

12/17/2012 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 PROPOSED DECISION OF ALJ GAMSON**

December 17, 2012

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I. Overview

Pursuant to Rule 14.3 of the Commission's Rules of Practice and Procedure, L. Jan Reid (Reid) submits these reply comments on the proposed decision (PD) of Administrative Law Judge (ALJ) David Gamson in Track II of Rulemaking (R.) 12-03-014 concerning the standardized planning assumptions and scenarios. (Agenda ID #11756.)

Chief ALJ Karen Clopton mailed the PD on November 20, 2012. Reply comments are due Monday, December 17, 2012. I will file this pleading electronically on the due date, intending that it be timely filed.

The PD adopted final Standardized Planning Assumptions and Scenarios for Track 2 of the 2012 Long-Term Procurement Plans. These assumptions will be used for forecasting system reliability needs for California's electricity grid. Based on these forecasts, future decisions will determine specific procurement system and bundled need authorizations or requirements for California investor-owned utilities (IOUs).

II. Recommendations

I have relied on state law and past Commission decisions in developing recommendations concerning the bundled procurement plans of the IOUs.

I recommend the following:¹

1. Therefore, I recommend that the Commission not change the priority of the 40% RPS Sensitivity as recommended by Southern California Edison Company (SCE). (pp. 2-3)
2. The Commission not adopt SCE's recommendation concerning Appendices A and B to Attachment A of ALJ Gamson's PD. (pp. 3-4)

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

My recommendations are based on the following proposed findings:

1. It is likely that the state legislature will raise the RPS requirement to 40% or higher by 2030. (pp. 2-3)
2. A 40% RPS Sensitivity is forward looking and will provide valuable information to the Commission when the state legislature increases the RPS targets to 40% or higher. (pp. 2-3)

III. SCE's Comments

Southern California Edison Company's (SCE's) comments are deficient in three respects:

1. There are no page numbers in SCE's comments.
2. SCE does not provide a Subject Index, a Table of Authorities, or an Appendix as required by Rule 14.3(b) of the Commission's Rules of Practice and Procedure (Rules).
3. In many instances, SCE does not identify legal, factual, or technical errors as required by Rule 14.3(c)

Rule 14.3(c) states that:

Comments shall focus on factual, legal or technical errors in the proposed or alternate decision and in citing such errors shall make specific references to the record or applicable law. Comments which fail to do so will be accorded no weight.

IV. 40% RPS Sensitivity

SCE recommends that "the Commission change the priority of the 40% RPS sensitivity to 'not at this time.'" (SCE Comments, Section II) SCE's discussion of the 40% Renewables Portfolio Standard (RPS) Sensitivity issue is merely a recitation of SCE's previous comments and thus should be given no weight by the Commission pursuant to Rule 14.3(c).

The state legislature has recently changed the RPS requirement from 20% in 2013 to 33% in 2020. (Public Utilities Code Section (PUC §) 399.11(a)). It is likely that the state legislature will raise the RPS requirement to 40% or higher by

2030. I note that some parties in this proceeding have recommended that the Commission order a 55% RPS by 2030 Sensitivity. (See Clean Coalition PD Comments, p. 5)

A 40% RPS Sensitivity is forward looking and will provide valuable information to the Commission when the state legislature increases the RPS targets to 40% or higher. Therefore, I recommend that the Commission not change the priority of the 40% RPS Sensitivity as recommended by SCE.

V. Energy Efficiency and Demand Response

SCE argues that (SCE PD Comments, Section IV)

Appendix A to Attachment A to the PD is "Assessing Impacts of Incremental Energy Efficiency Program Initiatives on Local Capacity Requirements." Similarly, Appendix B to Attachment A to the PD is "Assessing Impacts of Demand Response on Local Capacity Requirements." While SCE is willing to work with Commission Staff to assess the impact of EE and DR on LCR, this information is not necessary to completion of either the Track 2 analysis to be performed by CAISO or the Track 3 development of the utilities' Bundled PPs.

SCE also apparently objects to any requirement that the IOUs identify EE and DR available by location. SCE argues that "there is no need to divide EE and DR available by location in order to finalize the Bundled PPs." (SCE PD Comments, Section IV)

In other words, SCE is requesting that the Commission allow the Investor Owned Utilities (IOUs) to ignore Appendices A and B to Attachment A of ALJ Gamson's PD.

The California Independent System Operator (CAISO) has argued that: (Comments of the California Independent System Operator Corporation on Standardized Planning Assumptions and Study Scenarios, October 5, 2012, 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.

Reid has commented that: (Reply Comments of L. Jan Reid on Standardized Planning Scenarios, October 5, 2012, p. 2)

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 (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.

Therefore, I recommend that the Commission not adopt SCE's recommendation concerning Appendices A and B to Attachment A of the PD.

VI. Conclusion

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

* * *

Dated December 17, 2012, at Santa Cruz, California.

/s/_____

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VERIFICATION

I, L. Jan Reid, make this verification on my behalf. The statements in the foregoing document are true to the best of my knowledge, except for those matters that are stated on information and belief, and as to those matters I believe them to be true.

I declare under penalty of perjury that the foregoing is true and correct.

Dated December 17, 2012, at Santa Cruz, California.

/s/

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