

**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)

**INFORMAL COMMENTS OF FRIENDS OF THE EARTH
ON CAISO WORKSHOP REGARDING 2012 LTPP BASE CASE SCENARIO**

Laurence G. Chaset
Keyes, Fox & Wiedman LLP
436 14th Street, Suite 1305
Oakland, CA 94612
Phone: 510.314.8386
Fax: 510.225.3848
lchaset@keyesandfox.com

Counsel to Friends of the Earth

May 9, 2013

**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)

**INFORMAL COMMENTS OF FRIENDS OF THE EARTH
ON CAISO WORKSHOP REGARDING 2012 LTPP BASE CASE SCENARIO**

Friends of the Earth (“FOE”) submits these comments pursuant to Energy Division’s April 30, 2013, e-mail. FOE will demonstrate in this proceeding how the most likely future scenario for California’s long-term procurement needs is one without the San Onofre Nuclear Generating Station (“San Onofre”). We will also show that the existing power supply in Southern California is more than adequate without San Onofre. FOE will present evidence demonstrating the superiority of cost-effective long-term procurement plans (“LTPPs”) comprised of existing and proposed State programs and policy goals, including a strong feed-in tariff for distributed energy resources (“DER”), on-bill financing for energy efficiency, and a robust capacity market for demand-side resources.

FOE is closely examining the California Independent System Operator’s (“CAISO’s”) model structure to ensure that it accurately reflects these current and soon-to-be-adopted policies, emerging technologies, and likely demand characteristics. These issues will impact the question of whether San Onofre is necessary to meet California’s long-term procurement needs.

While FOE does not have comments on the specific questions included in Energy Division’s template at this time, the consideration of the elements listed below are essential to ensure that CAISO’s models convey an accurate picture of California’s long-term energy needs. Given the urgency surrounding San Onofre’s possible restart, at a great and unjustified cost to ratepayers, the points below should be taken up in this cycle of LTPPs and not in the utilities’ 2014 LTPPs.

- (1) *The implications of time variant tariffs on load shapes should be reflected in the model.*

CAISO has omitted consideration of load shape changes that will occur with the roll-out of time-of-use (“TOU”) and other time-differentiated rates, which is likely to occur during the study period for all customer classes.

All non-residential customer classes have been placed on TOU rates, and it seems likely that the residential class will be asked to migrate to these tariffs during the study period. TOU and other time variant rates have a demonstrable impact on load shape, which should be reflected in the model's demand forecasts. Inclusion of this variable is likely to reduce the need for resources, particularly during peak periods.

- (2) *Sensitivity tests should be conducted on estimates of the level and mix of energy efficiency (EE), demand-response (DR), and storage programs.*

CAISO includes consideration of DER in its current model but adopts a conservative, current policy approach that could underestimate the amount of EE, DR, and storage that will be absorbed into the market, particularly as energy prices rise and time-of-use tariffs are adopted.

EE, DR and storage sensitivity tests will indicate how much excess capacity might emerge depending on different future DER pathways. Sensitivity tests should be conducted that include a range of load forecasts, with the low being zero growth in EE and DR and the high being a doubling of EE and DR penetration during the study period, as well as different mixes, with the results of these tests reported separately. CAISO should also conduct a sensitivity test that includes the impact of an aggressive goal for storage, such as 20 percent of peak load by 2022.

- (3) *As suggested in the workshop, analyses should be conducted on how to optimize maintenance schedules so that they best serve grid needs.*

Optimally, these analyses will include modeling “black-out” days or hours, in which outages could not be planned due to expected, pressed need for resources (e.g., typical summer and winter peak days, and bands surrounding those periods). Optimizing maintenance schedules will result in lower demand for expensive peaking, and flexible, capacity.

- (4) *FOE is concerned the load forecast errors shown on page 24 will give decision makers a false sense of model accuracy.*

Load forecasts are one of many model variables that could exhibit errors, or even be incorrect. FOE recommends that as part of model results a list of all endogenous and

/

/

/

/

exogenous variables reflected in the model be published, along with sensitivity, scenario, or other test metrics that provide a range of uncertainty associated with the variable.

Respectfully submitted,

A handwritten signature in cursive script, reading "Laurence G. Chaset", with a horizontal line extending to the right.

Laurence G. Chaset
KEYES, FOX & WIEDMAN LLP
436 14th Street, Suite 1305
Oakland, CA 94612
Telephone: (510) 314-8385
E-mail: lchaset@keyesandfox.com

Counsel to Friends of the Earth

May 9, 2013