

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)

**REPLY COMMENTS OF ENERNOC, INC., ON ALJ'S PHC QUESTIONS**

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October 14, 2013

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EnerNOC, Inc. (EnerNOC) respectfully submits these Reply Comments on the questions posed by Administrative Law Judge (ALJ) Gamson at the Prehearing Conference (PHC) held in Track 4 (San Onofre Nuclear Generating Station (SONGS)) of this 2012 Long Term Procurement Plan (LTPP) proceeding on September 4, 2013 (September 4 PHC). These Reply Comments are timely filed and served pursuant to the Commission's Rules of Practice and Procedure and the Assigned Commissioner's and ALJ's Ruling Regarding Track 2 and Track 4 Schedules issued on September 16, 2013 (September 16 AC/ALJ's Ruling).

**I.  
INTRODUCTION**

In the September 16 AC/ALJ's Ruling, parties were given the opportunity to file comments on issues addressed at the September 4 PHC "*in lieu of testimony*" due on that same day in Track 4.<sup>1</sup> EnerNOC elected to provide its position through the Track 4 Opening Prepared Testimony of Mona Tierney-Lloyd served on September 30, 2013.

However, multiple parties weighed in on issues that may affect the outcome of Track 4 in both comments and testimony. For that reason, as permitted by the September 16 AC/ALJ's Ruling,<sup>2</sup> EnerNOC replies herein to those comments that appropriately urge consistency with the resource and policy determinations made in the Track 1 (local reliability) Decision (D.) 13-02-015 and urge the Commission to issue a decision in Track 4 that considers *all* alternatives to

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<sup>1</sup> September 16 AC/ALJ's Ruling, at p. 4; emphasis added.

<sup>2</sup> *Id.*, at p. 5.

conventional gas-fired procurement in identifying or meeting local need in the absence of SONGs.

**II.  
RESOLUTION OF TRACK 4 *REQUIRES CONSISTENCY WITH D.13-02-015 AND A FULLY UPDATED AND COMPLETE RECORD ON ALL ALTERNATIVES IMPACTING LOCAL NEED IN THE ABSENCE OF SONGS.***

In its Comments on the ALJ’s September 4 PHC questions, the California Independent System Operator (CAISO) urged the Commission to avoid re-litigating the assumptions used to determine “residual local capacity needs in the LA Basin and San Diego areas without the SONGS generating units” and authorize “resource procurement in the LA basin/Moorpark areas (D.13-02-015), and the SDG&E purchase power tolling agreement (PPTA) decision (D.13-03-029).”<sup>3</sup> CAISO’s states that it “understood that the purpose of Track 4 was to build on these prior decisions” and “not reach back into previous proceedings to make adjustments to those need determinations.”<sup>4</sup>

However, this same level of commitment to those orders in terms of the *resource mix* and full consideration of *all* alternatives to conventional gas-fired generation in identifying or meeting any Track 4 need is absent from CAISO’s comments. Instead, CAISO states that it “supports and encourages the use of non-conventional and preferred resources to meet grid reliability needs,”<sup>5</sup> but subjects them to numerous conditions precedent to doing so, including *updating* the very assumptions that CAISO asks the Commission not to relitigate here.

Thus, CAISO suggests that those non-conventional and preferred resources have limitations (“i.e., “time of use and energy limited”) that may create “gaps during particular load periods and seasons,” require additional certainty that they will develop in the amounts, types,

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<sup>3</sup> CAISO 9-30 Comments, at pp. 1-2, 4.

<sup>4</sup> *Id.*, at p. 2.

<sup>5</sup> *Id.*

and locations expected, and may even require a “backup alternative.”<sup>6</sup> Further, while admitting that this Commission can issue a decision “regarding the mix of resources that should be procured to meet [Track 4] needs,” the CAISO reserves the right to “review the exact location and amounts of each type of resource change to ensure that the reliability and adequacy of the transmission system was satisfied by the *updated assumptions*.”<sup>7</sup> In this regard, CAISO states that “the exact location and amounts of each type of resource must be known in order to accurately assess the reliability and adequacy of the transmission system,” yet admits that it is still “evaluating transmission alternatives that will be able to address a portion of the identified resource needs and this information should be considered in the LTPP.”<sup>8</sup>

EnerNOC strongly urges the Commission to make *any determination* regarding need or resource mix in Track 4 based on *the Commission’s* procurement policies and decisions *and* an *evidentiary record* based on all assumptions that could impact that determination . EnerNOC certainly disagrees with CAISO’s ongoing “qualifications” and “conditions” on investor-owned utility (IOU) reliance on preferred resources, in particular, demand response, to meet both system and local needs.

Further, the statements by CAISO regarding “updated” assumptions and “transmission alternatives,” for which there is *no* record evidence yet, underscores the need for the Commission to ensure that it has a full and complete record on any local Southern California need arising from the retirement of SONGS *before* making *any* Track 4 decision. Comments by the IOUs note that preferred resource LCR “attributes” or “value” and “transmission upgrades to reduce

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<sup>6</sup> CAISO 9-30 Comments, at pp. 2-3.

