

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 THE
CENTER FOR ENERGY EFFICIENCY AND RENEWABLE TECHNOLOGIES
ON ALJ SEPTEMBER 4 PHC QUESTIONS**

October 14, 2013

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The Center for Energy Efficiency and Renewable Technologies (CEERT) respectfully submits these Reply Comments on the questions posed by Administrative Law Judge (ALJ) Gamson at the Prehearing Conference (PHC) held in this Long Term Procurement Plan (LTPP) Track 4 (San Onofre Nuclear Generating Station (SONGS)) 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.
OPENING COMMENTS ON THE ALJ'S SEPTEMBER 4 PHC QUESTIONS
AGAIN DEMONSTRATE THAT AN "INTERIM DECISION" OR AN
INCOMPLETE RECORD IN TRACK 4 MUST AND CAN BE AVOIDED.**

The September 16 AC/ALJ's Ruling offered parties the opportunity to file comments on questions posed by the ALJ at the September 4 PHC "in lieu of testimony" due on that same day in Track 4.¹ CEERT did in fact serve Track 4 testimony on September 30 in lieu of such Opening Comments. However, the September 16 AC/ALJ's Ruling also permitted Reply Comments on those September 30 Opening Comments to be filed today.

¹ September 16 AC/ALJ's Ruling, at p. 4.

CEERT has reviewed the multiple Opening Comments on the ALJ's Questions, which also mirror testimony served by certain of these parties, and all of which are intended to affect both the outcome and timing of a decision in Track 4. In fact, on material issues of disputed fact *at issue in the hearings* and of critical importance to the disposition of Track 4, these Opening Comments represent highly divergent views of what the "record" or even policy should be in authorizing procurement (if any) in Track 4.

These differences among the parties range from what the starting point is to what the content and end point should be for the Track 4 "record." Thus, the California Independent System Operator (CAISO) urges that "assumptions" relied upon to authorize local capacity resource procurement for Southern California Edison Company (SCE) in Track 1 of this proceeding (D.13-02-015) and San Diego Gas and Electric Company (SDG&E) in D.13-03-029 are the "starting point" for this Track 4 and should not be adjusted or changed now.² SCE, SDG&E, Pacific Gas and Electric Company (PG&E), and the Independent Energy Producers Association (IEP) also argue that the Commission should *not* consider "changes" or "updates to assumptions for Track 4 studies," claiming that the Commission has "adequate information in the record to make a need determination" and such updates "could lead to unnecessary delay in making a Track 4 decision."³

In fact, SDG&E asks the Commission to "move ahead expeditiously to authorize a level of procurement that will be needed in any case,"⁴ while SCE proposes a "bifurcated" process to achieve that end. Specifically, SCE recommends that the Commission approve a "Track 4 procurement authorization" of "an initial 500 MW segment to be met as part of SCE's ongoing

² California Independent System Operator (CAISO) 9-30 Comments, at pp. 1-2, 4.

³ PG&E 9-30 Comments, at p. 2. See also: CAISO 9-30 Comments, at p. 4; SDG&E 9-30 Comments, at p. 3; SCE 9-30 Comments, at p. 5; IEP 9-30 Comments, at pp. 3-4.

⁴ SDG&E 9-30 Comments, at p. 3.

Track 1 LCR solicitation effort.”⁵ According to SCE, the second part of this “bifurcation” would call for “the balance of any Track 4 authorization to be determined after the Commission has had an opportunity to fully consider the CAISO’s updated transmission planning analysis.”⁶

However, there has been *no* record evidence that even a “500 MW” segment of procurement authorization is reasonable when *all* near-term, updated assumptions and alternatives are considered. Thus, quite correctly, multiple other parties in their Opening Comments provide detail on the “information” that is changing and will be changed in the near term that will certainly impact whether there is any need for any such “initial segment” of Track 4 procurement. Such information includes near-term results of the CAISO’s Transmission Planning Process (TPP) (expected in January 2014), updated California Energy Commission (CEC) demand forecasts (revised in September 2013), and anticipated impacts on load that will result from this Commission’s changes in time of use rates for all customer classes.⁷ CEERT, therefore, agrees with Sierra Club, among others, that failure to consider this “information” in order to reach a “quick solution this fall or winter” to Track 4 certainly risks authorizing “unnecessary over-procurement” of conventional resources at great cost to ratepayers and the State’s environment.⁸

While CEERT understands the Commission’s concerns with ensuring reliability, CEERT fully considered all of these issues when it filed its Comments on the Track 4 Schedule on September 10, 2013. In those Comments, CEERT responded in opposition to ALJ Gamson’s proposal for a Track 4 “interim decision” on “capacity needed to replace SONGS for the

⁵ SCE 9-30 Comments, at p. 6.

⁶ *Id.*, at p. 6.

⁷ California Environmental Justice Alliance (CEJA) 9-30 Opening Comments, at p. 6; Sierra Club California (Sierra Club) 9-30 Comments, at p. 4; California Large Energy Consumers Association (CLECA) 9-30 Opening Comments, at pp. 3-6.

⁸ Sierra Club 9-30 Comments, at pp. 1-2.

