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)

COMMENTS OF SAN DIEGO GAS & ELECTRIC COMPANY (U-902-E) REGARDING PROPOSED MODIFICATION OF THE PROCEDURAL SCHEDULE FOR TRACKS 2 AND 4 OF THE LONG-TERM PROCUREMENT PLAN PROCEEDING

AIMEE M. SMITH

101 Ash Street, HQ-12
San Diego, California 92101
Telephone: (619) 699-5042
Facsimile: (619) 699-5027
amsmith@semprautilities.com

Attorney for
SAN DIEGO GAS & ELECTRIC COMPANY

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I. INTRODUCTION AND BACKGROUND

Pursuant to the Rules of Practice and Procedure of the California Public Utilities Commission ("Commission") and the direction provided by Administrative Law Judge ("ALJ") David M. Gamson at the pre-hearing conference held in the above-captioned long-term procurement plan ("LTPP") proceeding on September 4, 2013 (the "PHC"), San Diego Gas & Electric Company ("SDG&E") provides these comments regarding proposed modification of the procedural schedule adopted for Tracks 2 and 4 of the LTPP proceeding.

In its *Revised Scoping Ruling and Memo of the Assigned Commissioner and Administrative Law Judge* issued May 21, 2013 (the "May 21 Scoping Memo"), the Commission updated the scope and schedule of Track 2 of the instant proceeding, which will examine system need, and adopted a schedule for Track 4, which will consider the local reliability impacts of unavailability of the San Onofre Nuclear Generating Station ("SONGS"). The procedural schedules adopted in the May 21 Scoping Memo for Tracks 2 and 4 are set forth below:

TRACK 2 SCHEDULE

September 20, 2013	SCE and CAISO1 Deterministic and/or Stochastic Studies and Opening Testimony
November 1, 2013	All Other Parties' OpeningTestimony and Reply to SCE and CAISO
November 15, 2013	All Parties' Rebuttal Testimony
November, 2013 (date to be determined) Commission Courtroom, State Office Building 505 Van Ness Avenue San Francisco, CA 94102	
December 2 to 6 and December 9 to 13, 2013 Commission Courtroom, State Office Building 505 Van Ness Avenue San Francisco, CA 94102	Evidentiary Hearings
Dates to be determined at hearings	Briefs and Reply Briefs
Date of Reply Briefs	Last date to request Final Oral Argument; expected Submission date
March 2014 (projected)	Proposed Decision
No less than 30 days after Proposed Decision	Decision on Commission Agenda

TRACK 4 SCHEDULE

August 5, 2013	CAISO Study and Opening Testimony
August 26, 2013	SCE Study and Opening Testimony2
September 23, 2013	All Parties (except SCE and CAISO) Opening Testimony and Reply to SCE and CAISO
October 7, 2013	All Parties Rebuttal Testimony; final date to request evidentiary hearings; expected Submission date if no evidentiary hearings
October 2013 (date to be determined) Commission Courtroom, State Office Building 505 Van Ness Avenue San Francisco, CA 94102	Prehearing Conference, if needed
October 28 – November 1, 2013 Commission Courtroom, State Office Building 505 Van Ness Avenue San Francisco, CA 94102	Evidentiary Hearings, if needed

Dates to be determined	Briefing Schedule, if needed
December 1, 2013 or date of Reply Briefs (if applicable), whichever comes later	Last date to request Final Oral Argument
Date of Reply Briefs (if applicable)	Last date to request Final Oral Argument (if evidentiary hearings are held)3
December 2013	Proposed Decision, if no evidentiary hearings are held
February 2013	Proposed Decision if evidentiary hearings are held
No less than 30 days after Proposed Decision	Decision on Commission Agenda

In testimony served separately in advance of the PHC, SDG&E, the California Independent System Operator ("CAISO") and Southern California Edison Company ("SCE"), proposed revisions to the Track 4 procedural schedule. CAISO witness, Robert Sparks, proposed that the Commission defer Track 4 until completion of the CAISO's transmission planning studies.[1/] In response to the CAISO' proposal, SDG&E requested that the Commission issue a near-term, interim decision in Track 4 authorizing SDG&E to procure 500-550 MW of supply-side resources, and that it consider the implications of the CAISO transmission studies at a later point upon their completion.[2/] Further proposals regarding revisions to both the Track 4 and the Track 2 procedural schedules were discussed at the September 4 PHC. Judge Gamson offered the following proposal regarding revision of the Track 4 schedule:

1/ CAISO/Sparks, Track 4 Opening Testimony dated August 5, 2013, pp. 30-31.

