

**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.

R. 12-03-014
(Filed March 22, 2012)

NOTICE OF EX PARTE COMMUNICATION

May 21, 2013

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NOTICE OF EX PARTE COMMUNICATION

Pursuant to Rule 8.2 and 8.3 of the California Public Utilities Commission's Rules of Practice and Procedure, the Natural Resources Defense Council (NRDC) hereby gives notice of the following written ex parte communication.

The communication occurred by email on Tuesday May 21, 2013. Devra Wang, Director of NRDC's California Energy Program, sent an email (included as Attachment A) to President Peevey, Commissioners Ferron, Florio, Peterman, and Sandoval; their advisors Carol Brown, Audrey Lee, Scott Murtishaw, Michael Colvin, Matthew Tisdale, Julie Fitch, Rachel Peterson, and Colette Kersten; and ALJ David Gamson.

Dated: May 21, 2013

Respectfully submitted,



Devra Wang
Director, California Energy Program
Natural Resources Defense Council

Attachment A

From: Wang, Devra

Sent: Tuesday, May 21, 2013 10:18 AM

To: 'Mark.Ferron@cpuc.ca.gov'; 'michael.colvin@cpuc.ca.gov'; 'mf1@cpuc.ca.gov'; 'mwt@cpuc.ca.gov'; 'mp1@cpuc.ca.gov'; 'audrey.lee@cpuc.ca.gov'; 'SGM@cpuc.ca.gov'; 'cab@cpuc.ca.gov'; 'carla.peterman@cpuc.ca.gov'; 'jf2@cpuc.ca.gov'; 'rp1@cpuc.ca.gov'; 'cjs@cpuc.ca.gov'; 'colette.kersten@cpuc.ca.gov'; 'david.gamson@cpuc.ca.gov'

Subject: NRDC Blog on SONGS Replacement

Dear Commissioners,

NRDC commends the CPUC and your colleagues for collaborating to take a smarter and cleaner approach to replacing SONGS this year. Our new [blog](#) on the topic is copied below. (We will serve an ex-parte notice with this email to the R.12-03-014 service list today.)

Best,
Devra

Replacing the San Onofre Nuclear Plant Without More Dirty Power Plants

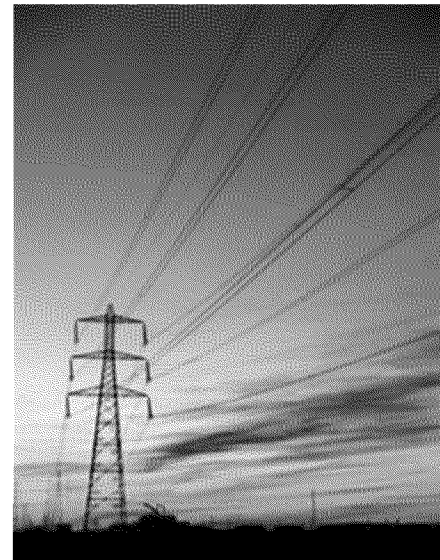
The state's electric system is very likely to be reliable this summer, even though a massive nuclear power plant in Southern California is still down. But instead of firing up retired, dirty generators to cover the gap like last summer, this year's replacement will be smarter and cleaner.

That recent [news from the California Independent System Operator](#), which operates the grid, will be a breath of fresh air for Southern Californians contending with the region's infamous smog.

The San Onofre Nuclear Generating Station, known as SONGS, has been out of service since January 2012. It is one of the largest power plants in the state at a whopping 2,200 megawatts (equivalent to about four regular large-sized power plants), so its outage leaves a significant "hole" in the electric grid.

But it turns out California doesn't actually need the energy the SONGS plant could have produced right now, because consumers have been taking advantage of incentives to use energy more efficiently, significant amounts of renewable energy has come online in recent years, and we already have more than enough other power plants to meet our needs. Instead, the [grid](#) needs the "voltage support" SONGS used to provide.

