

**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)

**REPLY COMMENTS OF THE CALIFORNIA ENVIRONMENTAL JUSTICE
ALLIANCE, SIERRA CLUB CALIFORNIA, AND PROTECT OUR
COMMUNITIES FOUNDATION REGARDING SCHEDULING ISSUES**

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Pursuant to the Administrative Law Judge’s direction given at the Pre-hearing Conference held September 4, 2013, California Environmental Justice Alliance (“CEJA”), Sierra Club California (“Sierra Club”), and Protect Our Communities Foundation (“POC”) respectfully submit these Reply Comments regarding the scheduling for Tracks II and IV in this proceeding.

I. INTRODUCTION

The proposal to adjust the schedule for Track 4 to allow consideration of crucial transmission mitigation options, first made by CAISO, has engendered a variety of responses by interested parties. There appears to be little disagreement on one key point - any consideration of future need in the SONGS area would be incomplete without additional information regarding potential transmission solutions that will be provided by CAISO in January. This unanimity shows that the most efficient use of time and resources by the Commission and the parties is to adjust the schedule to ensure that the Commission can reach a true determination of need. A tiered schedule with an interim decision would only result in a costly, inefficient process that would risk saddling ratepayers with over-procurement. It would be particularly unfortunate to engage in such an inefficient process when the testimony that has already been submitted strongly suggests that with the addition of CAISO’s transmission studies, the record will show that

there is no further need for procurement in the SONGS area. CEJA, Sierra Club, and POC agree with the other parties that request the Commission to adopt a schedule that requires CAISO to update its testimony (and its modeling) to include transmission options before any determination of fossil fuel procurement is made.¹

II. DISCUSSION

A. Consideration Of A Complete Record Will Likely Show That No Further Procurement In The SONGS Area Is Needed

The idea of an inefficient interim decision-making process followed by reconsideration after consideration of the material information not yet supplied by CAISO appears to be driven by the perception that the SONGS retirement has created an immediate need for procurement. However, the actual record shows it is far more likely there is no need for further procurement beyond that already authorized in previous decisions.²

None of the testimony submitted to date suggests the existence of need, particularly the need for new conventional resources. CAISO's initial testimony does not recommend any new procurement until it has had a chance to assess transmission mitigation and more recent CEC load forecasts.³ CAISO's position implicitly demonstrates that there is no urgency to make an immediate decision.⁴ SCE's testimony

¹ CEJA, Sierra Club and POC are in agreement on this fundamental point with CAISO, DRA, CEERT, NRDC, CLECA, CEEIC, VSI, The Clean Coalition, City of Redondo Beach, and CALWEA.

² Specifically, authorization to SCE in Track 1 and to SDG&E in R11-05-023

³ The most recent load forecasts show about 1700 MW less need than that used in CAISO's current testimony. Compare CEC 2013 IEPR, Preliminary, Demand Forecast with CEC 2012 IEPR, Demand Forecast for LA Basin and San Diego. The CEC projection presented in the workshop for SCE territory shows the actual peak demand has been declining since 2009. Michael Jaske, CEC, CEC/CPUC Workshop, Slide 4 (July 15, 2013).

⁴ CAISO's initial testimony found a need for about 2500 MW of new generation as a result of SONGS retirement after deduction of procurement authorizations for SCE in Track 1 and procurement authorized for DG&E in R11-05-023. CAISO did not consider transmission mitigation in its testimony. CAISO also has indicated that it would like to consider updated CEC load forecasts. If SCE's conclusion that the Mesa Loop-In reduces need by 1200 MW and the most recent CEC Load Forecast are used, CAISO's need

concludes that a combination of the Mesa Loop-In and targeted preferred resources are sufficient to meet NERC reliability standards.⁵ SDG&E has forecast need in its area, but that forecast is based on assumptions that are different than those set forth in the Track 4 Scoping Memo, as well as an extremely conservative set of contingencies exacerbated by the failure to consider load shedding as an option.⁶

In light of the likelihood that no new generation will be needed after consideration of the complete record, a schedule that requires the parties and the Commission to engage in a separate public process in order to reach an interim decision that will almost certainly have to be re-evaluated is extremely inefficient and a waste of resources.