2/ SDG&E/Anderson, Track 4 Opening Testimony dated August 26, 2013, pp. 3, 5, 11-12. SDG&E notes that it does not intend to modify this request in Phase 4A unless its application for approval of a Power Purchase and Tolling Agreement ("PPTA") with Pio Pico Energy Center currently being considered in Commission proceeding A.13-06-015 is denied. As explained in the testimony of SDG&E witness, Robert Anderson, rejection of the Pio Pico application would cause SDG&E to increase its procurement request by 300 MW. SDG&E/Anderson, Track 4 Opening Testimony, p. 5, note 1.

Track 4A/4B Schedule Proposal [3/]

(1) An interim decision according to the Track 4 schedule established in the May 21, 2013 Scoping Memo, which is dependent on whether hearings are held in Track 4, with an expected level of capacity needed to replace SONGS for the SCE/SDG&E territory. (Track 4A)

(2) The interim decision would include the assumptions about what resources are expected to be in place, and that would include: (A) resources already approved, planned, pending approval, or otherwise anticipated; (B) transmission upgrades proposed by SCE and SDG&E but not yet formally studied or put forth in the CAISO's Transmission Planning Process ("TPP"); (C) facilities to provide voltage support; (D) resources expected to retire; and (E) other resources which may be identified in the record. (Track 4A)

(3) The interim decision would then authorize procurement of resources to meet the identified need on an interim basis specifying the type of resources or types of resources to be prepared and provide a process for such procurement. (Track 4A)

(4) The interim decision would also set a policy for any additional procurement which may be necessary after review of the TPP results. (Track 4A)

(5) The decision would provide a method for SCE and SDG&E to procure more or less than authorized in the interim decision. (Track 4A)

(6) After the CAISO files the TPP results with the Commission parties could comment on whether any changes are needed to the interim decision. (Track 4B)[4/]

Judge Gamson indicated that his proposal did not include suggested revisions to the Track 2 schedule, but he observed that "I'm open to the idea that because of the interrelationship between Track 2 and Track 4 that a delay in Track 2 might be appropriate under this proposal as well."[5/]

[3/] The discussion of Judge Gamson's proposal during the PHC incorporated the shorthand references "Track 4A" and "Track 4B" – "Track 4A" refers to the initial phase of Track 4 that would result in an interim Track 4 decision to be issued in advance of filing of the CAISO's TPP results; "Track 4B" refers to the subsequent phase of Track 4 that would commence after CAISO files its TPP results. PHC Tr. Vol. 4, pp. 303-304.

[4/] *Id.* at pp. 292-294.

[5/] *Id.* at p. 294.

In accordance with Judge Gamson's request during the PHC, the CAISO set forth its revised proposal regarding the schedule for Tracks 2 and 4 in an e-mail communication to the LTPP service list dated September 6, 2013. With regard to Track 2, the CAISO proposes deferral until 2014 so that (i) Track 4 decision(s) (interim or final) are available and can inform the CAISO's system flexibility studies; and (ii) any updated scenarios that might be developed in the proceeding during late Q3 and Q4 2013 could be incorporated into the CAISO analysis. The CAISO proposal for Track 2 contemplates a Commission decision as to system resource needs by the end of 2014.

With regard to Track 4, the CAISO maintains that a holistic decision, including transmission alternatives, should be issued by the Commission as soon as possible. The CAISO indicates that it will be able to provide testimony as to the transmission alternative study results (including reactive power needs) as soon as January, 2014. It encourages the Commission to issue a decision on additional resource procurement, in addition to the procurement authorized in Track 1, during late Q2 2014 or early Q3 2014. It notes that if the Commission determines that an evidentiary hearing is not needed, a Track 4 decision could be issued early Q2 2014.

The CAISO addresses SDG&E's interim procurement authorization request (as well as a similar request made by SCE), indicating that it would not object to an interim decision regarding the narrow issue as to whether the additional procurement requested by SDG&E (and SCE) should be authorized before the CAISO's transmission studies are completed. It recommends that the interim procurement authorization be contingent upon the CAISO's transmission study results, given the potential for transmission alternatives to change the need for local resources in the study area. The CAISO suggests that if an evidentiary hearing is held in

Track 4, it should be very limited in scope and scheduled for only 1-2 days. This, it explains, will permit the CAISO to continue its transmission evaluations and not divert needed resources to a lengthy hearing process regarding the interim procurement request.

