

**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 IN RESPONSE TO QUESTIONS RAISED BY ALJ GAMSON
DURING THE SEPTEMBER 4, 2013 PRE-HEARING CONFERENCE**

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The California Environmental Justice Alliance (CEJA) respectfully submits these reply comments regarding the questions presented by Administrative Law Judge Gamson at the September 4, 2013 prehearing conference. These reply comments are filed and served pursuant to rules 1.9 and 1.10 of the California Public Utilities Commission's (the "Commission") Rules of Practice and Procedure and the Assigned Commissioner And Administrative Law Judge's Ruling Regarding Track 2 And Track 4 Schedules of September 16, 2013.

1. How much of the 1400-1800 MW authorized procurement for the LA area from the Track 1 Decision should be assumed in Track 4? Does it matter which resources are procured or what the mix of resources would be.

CEJA agrees with CAISO, NRDC, NRG, SCE, Sierra Club and WEM that for purposes of Track 4 the Commission should assume that all of the procurement authorized in Track 1 will occur.

CEJA disagrees with the position of the Independent Energy Producers Association ("IEPA") that resource procurement already approved by the Commission, which is already in process, should simply be ignored when calculating Track 4 need. IEPA appears to find CAISO's assumption that such resources will be in place by 2022 troubling, but IEPA's professed concern ignores the very nature of these proceedings and

the nature of the Commission's Track 1 Decision. In a proceeding to consider a long-term procurement plan some uncertainty is a given. All the Commission can do is use the best, most recent, available forecasting tools to determine whether future need exists and, if so, what resources will be needed to meet that need. The procurements authorized in Track 1, including the mix of resources to be procured, were determined after a fully litigated public process. IEPA apparently would prefer to re-litigate those same issues. The Commission should not consider doing so.

2. Should the proposed decision in the storage proceeding (R10-12-007) be considered with regard to Track 4 procurement?

CEJA agrees with CalWEA, NRDC, and Sierra Club that the energy storage procurement targets set forth in the proposed energy storage framework should be considered in this proceeding. CEJA agrees with PG&E that the LTPP is the appropriate forum in which to address targets set in the storage proceeding for purposes of procurement authorization to satisfy need.

The Proposed Decision in R.10-12-007 sets forth procurement targets believed to be technologically viable and cost effective.¹ Those targets, once finalized, will require the procurement of new energy storage systems by SCE and SDG&E that are well in excess of the 50MW total storage procurement ordered in Track 1 of this proceeding. While there may be some uncertainty as to whether all of the energy storage procurement authorized in the Proposed Decision will be capable of meeting local reliability needs, it seems clear that a substantial amount of energy storage procured to meet the targets set in R.10-12-007 will be available to meet such needs. Ignoring the substantial likelihood that such clean and flexible resources will be available for local reliability purposes has

¹ R-10-12-007 Proposed Decision (Revised) September 3, 2013 at pp. 22, 24-25.

potential to cause over-procurement and/or to undermine the Commission’s goals with respect to energy storage development. For that reason, SDG&E’s suggestion that procurement of energy storage be considered only in the energy storage proceeding should be rejected.

3. Are there any updates to assumptions that should be considered in Track 4.

A. Transmission Solutions

CEJA agrees with CAISO and NRDC that the Commission should consider transmission alternatives presently under evaluation by CAISO. CAISO has stated that transmission alternatives “will be able to address” a portion of the resource needs identified by CAISO’s study.² SCE has reached the same conclusion in its testimony and has already assumed certain transmission solutions in its testimony.

Whether considered as a change to assumptions or as a resource available to meet need identified in studies that did not include them, transmission solutions such as those identified by CAISO SCE can significantly reduce the amount of new resources necessary to meet a local need and help avoid replacing the GHG-free generation provided by SONGS with decades of GHG-producing gas-fired generation.