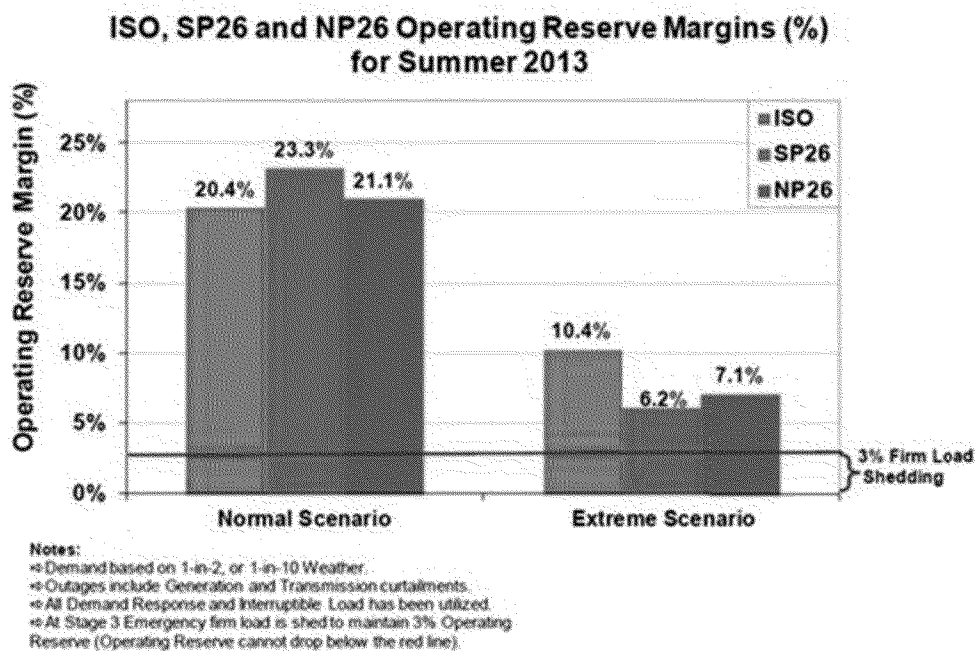
Since a major part of the Southern California electric grid was built around SONGS, it is a lot harder for the transmission grid to remain stable without the plant operating and providing that voltage support. This all gets very technical fast, but the important thing to know is that there are different ways to provide voltage support (and they don't all require burning fossil fuels at a power plant). So even though one might expect the state to fill the hole left by SONGS with more dirty power plants, this year the state is taking a better and cleaner approach.



Doing Without SONGS' Generation

Electric demand and supply need to be in constant balance at all times, which can be done by adjusting generation or asking customers to use less electricity at peak times (in fact, the state's Independent System Operator (ISO) is counting on nearly 2,000 megawatts of "demand response" from the many customers in Southern California that have taken advantage of incentives to reduce load when needed).

In order to keep the lights on, the ISO needs to have more generation available than consumers are expected to use. This is known as a "reserve margin," and the California Public Utilities Commission requires the utilities to plan for a 15% cushion. And the state already has more power plants than we need to pass that test. This summer, the ISO expects to easily exceed that margin under normal conditions, and to still avoid rolling blackouts even under extreme conditions (like if a lot of power plants go down unexpectedly at the same time customers' demand is unusually high).



Source: [ISO](#) (Note: SP 26 and NP 26 are roughly Southern and Northern California, respectively)

Providing Voltage Support Without More Dirty Generation

Last summer, with little time to react to the San Onofre plant's outage, the state brought back retired 50-year-old gas-fired generators at Huntington Beach. Even though we didn't need its energy because we already had more than enough other power plants, the Huntington Beach plant was pulled out of retirement in order to provide the necessary voltage support (and of course emitted air pollution in the process). This year, that plant is instead being converted into "synchronous condensers," which provide voltage support without onsite emissions. (The synchronous condensers operate like electric motors and use a small amount of energy from the grid in the process.) Other emissions-free efforts to fill the hole left by SONGS include installation of capacitors and upgrades to a local transmission line so that if the line has a problem, only part of it goes down instead of the whole thing.

OK, this is where my geeky side that gets excited about this technical stuff should probably give you a break, but the long and short of it is that California is on track to replace SONGS this summer by making the grid more resilient instead of adding more dirty power plants.

What Can We Do to Help?

Even though the ISO expects to be able to keep the lights on this summer, there's always the possibility that heat waves, fires, or other issues could threaten reliability. Everyone in the Los Angeles and San Diego areas can help avoid the need for rolling blackouts by upgrading the efficiency of [homes](#) and [businesses](#), and avoiding using energy at [peak times](#) when the grid is stressed. Sign up for [Flex Alerts](#) to get notified on the days when conserving can make the biggest difference.

What's the Long-Term Solution?

It is still unknown whether SONGS will ever return to service. (See my colleague Jordan Weaver's [blog](#) for a discussion of the need for a public process at the Nuclear Regulatory Commission before it considers restarting the plant.)

Even though SONGS' power isn't needed this year, the state's last analysis of how needs will be met over the coming decade counted on the nuclear plant as part of the mix. As a result, the California Public Utilities Commission, which regulates the state's major utilities including the SONGS' owners (Southern California Edison and San Diego Gas and Electric), is about to kick off a public process to examine how the state should fill the gap over the coming decade if SONGS does not return to service.

The Public Utilities Commission should continue to build on the great start made this year by requiring utilities to fill the gap with efficient and clean resources by:

- making the electric grid more resilient through transmission system upgrades;
- adding [renewable resources in different geographic regions](#) to take advantage of the different times when they're available; and
- avoiding new generation through more aggressive efforts to help customers:
 - improve the efficiency of their homes and businesses;
 - reduce consumption during costly "peak" periods; and
 - use clean on-site generation like solar panels.

After all, while people may have differing views about a power plant, who can argue with more comfortable homes and productive workplaces – and cleaner air?

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