

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
CENTER FOR ENERGY EFFICIENCY AND RENEWABLE TECHNOLOGIES
ON THE PROPOSED DECISION AUTHORIZING LONG-TERM
PROCUREMENT FOR LOCAL CAPACITY REQUIREMENTS**

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The Center for Energy Efficiency and Renewable Technologies (CEERT) respectfully submits these Reply Comments on the Proposed Decision of Administrative Law Judge (ALJ) Gamson Authorizing Long-Term Procurement for Local Capacity Requirements in the Commission's Long Term Procurement Plan (LTPP) Rulemaking (R.) 12-03-014 (Proposed Decision). The Proposed Decision was mailed on December 21, 2012. These Reply Comments are timely filed and served pursuant to Article 14 of the Commission's Rules of Practice and Procedure and the instructions accompanying the Proposed Decision.¹

**I.
LIKE CEERT, OTHER PARTIES' COMMENTS FOCUS ON THE APPROPRIATE
ROLE TO BE PLAYED BY PREFERRED RESOURCES AND
TRANSMISSION SOLUTIONS IN REDUCING AND MEETING LCR NEED.**

As stated in CEERT's Opening Comments on the Proposed Decision, CEERT supports the Proposed Decision's adoption of a sound policy framework for identifying and meeting long-term LCR need that, at its core, commits to reliance on Loading Order preferred resources first being considered to meet that need. However, to ensure that the Proposed Decision's "assumptions," inclusive of the commitment to preferred resources, "will become reality,"² CEERT recommended in its Opening Comments, and continues to do so here, that specific

¹ Pursuant to Rule 1.15 of the Commission's Rules of Practice and Procedure, because these Reply Comments were due on a holiday (Martin Luther King Day), they have been filed and served on "the first day thereafter."

² Proposed Decision, at p. 16.

changes should be made to the Proposed Decision, including *requiring* that SCE, in meeting its LCR need of up to 1,500 MW, procure at least 150 MW of demand response resources, with authorization to procure an additional 300 MW from preferred resources (totaling the 450 MW preferred resource procurement identified by the Proposed Decision).³ CEERT's Comments also sought modifications to the critical step of SCE preparing, and Energy Division reviewing, SCE's solicitation "plan" to avoid or eliminate unintended barriers to LCR procurement of preferred resources (i.e., appropriate consideration of or changes to Resource Adequacy rules).⁴

The Opening Comments of other parties also focused on the important role that can and should be played by preferred resources and transmission solutions in reducing and meeting LCR need. The Division of Ratepayer Advocates (DRA) confirms that the Proposed Decision has acknowledged the "current ability, and the likely future ability, for demand response to contribute towards meeting a portion of local reliability requirements."⁵ EnerNOC, Inc. (EnerNOC) sets forth in detail the current local capacity resource attributes of, and RA rules applicable to, demand response (DR) resources that clearly demonstrate DR's capability to reduce and meet LCR needs today.⁶

To this end, while DRA recommends that the Commission direct SCE to work with the California Independent System Operator (CAISO) to further "develop, identify, and quantify demand response programs that are locally dispatchable and ... capable of reduce LCR need,"⁷ CEERT believes that the record in this proceeding, along with related RA and DR program decisions and applications, demonstrates that DR is capable now of meeting LCR needs.⁸

³ CEERT Opening Comments, at pp. 7-9.

⁴ CEERT Opening Comments, at pp. 10-12.

⁵ DRA Opening Comments, at p. 3.

⁶ EnerNOC Opening Comments, at pp. 4-14.

⁷ DRA Opening Comments, at p. 3.

⁸ CEERT Opening Comments, at pp. 7-9. See also, EnerNOC Opening Comments, at pp. 12-14.

CEERT, therefore, renews its request for the Commission to require SCE to meet a portion of its LCR need with demand response preferred resources, rather than leave it as a matter of the utility's discretion. CEERT agrees with DRA, however, that SCE and the CAISO should continue to work together to use all available information and conduct any additional studies that might be necessary to fully incorporate DR in any LCR need assessment used to support SCE's application or future LCR procurement.⁹

In its Opening Comments, CEERT also supported the Proposed Decision's conclusion that it was appropriate for SCE in its "procurement application" or "future procurement proceedings," to "account" for and "incorporate" "certain transmission fixes" that may "become feasible and cost-effective, including the use of synchronous condensers, static var compensators and shut capacitors."¹⁰ Similarly, DRA's Opening Comments note that the Proposed Decision "discusses the potential to incorporate new information about transmission upgrades and new transmission capacity in future procurement proceedings and in SCE's application."¹¹

DRA states, however, that "to ensure meaningful consideration of the effect of transmission upgrades and new transmission capacity," the "PD should go a step further and require SCE to include transmission studies in its procurement application."¹² CEERT supports this recommendation by DRA, especially to ensure that these transmission "fixes" have been appropriately considered in any LCR procurement for which SCE seeks authority in its application.

⁹ DRA Opening Comments, at pp. 9-10.

¹⁰ Proposed Decision, at pp. 42-43.

¹¹ DRA Opening Comments, at p. 2.

¹² Id., at pp. 2, 6.

II.
CONCLUSION

CEERT restates its strong support for the policy framework adopted in the Proposed Decision applicable to SCE's LCR need and procurement. However, in addition to its comments here, CEERT continues to ask that the modifications included in Appendix A of those Comments be made to the Proposed Decision before its issuance as final by the Commission.

Respectfully submitted,

January 22, 2013

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