B. Updated CEC Forecast

The Scoping Memo identifies the California Energy Commission’s mid-range 1-in-10 forecast from August 2012 as the most recent forecast. CEJA agrees with CLECA, NRDC, and Sierra Club that the Track 4 assumptions should be revised to include the much more recent California Energy Demand 2014-2024 Revised Forecast, and in particular the CEC’s draft Estimates Of Additional Achievable Energy Savings. This

² Comments of the California Independent System Operator Corporation Addressing Additional Issues, p. 4.

information not only is much more up to date than the 2012 forecast, but it easily can be incorporated into this Proceeding.

IEPA expresses disagreement with the manner in which the CEC has chosen to address energy efficiency resources in its demand forecast. IEP suggests that the Commission, the CEC and CAISO should all select an updated demand forecast case that utilizes a mid-case AAEE that IEP recommended to the Demand Analysis Working Group (“DAWG”).³ However, the CEC has continually taken into account the comments and input of DAWG in developing its demand forecast.⁴ IEPA has had ample opportunity to express its views during the public process by which CEC arrived at its demand forecast. Apparently its views were not accepted, and it is now seeking another forum in which to raise the same arguments. There is no reason for the Commission to consider replacing the product of the CEC’s lengthy and thorough public process with a single party’s position that proved unpersuasive in that same process.

As for IEPA’s attack on the reliability of energy efficiency resources, CEJA agrees with NRDC’s Reply Comments, which point out the fallacies underlying IEPA’s assumptions.⁵

Finally, CEJA also agrees with EnerNoc that the Commission must make any determination regarding need or resource mix in Track 4 based on the Commission’s

³ Comments of the IEPA Responding to Questions Asked by ALJ Gamson at the September 4, 2013 Prehearing Conference, p. 5.

⁴ “With input from the DAWG, a substantial amount of work was dedicated to improving estimates of efficiency impacts incorporated in CED 2009 and CED 2011. CED 2013 Preliminary builds on this work” CEC California Energy Demand 2014—1024 Preliminary Forecast (May 2013) p. 61.

⁵ See Reply Comments of the Natural Resources Defense Council (NRDC) on ALJ Gamson’s Policy-Related Questions Presented at the September 4, 2013 Prehearing Conference, pp. 3-4.

procurement policies and decisions and an evidentiary record that addresses all assumptions underlying that determination.⁶

4. What is the appropriate timeline for new resources procurement authorized in Track 4. Do some resources have to come on line sooner than others? (Note that this may also be a locational issue).

CEJA reiterates its position that based on the testimony to date, properly adjusted for resources omitted by CAISO and the utilities, no new resource procurement beyond that already authorized in Track 1 will be needed.⁷ For that reason, any timeline driven by suggestions of imminent crisis would be inappropriate. To the extent speed is perceived to be necessary, however, preferred resources and energy storage resources can be placed online more quickly than gas-fired generation and are consistent with California public policy.

5. Should there be contingency plans in case certain resources have not materialized in a timely fashion (e.g. construction of gas-fired plants delayed or other resources slow to develop).

While CEJA agrees with Sierra Club that the reliability situation in the SONGS area is stable, CEJA has no objection in concept to the idea that some contingency planning might be prudent. However, contingency planning should not be equated with planning to build new gas-fired power plants on an expedited basis. As CAISO notes, contingency planning can consist of short-term interim mitigations rather than commitment to long-term “solutions.” For example, in the unlikely event that preferred resources are not available to meet anticipated need, the CPUC could extend the retirement date of the

⁶ See Reply comments of EnerNoc, Inc. on ALJ’s PHC Questions, p. 3.

⁷ See generally Prepared Direct Testimony of Julia May on Behalf of the California Environmental Justice Alliance Regarding SONGS Retirement, Track IV, before the California Public Utilities Commission, September 30, 2013.

Cabrillo 2 peaking facilities while longer-term cleaner solutions are developed. The last thing the Commission should consider as a contingency plan is burdening ratepayers with the construction of new gas-fired generation facilities that will continue to pollute an already polluted area for decades to come.

7. If you are recommending preferred resources or energy storage to fill any need, it would be helpful to indicate how the attributes of such resources will meet LCR needs.

CEJA agrees with the Comments submitted by Green Power Institute, NRDC, and Sierra Club on this topic.

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Respectfully submitted,

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