

**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)

**DISTRIBUTED ENERGY CONSUMER ADVOCATES
COMMENTS ON THE PROPOSED DECISION AUTHORIZING LONG-TERM
PROCUREMENT FOR LOCAL CAPACITY REQUIREMENTS**

Michael Dorsi
Counsel
Distributed Energy Consumer Advocates
516 Whitewood Drive
San Rafael, CA 94903
mdorsi@thoits.com
m.dorsi@d-e-c-a.org
213.784.2507

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Distributed Energy Consumer Advocates (“DECA”) hereby files comments in R.12-03-014 on Administrative Law Judge David Gamson's proposed decision (“PD”) released on December 21, 2012.

I. Background

In the PD, should it be adopted, the Commission would authorize meeting 2400 MegaWatts (“MW”) of capacity to replace Once Through Cooling (“OTC”) related retirements by the year 2021. This 2400 MW of authorization is net of existing authorizations in that area and includes 1,050 MW and 1,500 MW of Local Capacity Requirement (“LCR”) need in the Western LA Basin and 215 MW and 290 MW of the Moorpark sub-area of the Big Creek/Ventura local reliability area. In the Western LA Basin authorization for 1,500 MW, at least 1,000 MW, but no more than 1,200 MW must be procured from conventional gas-fired resources. Additionally, by adopting the PD the Commission would require, of that 1,500 MW Western LA Basin authorization, that at least 50 MW must be procured from energy storage resources and as much as 400 MW of incremental capacity may be energy storage resources or preferred resources procured consistent with the Loading Order in the Energy Action Plan. Explicitly excluded from that 1,500 MW authorization is an additional authorization for 1,519 MW of distributed generation (“DG”) minus any existing of DG authorization in the Western LA Basin to meet the ISO's assumption of the maximum amount of DG in the Western LA Basin under the Environmentally Constrained scenario in the standardized planning assumptions developed in R.10-05-006.

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DECA supports the Commission adopting an explicit recognition of preferred resource procurement to meet the needs of the Western LA Basin and OTC retirement.

II. DECA's Comments

DECA strongly supports the PD's exclusion of any ramp-driven procurement in the Western LA Basin. Certainly SCE should be encouraged to maximize cost effective ramp procurement opportunities within any RFO, but ramp need itself should be addressed statewide wherever it is most cost effective to do so.

While DECA generally supports the procurement authorization in the PD and especially the decision to exclude targeted ramp procurement in a locally constrained area, DECA does recommend one change to the PD before it is voted out. The PD should make explicit that the authorization for capacity in the Western LA Basin should explicitly require SCE to develop a residential DG and Integrated Demand Side Management procurement product in its RFO that augments the compensation for existing residential and small commercial-focused programs. DECA believes the Commission has the opportunity to geographically target the augmented procurement of these resources consistent with the higher value of capacity and energy in this procurement cycle in a way that will further the green jobs goals of the Governor's office while providing cost effective capacity precisely where it is most needed. These resources, because they “come off the top” of any need calculation, have the effect of reducing capacity requirements in the Western LA Basin.

DECA specifically recommends the Commission require SCE to design a product for its RFO that allows aggregators of residential DG and providers of Energy Efficiency (“EE”) to bid capacity into the RFO. This proposal is consistent with DECA's recommendation to the Commission in response to the September 7, 2012 LTTP/Energy Storage workshop that