II.
SDG&E COMMENTS ON PROPOSED SCHEDULE REVISIONS

A. Track 4 Schedule

SDG&E generally supports the revised Track 4A/4B schedule proposed by Judge Gamson, with limited suggested amendments. SDG&E notes, as a threshold matter, that while it concurs in the need for expeditious action in Track 4A, it is concerned that the Track 4A schedule as proposed at the PHC will not allow adequate time for preparation of testimony or rebuttal testimony on the broadened set of issues to be addressed in Track 4A – this is particularly true in light of the discovery-related demands simultaneously placed on SDG&E.

At the PHC, Judge Gamson identified several issues to be included in Track 4A that are supplementary to the issues raised by SDG&E interim procurement request. For example, Judge Gamson's interim procurement proposal contemplates development of a defined mechanism for adjusting the level of authorized procurement under the interim decision; SDG&E's interim procurement proposal did not include a defined procurement adjustment mechanism. In addition, Judge Gamson outlined seven specific issues to be addressed in parties' opening testimony.[6/] Certain of the new issues raised – for example, the question of how to address potential market power concerns – are policy questions that will require thoughtful consideration and may engender vigorous debate. SDG&E, as well as other parties that submitted testimony in advance of the PHC, must prepare supplemental opening testimony on the issues identified by Judge Gamson. All parties must have an adequate opportunity to respond to the positions taken

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6/ PHC Tr. Vol. 4, pp. 316-319.

by other parties in opening testimony. Given the broadened scope of issues to be considered in Track 4A and the concurrent discovery-related demands placed on SDG&E, the Track 4A schedule should be modified to provide limited additional time for preparation of testimony. SDG&E notes, however, that the time allotted for the evidentiary hearing (if a hearing is deemed to be necessary) could be shortened; SDG&E agrees with the CAISO's recommendation that if an evidentiary hearing is held in Track 4A, it should be very limited in scope and scheduled for only 1-2 days. Accordingly, SDG&E proposes the following schedule for Track 4A:

PROPOSED TRACK 4A SCHEDULE

September 30, 2013	All Parties Opening Testimony and Reply to SDG&E, SCE and CAISO; SDG&E, SCE and CAISO Supplemental Testimony
October 21, 2013	All Parties Rebuttal Testimony; final date to request evidentiary hearings; expected Submission date if no evidentiary hearings
November 5 - 6, 2013 Commission Courtroom, State Office Building 505 Van Ness Avenue San Francisco, CA 94102	Evidentiary Hearings, if needed
Dates to be determined	Briefing Schedule, if needed
December 1, 2013 or date of Reply Briefs (if applicable), whichever comes later	Last date to request Final Oral Argument
Date of Reply Briefs (if applicable)	Last date to request Final Oral Argument (if evidentiary hearings are held)3
December 2013 or January 2014	Proposed Decision, if no evidentiary hearings are held
March 2014	Proposed Decision if evidentiary hearings are held
No less than 30 days after Proposed Decision	Decision on Commission Agenda

With regard to Track 4B, SDG&E submits that in establishing the schedule for consideration of local need once the CAISO's TPP results have been issued, the Commission should remain mindful of the fact that in accordance with the biennial cycle established by the Commission for LTPP proceedings, the next LTPP proceeding will commence in 2014. Thus,

issues that are currently slated for consideration in proposed Track 4B could potentially be taken up in the 2014 LTPP proceeding instead. As a practical matter, a decision regarding disposition of Track 4B issues is premature at this time. SDG&E recommends that the Commission convene a pre-hearing conference in early 2014 to discuss the timing of finalization of the CAISO's TPP results and proposals regarding the appropriate forum for consideration of issues currently within the scope of proposed Track 4B.

B. Track 2 Schedule

SDG&E supports the CAISO's proposal to delay Track 2. Track 2 should resume once a proposed decision has been issued in Track 4A.

III.
CONCLUSION

For the reasons set forth above, the procedural schedule for LTPP Tracks 2 and 4 should be modified in accordance with the comments provided herein.

Dated this 10th of September, 2013 in San Diego, California.

Respectfully submitted,

/s/ Aimee M. Smith
AIMEE M. SMITH

101 Ash Street, HQ-12
San Diego, California 92101
Telephone: (619) 699-5042
Facsimile: (619) 699-5027
amsmith@sempratilities.com

Attorney for
SAN DIEGO GAS & ELECTRIC COMPANY