

**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

**AMENDED COMMENTS OF THE CITY OF REDONDO BEACH ON THE
ADMINISTRATIVE LAW JUDGE'S QUESTIONS FROM THE PRE-HEARING
CONFERENCE ON SEPTEMBER 4, 2013**

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RESPONSES TO QUESTIONS

- Q4. What is the appropriate timeline for new resource procurement which may be authorized in Track 4? In other words, do some resources have to come online earlier than others? This may also be a locational question.**
- A. The analysis performed for the City of Redondo Beach indicates that new dependable capacity in the Western LA basin sub-area is not needed until after the retirement of the Alamitos Once-Through-Cooling (OTC) units by year 2021 in accordance with the California State Water Resources Control Board's OTC compliance schedule.
- Q6. Should the Commission consider methods to address potential market power in the SONGS area for gas-fired resources? If so, what?**
- A. The City of Redondo Beach believes that the best way to address potential market power in the LCR areas affected by the retirement of the SONGS is to limit the amount of authorized procurement of new gas-fired resources in the area. The additional power flow analysis conducted on behalf of the City of Redondo Beach indicates that if about 2000 MW of preferred resources such as UEE, DG, DR, CHP and storage are developed in the Western LA basin sub-area, and if the San Diego area LCRs are met, the amount of

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Page 3 of 4

gas-fired resources required in the LA Basin LCR area would be reduced to about 1000 MW.

The same conclusion holds for the San Diego area. If additional preferred resources are assumed and modeled for the San Diego LCR area, the need for gas-fired generation in the San Diego area to meet the wider SONGS area LCRs would be reduced.

Consequently, the potential ability to exercise market power in the San Diego LCR area would also be reduced. Preferred resources not only provide significant environmental benefits, but in contrast to more centralized resources, they lack the practical ability to exercise market power. Further, the addition of preferred resources has the effect of reducing the ability of existing centralized resources to exercise market power.

Q7. For those recommending preferred resources or energy storage to fill any need, please indicate how the attributes of such resources will meet LCR needs

- A. The CPUC's current method for establishing compliance with LCR needs considers only (i) the magnitude of the LCR, and (ii) the dependable capacity of demand side resources and supply-side resources. The dependable capacity of supply-side resources is currently determined without regard to whether the resources are dispatchable by CAISO. For example, existing Qualifying Facilities and run-of-river hydro facilities are not dispatchable by CAISO yet have non-zero dependable capacity that is counted towards LCR needs. The attribute that matters is the amount of output from each resource that the CAISO can reasonably expect to be available at the time of an adverse weather condition peak load.

Incremental Energy Efficiency programs that reduce peak load during extreme weather conditions (i.e., one-year-in-ten), will reduce the magnitude of the LCR and are therefore as effective as supply-side resources in meeting LCR needs. Additional Distributed Generation, including Combined Heat and Power resources, is also effective in meeting LCRs since DG is generally operating at high output levels when loads are peaking. As