B. There Is No Efficient Process That Includes An Interim Decision

The ALJ's proposal for an interim proceeding will, as CAISO has noted, almost certainly require two full evidentiary hearings.⁷ Any interim decision regarding need and possible procurement authorization will involve a determination based on what most parties agree to be an incomplete record. Despite the characterization of an initial decision as "interim," it will be litigated vigorously. CAISO's suggestion that the hearings on the interim decision be truncated to one or two days is unrealistic given the incomplete nature of the information. If anything, the original estimate of one week for evidentiary for Track 4 is probably an underestimate.⁸ Furthermore, if procurement is

numbers are reduced to nothing. See also the summary in NRDC's Comments filed Sept. 10, 2013 at pp. 5-6.

⁵ SCE, Track 4 Testimony of Southern California Edison Company, p. 3 and Figure 11-2 (August 26, 2013).

⁶ All of the testimony mentioned above also fails to address a variety of other factors that if properly considered would reduce need substantially. These issues will be heavily litigated and will require evidentiary hearings before any interim decision can be reached.

⁷ CAISO Comments on Proposed Track 2 and Track 4 Procedural Schedules, p. 6.

⁸ CAISO's suggestion that an interim, revocable decision can be reached based on a very circumscribed public process is untenable, for reasons set forth in CEJA and Sierra Club's opening comments. Opening Comment of CEJA, Sierra Club and POC at pp. 8-9.

authorized in an interim decision, more evidentiary hearings will likely be required since CAISO's completed testimony will significantly change the need analysis from that considered in the interim proceeding. Increasing the amount of time and resources to be expended by the parties and the Commission is not only inefficient, but it imposes a disproportionate burden on parties with limited resources, such as CEJA, Sierra Club and POC.

The Comments submitted in response to this proposal also reveal an inherent flaw in the idea of an interim decision. ALJ Gamson's proposal calls for re-visiting any determination made in the interim decision after the complete record is submitted. CAISO also has stated that any interim decision should be contingent upon its transmission findings because they will so significantly affect CAISO's current testimony. Yet SCE argues that if an interim authorization is subject to such revision, the authorization would not be useful and SCE would prefer to await a final determination without the interim process.⁹ SDG&E, on the other hand, states that it "generally supports" the ALJ proposal, but submits a proposed schedule that doesn't include consideration of CAISO's complete testimony at all and doesn't include an interim decision on anything. SDGE's proposal, in essence, is to ignore the absence of critical information and proceed as if there was no issue.¹⁰

If an interim decision were to be made, CEJA, Sierra Club and POC strongly support the concept that such an interim decision must retain the flexibility to reduce the amount of need, because CAISO's additional testimony could reveal over-procurement that would impose unnecessary costs on the ratepayers if the decision could not be

⁹ SCE Opening Comments on Schedule, p. 4

¹⁰ SDG&E Opening Comments on Scheduling, pp. 7-8.

adjusted downward. If that process is insufficient to address SCE's needs, as SCE claims, then there is no reason to burden the Commission and the parties with the additional work it entails.

C. CAISO's Alternative Position Is Unclear

CEJA, Sierra Club and POC agree that CAISO's preferred schedule, which allows it to file updated testimony incorporating transmission solutions (including reactive power) and other information before evidentiary hearings take place, is the most logical and efficient basis on which to proceed in Track 4. CAISO has now offered an additional alternative schedule in which the current Track 4 schedule is adjusted to allow CAISO to submit "testimony about transmission alternatives under consideration."¹¹ Although this statement is vague, it appears to indicate that the alternative is to present testimony discussing possible transmission projects but does not run power flow models. Modeling these transmission projects to show their effect on the local area affected by SONGS outage is the critical information without which Track 4 cannot reach a fact-based conclusion. Parties need the information about transmission projects and the models showing their effects to be able to participate effectively in the proceeding. However, CAISO's alternative proposal to incorporating information on transmission alternatives in October testimony almost certainly will not provide the requisite information and will merely create a different inefficient process in the fall that still fails to produce a holistic examination of the reliability in the SONGS area. CAISO's original proposal for a Track 4 process, which CAISO continues to prefer, remains the best solution.

¹¹ CAISO Comments on Proposed Track 2 and Track 4 Procedural Schedules, p. 7.

III. CONCLUSION

CEJA, Sierra Club and POC request the Commission delay a decision in Track 4 until a complete record can be developed.

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Respectfully submitted,

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