

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)

**THE DIVISION OF RATEPAYER ADVOCATES' REPLY COMMENTS
ON THE PROPOSED SCHEDULE FOR TRACKS 2 AND 4**

September 13, 2013

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I. INTRODUCTION

More than 15 parties filed comments in response to Administrative Law Judge (ALJ) Gamson's request made at the September 4, 2013 prehearing conference convened to consider schedule and other procedural issues related to Track 2 (system reliability) and Track 4 (residual local need given the absence of the San Onofre Nuclear Power Station (SONGS) generators). There is no significant dispute that authorized procurement of resources in Track 4 should be based on accurate information about available transmission upgrades, including reactive power resources, or that those resources can minimize the need for new generation.¹ Where parties disagree is whether the early retirement of SONGS requires that the Commission move forward now to authorize Southern California Edison Company (SCE) and San Diego Gas and Electric Company (SDG&E) to procure resources despite an incomplete record lacking updated information from the California Independent System Operator's (CAISO) 2013/2014 Transmission Planning Process (TPP). The CAISO's 2013/2014 TPP results will be available in January 2014, and would allow the CAISO to include additional transmission solutions and reactive power resources into its Track 4 study results.

DRA and other parties recommend basing any Track 4 procurement on a complete record of available transmission solutions and reactive power resources.² This would avoid the inefficiency of litigating interim Track 4 procurement authorization based on the testimony and power flow studies of SCE and SDG&E only to then litigate final Track 4 procurement authorization several months later based on the CAISO's 2013/2014 TPP studies. Given the potential magnitude of the need in the absence of SONGS, SCE and SDG&E request that the

¹ See e.g., Prepared Direct Testimony of San Diego Gas & Electric Company, August 26, 2013 (SDG&E Track 4 Testimony/Anderson), 3:12-13 ("SDG&E concurs in the need for additional studies to fully determine the ability of transmission studies to reduce [local capacity resource] LCR need.").

² See e.g., Comments of the California Environmental Justice Alliance, Sierra Club California, and Protect Our Communities Foundation regarding Scheduling Issues, September 10, 2013, p. 1; City of Redondo Beach's Comment on Track 4 Scheduling Issues, September 10, 2013, pp. 1-2; Comments of the California Large Energy Consumers Association, September 10, 2013, pp. 1-2; Comments of the Center for Energy Efficiency and Renewable Technologies on the Track 4 Schedule, September 10, 2013 (CEERT comments), pp. 1-2.

Commission move forward with an interim decision.³ Administrative Law Judge (ALJ) Gamson suggests a process for an interim decision.⁴

DRA respectfully requests that the Commission adopt a Track 4 schedule along the lines of the one proposed by the Center for Energy Efficiency and Renewable Technologies (CEERT) as a reasonable option that would allow the Commission to move forward expeditiously, avoiding the need for an inefficient and potentially risky interim decision, and still include a process that allows meaningful public participation. If however, the Commission decides to move forward with interim Track 4 procurement authorization, it should adopt an approach that makes it clear that the final procurement authorization can increase or decrease depending on the subsequent 2013/2014 TPP study results and testimony of parties.

II. DISCUSSION

A. **The proposed schedule of CEERT would allow a single Commission decision authorizing any necessary Track 4 procurement in time to meet the goal of approval of power purchase agreements (PPAs) by early 2015.**

CEERT acknowledges the importance of moving quickly to determine any necessary Track 4 need, and in particular the identification of “early 2015” as a deadline for approval of any SCE and SDG&E PPAs needed to address the closure of SONGS and once-through cooling (OTC) generation retirement.⁵ CEERT points out that any necessary schedule acceleration to meet that deadline should occur after the Commission has issued a holistic and final decision “confirming that a need exists and that it can only be met by conventional generation.”⁶ DRA agrees and recommends that the Commission adopt a schedule along the lines CEERT recommends, which would allow the issuance of a single Track 4 procurement authorization proposed decision next June.

³ Track 4 Testimony of Southern California Edison Company, August 26, 2013 (SCE Track 4 Testimony), 4:4-15; SDG&E Track 4 Testimony/Anderson, 3:9-22; *see also* Comments of Pacific Gas and Electric Company on Proposed Schedule Changes, September 10, 2013, p. 2.

⁴ Reporters’ Transcript, PHC 4 (RT) 292:12-294:9.

⁵ CEERT comments, p. 4.

⁶ CEERT comments, p. 5.

B. If the Commission authorizes an interim Track 4 decision it should ensure that the process does not prejudice final procurement authorization.

If the Commission elects to move forward with interim procurement authorization, it should adopt an approach that makes it clear that the final procurement authorization can increase or decrease depending on the 2013/2014 TPP study results and testimony. The CASIO acknowledges that the interim procurement authorization:

“should be contingent upon the ISO’s transmission study results, given the very distinct possibility that transmission alternatives could change the need for local resources in the study area.”⁷

ALJ Gamson’s proposal would include a method for SCE and SDG&E to procure more or less than authorized in the interim decision.⁸

In contrast, NRG “opposes any process that leads to an ‘interim’ decision that fails to clearly and irrevocably authorize utility procurement. From a project developer’s perspective, an interim, conditional decision is really no decision at all.”⁹ NRG recommends that “the Commission should issue an initial, binding decision which identifies a minimum amount of new generation necessary to maintain reliability independent of any non-generation alternatives that could be identified and pursued.”¹⁰ SCE likewise opposes the prospect of interim procurement authorization that might later decrease, noting that if “the Commission is unwilling to consider an interim authorization that is not subject to a later decrease, then SCE recommends deferring hearings until after the CAISO submits supplemental testimony in January of 2014.”¹¹

A single decision authorizing procurement after CAISO submits its testimony explaining how the 2013/2014 TPP study impacts its Track 4 study results would be the most efficient way to proceed, but if the Commission disagrees, it should not allow any interim procurement

⁷ Comments of the California Independent System Operator Corporation on Proposed Track 2 and Track 4 Procedural Schedules, September 10, 2013, p. 4.

⁸ RT 294:2-5.

⁹ Comments of NRG Energy, Inc. in response to Scheduling Issues Raised at the September 4, 2013 Prehearing Conference, September 10, 2013 (NRG comments), p. 2; *see also* Comments of the Independent Energy Producers Association on the Schedule for Track 4, September 10, 2013, p. 2 (“the interim decision procurement should not be subject to later revocation.”)

¹⁰ NRG comments, p. 2 (emphasis added).

¹¹ Opening Comments of Southern California Edison Company on Schedule, September 10, 2013, p. 4.

authorization to prejudge the final procurement authorization. Instead, as The Utility Reform Network correctly observes:

“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.”¹²

III. CONCLUSION

DRA respectfully requests that the Commission adopt a Track 4 schedule along the lines of the one that CEERT recommends. CEERT’s proposed schedule provides a reasonable option that would allow the Commission to move forward expeditiously, avoiding the need for an inefficient and potentially risky interim decision, while including a process that allows meaningful public participation. If the Commission nevertheless determines to adopt a process that would allow interim Track 4 procurement authorization, it should clearly provide that the final procurement authorization can increase or decrease depending on the subsequent 2013/2014 TPP study results and testimony of parties.

Respectfully submitted,

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¹² Comments of The Utility Reform Network on Track 2 and 4 Scheduling Proposals, September 10, 2013, p. 4.