<sup>7</sup> *Id.*, at p. 4; emphasis added.

<sup>8</sup> *Id.*, at pp. 3-4.

local need” are still being studied and examined by the CAISO,<sup>9</sup> with the CAISO’s Transmission Planning Process (TPP) results due in January 2014. In addition, as the California Large Energy Consumers Association (CLECA) points out, a near-term decision on Track 4 will effectively preclude consideration of “reliability-based” demand response that can and has already been used to meet transmission contingencies.<sup>10</sup>

CLECA’s Comments also demonstrate the importance of updating the “load forecast,” which serves as “a starting point in the need determination in the LTPP proceedings,” in recognition of rate design changes that will provide time-of-use pricing signals to all customer classes that could change load shape in the very years at issue in Track 4.<sup>11</sup> The California Environmental Justice Alliance (CEJA) further notes that consideration of both expected, near-term “new information” on possible transmission solutions and updated energy storage targets is “essential to a reasoned consideration of need in the SONGS area.”<sup>12</sup>

Yet, the “solution” offered by the IOUs is to allow for *no* updated assumptions. Thus, Southern California Edison Company (SCE) and Pacific Gas and Electric Company (PG&E) recommend against “additional updates to assumptions for Track 4 studies,” noting that “[a]ssumptions are always subject to change” and updates “could lead to unnecessary delay in making a Track 4 decision.”<sup>13</sup> In this regard, SCE recommends that the Commission bifurcate its Track 4 procurement authorization into “(i) an initial 500 MW segment to be met as part of SCE’s ongoing Track 1 LCR solicitation effort, and (ii) the balance of any Track 4 authorization to be determined after the Commission has had an opportunity to fully consider the CAISO’s

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<sup>9</sup> San Diego Gas and Electric Company (SDG&E) 9-30 Comments, at pp. 4, 7; Southern California Edison Company (SCE) 9-30 Comments, at p. 3 (although SCE expects that its “experience in conducting Track 1 procurement will likely help resolve ... uncertainties” in the “overall effectiveness” of preferred resources in meeting LCR need).

<sup>10</sup> CLECA 9-30 Comments at pp. 7-8.

<sup>11</sup> *Id.*, at pp. 3-6.

<sup>12</sup> CEJA 9-30 Comments, at pp. 5-6.

<sup>13</sup> PG&E 9-30 Comments, at p. 2; SCE 9-30 Comments, at p. 5.

updated transmission planning analysis.”<sup>14</sup> According to SCE, such a bifurcation is a “responsible way to ensure a minimum amount of Track 4 procurement authorization, while “allow[ing] sufficient time to deliberate the total Track 4 new resource need.”<sup>15</sup>

EnerNOC urges the Commission to make a “responsible” decision here that appropriately balances the interests and policies of this State to reduce reliance on fossil resources, while maintaining system reliability. This requires a full and fair consideration of *all* relevant assumptions that affect any Southern California local need absent SONGS. Timing is the critical point, and EnerNOC supports other parties who have offered *reasonable* schedules for deciding Track 4 in a manner that considers all updated assumptions (i.e., CAISO’s TPP results, Track 1 solicitations/pilots results, and further development of DR programs) through at least the first quarter of next year *before* issuing any procurement authorization in Track 4.<sup>16</sup>

In this regard, in terms of “transmission solutions” alone, as the Sierra Club California appropriately warns, “[e]xcluding CAISO’s 2013/2014 transmission studies from consideration creates a situation where the Commission may authorize unnecessary over-procurement which will be costly to ratepayers,” especially in terms of long-term “excess air pollution and greenhouse gas emissions.”<sup>17</sup> *Given the multiple updates due in the coming months likely to alter a Track 4 needs assessment*, EnerNOC certainly agrees with Sierra Club California that the “most pressing need here is a solution that addresses the issues created by the SONGS closure, not a quick solution this fall or winter that may cause more harm than good.”<sup>18</sup>

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<sup>14</sup> SCE 9-30 Comments, at p. 6.

<sup>15</sup> *Id.*, at p. 6.

<sup>16</sup> See, e.g., CEERT Comments on Track 4 Schedule (9-10-13), at p. 6.

<sup>17</sup> Sierra Club 9-30 Comments, at pp. 1-2.

<sup>18</sup> *Id.*, at p. 1.

**III.  
CONCLUSION**

EnerNOC joins with the many other parties that have asked the Commission to issue a Track 4 decision that fully considers all relevant assumptions and *alternatives* in identifying any local reliability needs that may exist in the absence of SONGS. Time certainly permits having a “responsible” decision that is supported by a complete evidentiary record and follows Commission policies favoring Loading Order preferred resources to reduce and meet that need.

Respectfully submitted,

October 14, 2013

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