, such as NRC approval of a SCE proposal to restart one or both SONGS units or a final CPUC decision in Track 1 of this case. For inputs not likely to receive such formal approval, TURN suggests parties offer their preferred assumptions – such as SCE’s revised load forecast – and the policy implications of such assumptions in their testimony. TURN notes that PG&E asked the Commission to clarify the final decision to make clear that parties would have such an opportunity.<sup>5</sup>

### **III. Response to PG&E**

PG&E recommends the base assumption for power imports into California be reduced from 13,308 MW to 10,350 MW.<sup>6</sup> In support of this reduction, PG&E contends that the current base figure is still “significantly higher than the actual amount of hourly net imports observed by the CAISO for any hour in the last ten years”.<sup>7</sup> Of course, the CAISO comments cited by PG&E actually show that imports into California have been as high as 12,400 MW during that time, or more than 2,000 MW higher than PG&E’s recommended assumption. PG&E argues that the availability of resources outside California may decline over time. However, TURN understands that the CAISO’s proposed modeling will consider such resources’ availability in assessing renewable integration needs, thus addressing this specific concern. The Commission should reject PG&E’s recommendation on this issue.

### **IV. Response to CCSF**

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<sup>5</sup> PG&E Comments, p. 5.

<sup>6</sup> *Id.*, p. 2.

<sup>7</sup> *Id.*

CCSF raises an important issue regarding the use of Commission's renewable resource scenarios in the CAISO's transmission planning process.<sup>8</sup> Without necessarily endorsing CCSF's recommendations in this docket, TURN shares CCSF's concern that the Commission's adoption of certain renewable scenarios may have a large impact on customer costs that is not sufficiently being considered by this Commission. TURN recognizes the time and challenge that would be required to estimate renewable development in a manner that minimizes customers' costs while meeting various renewable energy and system reliability criteria. Nonetheless, the potential the Commission's renewable scenario development process, which is relatively informal in nature, is leading customers to bear additional transmission costs, merits attention from the Commission.

Respectfully submitted,

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<sup>8</sup> CCSF Comments.