SCE/SDG&E territory” that would be issued in advance of consideration of the CAISO’s TPP results (due in January 2014). Specifically, CEERT concluded that “any reliance on ‘interim’ authorizations without a full and complete evidentiary record to support such procurement” would clearly conflict with “this Commission’s duty to ensure reliability in a manner that preserves and promotes California’s clean energy policies.”⁹

In particular, the Commission has committed to Loading Order “preferred resources,” “along with transmission solutions,” playing a significant “role in both reducing and meeting long term needs,” especially to avoid overreliance on conventional gas-fired resources.¹⁰

Examples of both such solutions and their impact on Track 4 need have even been highlighted in SCE’s Track 4 Opening Testimony, served on August 26, 2013 (i.e., “development of Mesa Loop-in” and SCE’s location-specific “Preferred Resources ‘Living’ Pilot Program (Pilot)”).¹¹

Several parties in their September 30 Comments have also pointed out the significance of the Commission’s pending decision on energy storage procurement in R.10-12-007 and, even more, the value of large-scale pumped storage projects that can most certainly offset reliance on conventional generation to meet local need. In fact, the California Energy Storage Association (CESA) recommends that the Commission “encourage a separate study to be undertaken and workshop devoted to pumped hydro storage,” noting that “pumped hydro can be an instrumental component of a low carbon energy low cost procurement process, particularly for LTPP.”¹² Similarly, Alton Energy, Inc., emphasizes the important role to be played by bulk storage to

⁹ CEERT 9-10 Comments on Track 4 Schedule, at p. 2.

¹⁰ Id.

¹¹ Id., at pp. 2-3 (with citation to SCE Track 4 Testimony, at pp. 4, 49).

¹² CESA 9-30 Comments, at pp. 12-13.

displace reliance on conventional resources and achieve this State's energy and GHG emission reduction goals.¹³

In consideration of all factors impacting both the finding and timing of a Track 4 need authorization, CEERT concluded in its September 10 Comments that it was not reasonable or necessary “to compress the schedule for development of the public record or consideration of the range of opportunities to fill any need to address such issues.”¹⁴ This view was shared by other parties, including the Division of Ratepayer Advocates (DRA), which, in its September 13 Reply Comments confirmed that “any Track 4 procurement” must be based “on a complete record of available transmission solutions and reactive power resources.”¹⁵

To that end, DRA supported the schedule proposed by CEERT in its September 10 Comments, which bears repeating here in reply to the September 30 Comments, revised to reflect the schedule changes adopted in the September 16 AC/ALJ's Ruling and the October 3 PHC Notice. This schedule, as revised, continues to be designed to advance consideration of Track 4 need expeditiously, while at the same time achieve a “holistic” consideration of Southern California “reliability” needs and permit the Commission to meet its “duty to ensure that any such procurement decision is fully and publicly vetted and supported.”¹⁶ CEERT asks that this proposed schedule, with revisions and recommendations shown in bold italics, be considered at the October 22 PHC.

¹³ Alton Energy 9-30 Comments, at pp. 1-5.

¹⁴ CEERT 9-10 Comments on Track 4 Schedule, at p. 4.

¹⁵ DRA 9-13 Reply Comments on Track 4 Schedule, at p. 1.

¹⁶ CEERT 9-10 Comments on Track 4 Schedule, at p. 5.

CEERT REVISED PROPOSED SCHEDULE FOR TRACK 4¹⁷

Date	Event
September 30, 2013	Reply to CAISO, SCE, SDG&E and City of Redondo Beach Testimony, and Opening Testimony of all other parties' comments on ALJ questions form 9/4/13 PHC.
October 14, 2013	All Parties Rebuttal Testimony; <i>expected Submission date if no evidentiary hearings</i> ; reply comments on ALJ questions from 9/4/13 PHC; <i>final date to request evidentiary hearings</i> .
October 22, 2013	Prehearing Conference (<i>to include consideration of schedule changes to Track 4</i>)
October 28 – November 1, 2013	Evidentiary Hearings <i>postponed to March-April 2014</i>
<i>January 2014</i>	<i>CAISO TPP Study Results</i>
<i>February 2014</i>	<i>Joint CAISO-CPUC Workshop on TPP Study Results. CAISO to provide any changes to TPP Study Results no later than February 24, 2014.</i>
<i>March 3, 2014</i>	<i>IOUs, CAISO, and Parties' <u>Revisions or Updates</u> to Opening and Rebuttal Testimony</i>
<i>March 19, 2014</i>	<i>Rebuttal Testimony of All Parties to March 3 Revised or Updated Testimony</i>
<i>March 31 – April 11, 2014</i>	<i>Evidentiary Hearings</i>
<i>April 28, 2014</i>	<i>Opening Briefs</i>
<i>May 5, 2014</i>	<i>Reply Briefs</i>
<i>June 2014</i>	<i>Proposed Decision</i>

¹⁷ These revisions incorporate, as appropriate, changes to the Track 4 schedule adopted in the September 16 AC/ALJ's Ruling and the October 3 PHC Notice.

**III.
CONCLUSION**

CEERT urges the Commission to consider CEERT's proposed schedule for Track 4 offered above, as revised. This schedule demonstrates that the Commission can issue a decision in Track 4 that considers all relevant assumptions in a timely manner.

Respectfully submitted,

October 14, 2013

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