

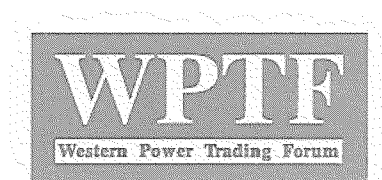
Rulemaking: 12-03-014  
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Witness: Gary Ackerman

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**REBUTTAL TESTIMONY OF THE WESTERN POWER TRADING FORUM  
ON TRACK 4 ISSUES**

**ORDER INSTITUTING RULEMAKING TO INTEGRATE AND  
REFINE PROCUREMENT POLICIES AND CONSIDER  
LONG-TERM PROCUREMENT PLANS**

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**REBUTTAL TESTIMONY OF THE  
WESTERN POWER TRADING FORUM  
ON TRACK 4 ISSUES**

**I. Introduction and Summary**

1           This rebuttal testimony is submitted on behalf of the Western Power Trading Forum  
2 (“WPTF”) in response to September 30, 2013 opening testimony filed by various parties. My  
3 rebuttal testimony focuses on opening testimony by various parties challenging the need for the  
4 procurement requests made by Southern California Edison (“SCE”) and San Diego Gas &  
5 Electric (“SDG&E”) and challenging the necessity for the procurement to be comprised of gas-  
6 fired generation. My recommendation is that rather than arguing for or against gas-fired or any  
7 other type of generation it makes more sense to simply determine the technical specifications as  
8 to what sort of resources are needed to operate the grid reliably and economically and then direct  
9 that the utilities hold all-source requests for offers (“RFOs”) that seek resources that meet the  
10 approved technical specifications.

11                   **A. Track 4 Should Not be a Forum for Debating Generation Preferences**

12           Various parties decry the use of gas-fired generation to meet the utility-identified  
13 resource needs. For example, the California Environmental Justice Alliance (“CEJA”) notes  
14 that, “SDG&E has an economic incentive to promote third party gas plant construction in San  
15 Diego County”<sup>1</sup> and “SCE also requests that its Preferred Resources proposal be backed up by  
16 contingent gas-fired generation, rather defeating the purpose of using preferred clean energy  
17 resources, and doing so without establishing need for new generation.”<sup>2</sup> Sierra Club argues that

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<sup>1</sup> CEJA, at p. 20.

<sup>2</sup> Id, at p. 22.

1 battery storage will be cost competitive with gas-fired generation in 2020.<sup>3</sup> The Division of  
2 Ratepayer Advocates (now renamed the Office of Ratepayer Advocates or “ORA”) recommends the  
3 Commission allow potential “future EE and DR” that appears likely to be cost-effective to  
4 reduce the demand for conventional gas-fired resource procurement<sup>4</sup> and urges the Commission  
5 “to pursue a more aggressive procurement authorization of LCR quality preferred resources, to  
6 the extent there is a LCR need determination for the SONGS study area.”<sup>5</sup> The Vote Solar  
7 Initiative (“Vote Solar”) contends that it is “premature to commit to a path that could lead to the  
8 development of a significant amount of new conventional gas-fired resources that will be  
9 emitting carbon and other pollutants for 40+ years”<sup>6</sup> and “recommends meeting the identified  
10 LCR needs in SCE and SDG&E with Preferred Resources rather than gas-fired resources.”<sup>7</sup>

11 WPTF by no means opposes the development of so-called “preferred resources” and its  
12 membership includes developers and owner/operators of both conventional and renewable  
13 resources, with interests in “preferred resources” as well. Nonetheless, WPTF believes that  
14 using this phase of the LTPP proceeding to debate the relative merits of gas-fired versus other  
15 types of resources appears to be a particularly fruitless exercise. Rather than engage in such a  
16 debate, the Commission should instead identify the operating characteristics that are needed to  
17 meet the southern California electric grid needs reliably and economically. Specifying “winners  
18 and losers” as to generation types should not occur. From a ratepayer perspective, their interests  
19 will best be served by directing that all resources, preferred, renewable, and conventional, should

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<sup>3</sup> Sierra Club at p. 24.

<sup>4</sup> ORA, at p. 5.

<sup>5</sup> Id, at p. 1.

<sup>6</sup> Vote Solar, at p. 3-4.

<sup>7</sup> Id, at p. 1.

1 be allowed to participate in the SCE and SDG&E RFOs. Such an all-source RFO will elicit the  
2 most competitive offers and ensure that the system needs that have arisen due to the early closure  
3 on the San Onofre Nuclear Generation Station (“SONGS”) are appropriately resourced.

4 This concludes my rebuttal testimony.