

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
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COMMENTS OF THE UTILITY REFORM NETWORK ON
TRACK 2 AND 4 SCHEDULING PROPOSALS



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COMMENTS OF THE UTILITY REFORM NETWORK ON TRACK 2 AND 4 SCHEDULING PROPOSALS

Pursuant to the direction of ALJ Gamson at the September 4th Prehearing Conference, The Utility Reform Network (TURN) provides the following comments on scheduling proposals for the consideration of Track 2 and 4 issues. At the September 4th PHC, ALJ Gamson outlined a proposal for the consideration of Track 4 issues and the California Independent System Operator (CAISO) suggested changes to the case schedule relating to both Track 2 and 4 issues. TURN offers the following approach based on these two proposals and the requests of SCE and SDG&E for interim authority to procure additional resources.

RESOLUTION OF TRACK 4 ISSUES

TURN agrees with ALJ Gamson that Track 4 should establish needs determinations based on the following assumptions:

- Resources expected to be in place (approved, planned, pending approval, anticipated)
- Transmission upgrades proposed by SCE/SDG&E but not formally studied in TPP.
- Facilities to provide voltage support.
- Resources expected to retire.
- Other resources which may be identified in the record.

TURN also supports ALJ Gamson's request that parties provide testimony on the following expanded set of issues:

- Relationship of 1400-1800 MW Track 1 LA Basin authorization to Track 4 assumptions.

- Relationship between storage OIR targets and Track 4 procurement.
- Updates to other assumptions (CEC demand forecast, DR/EE, RPS).
- Timeline for new resource procurement authorized by Track 4.
- Contingency plans in case expected levels of authorized resources don't materialize as anticipated.
- Methods for addressing market power in the local area.
- Extent to which attributes of preferred resources will meet LCR needs.

TURN expects to provide testimony on these topics in response to positions and assumptions submitted by the CAISO, SCE and SDG&E. In order to ensure that all parties have sufficient time to address the expanded set of issues in testimony, TURN recommends the following changes in schedule:

	Current	TURN proposed
Intervenor testimony	September 23	September 30
Rebuttal testimony	October 7	October 14
Evidentiary hearings	October 28 – Nov. 1	No change

Since this one-week delay in testimony dates would not alter the hearing schedule, this change should be made to accommodate all parties in light of the list of additional topics to be included.

TURN agrees with ALJ Gamson’s proposal that the Track 4 decision reach the following determinations:

- Authorize procurement to meet identified need on an interim basis, specify the types of resources to be procured and authorizes a process for procurement.
- Approve the method(s) for SDG&E/SCE to procure more or less than the authorized interim amounts.

- Consider the updated transmission alternatives study conducted by the CAISO as part of its Transmission Planning Process (TPP) before making the interim authorizations final.

The one challenge to this approach is the timing of the January 2014 TPP update by the CAISO. If parties are going to litigate the need assumptions prior to the release of the TPP alternatives study, the Commission must limit the scope of additional filings or testimony to any changes associated with the revised study. Otherwise, the Commission faces the prospect of every party relitigating every disputed factual issue.

IOU REQUESTS FOR INTERIM AUTHORIZATION

Both SCE and SDG&E have made interim requests for a finding that there is sufficient additional local resource need to authorize a minimum of 500 MW of incremental procurement. SCE requests that this amount be added to the authorizations provided in Track 1.¹ TURN agrees it is likely (although not certain) that the retirement of SONGS will result in sufficient incremental need to justify this level of near-term procurement.

TURN supports SCE's request to add 500 MW to the quantity of resources targeted in its current solicitation based on the Track 1 authorization provided in D.13-02-015. Because SCE's solicitation is currently in progress, and final selections will not be complete until mid-2014, there is no harm in allowing SCE to seek an additional 500 MW so long as final approval of this procurement is tied to findings of sufficient need in the final Track 4 decision. Allowing SCE to consider higher quantities in its current solicitation should not prejudice the final outcome but will rather provide options

¹ Based on the discussion at the PHC, TURN understands that these IOUs seek some form of interim authorization prior to a final decision in Track 4.

without requiring significant additional work or an entirely new solicitation process. If the Commission determines, in a final Track 4 decision, that the interim authorization is not justified, then SCE can be directed to only submit the best and final offers which are consistent with approved need.

TURN does not support SDG&E's request because there is no current solicitation in progress that can be used to accommodate an interim authorization. Allowing SDG&E to initiate a solicitation based on this interim authorization would effectively prejudge the outcome of Track 4 in several respects. First, SDG&E would be designing a new solicitation without being bound by any of the policies or methods being litigated in Track 4. Second, there would be significant bias in favor of the interim authorization even in the event that non-generation (transmission) alternatives prove to be sufficient to satisfy identified needs. Moreover, SDG&E has a history of using limited procurement authorizations to acquire substantially greater volumes of resources than are originally envisioned.²

TRACK 2 SCHEDULE

TURN is willing to accept the CAISO proposal to defer work on Track 2 issues until after Track 4 needs, policies and authorizations have been fully litigated. However, TURN's support for this delay is contingent upon an agreement by all parties (including the CAISO and IOUs) that, prior to the resolution of Track 2, no new procurement will be initiated specifically to satisfy perceived unmet system integration needs. Moreover, the Commission should not allow any IOU to create solicitation preferences or bid adders (whether for renewable or conventional resources) relating to system integration until a Track 2 decision has been issued.

² See D.04-06-011 (SDG&E Grid Reliability RFP).

TURN offers this critical caveat to prevent the IOUs and the CAISO from taking advantage of the Track 2 delay to make procurement choices based on their litigation positions regarding system integration needs. Since there is a significant likelihood that Track 2 will reveal no incremental need for flexible resources, it would be a mistake to allow the most extreme assumptions to drive any new procurement at this time.

TURN appreciates the opportunity provide these comments

Respectfully submitted,

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