

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)

**OPPOSITION OF THE OFFICE OF RATEPAYER ADVOCATES TO
MOTION OF THE CALIFORNIA INDEPENDENT SYSTEM OPERATOR
CORPORATION TO LIMIT THE SCOPE OF HEARINGS**

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I. INTRODUCTION

On October 18, 2013 the California Independent System Operator Corporation (CAISO) filed a motion to limit the scope of the Track 4 evidentiary hearings.¹ The CAISO's motion notes that the study assumptions for a local capacity study to identify residual resource needs for the San Onofre Generating Station (SONGS) local area in the absence of SONGS were identified in the May 21, 2013 "Revised Scoping Ruling and Memo of the Assigned Commissioner and Administrative Law Judge"² The CAISO claims that parties in Application (A.)11-05-023 "thoroughly explored the topic of load shedding as a mitigation solution for the N-1-1 critical contingency in the San Diego local area."³ The CASIO therefore concludes that "the ISO's study methodology is not a topic to be relitigated in Track 4,"⁴ and moves that the Commission exclude issues involving the CAISO's study methodology, including the application of transmission planning standards, from the scope of cross examination. The CAISO asserts that excluding cross examination as it requests would allow the Commission:

"to focus valuable hearing time on such important and urgent matters as whether there is a need for additional procurement in the SONGS study area, and how residual resource needs in the SONGS study area should be filled."⁵

ORA respectfully disagrees that "valuable hearing time" should not be spent on the CAISO's use of transmission planning standards. Whether or not a Special Protection System (SPS) is used in mitigating the N-1-1 contingency in the SONGS study area can make a difference in the determination of need of up to 1000 MW.⁶ The issue is therefore important with significant potential cost impacts. It should therefore be included as a topic for cross

¹ Motion of the California Independent System Operator Corporation to Limit Scope of Track 4 Evidentiary Hearing, October 18, 2013 (CAISO's Motion).

² CAISO's Motion, p. 1.

³ CAISO's Motion, p. 1.

⁴ CAISO's Motion, p. 1.

⁵ CAISO's Motion, p. 3.

⁶ Prepared Direct Testimony of San Diego Gas & Electric Company, John Jontry, August 26, 2013 (SDG&E Opening Testimony/Jontry), p. 7; Track 4 Testimony of Southern California Edison Company, August 26, 2013 (SCE Opening Testimony), p. 6.

examination that directly impacts “whether there is a need for additional procurement in the SONGS study area...”⁷

II. DISCUSSION

A. **The Revised Scoping Memo does not prevent consideration of whether it is reasonable to exclude a Special Protection System to mitigate the N-1-1 contingency in the SONGS study area.**

The Revised Scoping Memo requested that the CAISO use certain assumptions in preparing its power flow studies to determine capacity requirements (LCR) in the permanent absence of SONGS.⁸ The CAISO submitted its results on August 5, 2013, recommending that the Commission not use it as a basis for determining need.⁹ Southern California Edison Company (SCE) and San Diego Gas & Electric Corporation (SDG&E) submitted testimony on August 26, 2013 that used different assumptions in determining preliminary need for SCE and SDG&E based in each utilities power flow studies.

In calculating the amount of local capacity requirements (LCR) for the SONGS study area, the CAIS , SCE and SDG&E take different approaches to acceptable mitigation strategies for an N-1-1 contingency consisting of the outage of the Sunrise Powerlink, system readjusted, followed by the outage of the Southwest Powerlink. The CAISO does not include the effect of a load-shedding SPS when considering need and instead assumes that new generation is needed to resolve the contingency.¹⁰ The mere fact that the Revised Scoping Memo directed that the CAISO use certain assumptions in completing its power flow studies does not mean that the assigned Commissioner and Administrative Law Judge intended to preclude testimony or cross examination regarding the applicability of some of the assumptions in determining overall need in the SONGS study area.

⁷ CAISO’s Motion, p. 3.

⁸ Revised Scoping Ruling and Memo of the Assigned Commissioner and Administrative Law Judge, May 21, 2013, Attachment A, Track 4 Study Assumptions, p. 2.

⁹ Track 4 Testimony of Robert Sparks on behalf of the California Independent System Operator Corporation, August 5, 2013, 32:1-4.

¹⁰ Reply Testimony of Robert M. Fagan of behalf of DRA, Track 4, SONGS outage, September 30, 2013 (Fagan Reply Testimony), Attachment B (CAISO Data Request Response 2).

SDG&E does not directly include the effect of any load shedding SPS when considering the range of need, even though it acknowledges the presence of a Western Electricity Coordinating Council (WECC)-approved SPS for the key N-1-1 contingency event.¹¹ SDG&E, as does CAISO, assumes new generation is needed to resolve the contingency.

SCE uses the WECC-approved SPS in its calculations, but then requests additional procurement authority in recognition of the fact that CAISO does not use this SPS for its long term planning.¹² SDG&E does not attempt to reconcile SCE's use of load-shedding SPS in the event of the N-1-1 contingency event with SDG&E's failure to assume an SPS.

Whether or not the Commission considers the use of an SPS in the event of the N-1-1 contingency apparently makes a difference of up to 1000 MW difference in the determination of need.¹³ The CAISO and SDG&E testimony contains limited evidence in support of the decision to exclude the use of a WECC-certified SPS from its calculation of LCR need in the SONGS study area and cross examination may clarify some of the issues.

B. Cross examination regarding facts related to the use of an SPS as a short-term solution would be helpful to the Commission's determination of the issue of procurement authorization.

One aspect of the use of an SPS that is especially pertinent to Track 4 is the potential use of an SPS as a short-term bridge rather than a long-term solution. That distinction alone could directly affect procurement authority in Track 4. Thus, even without questioning the CAISO's study methodology, but instead examining how approved methodologies – use of SPS for short period--could impact the need to procure gas-fired generation in Track 4.

For example, if a new 500 kV line was planned between the SCE and SDGE service territories, but would not be in place until 2024, then an SPS could bridge the gap between 2020 once-through cooling the availability of the new transmission line. Or, if preferred resources (including storage) were on track to obviate need for new gas-fired generation by 2022, then an SPS might bridge the gap between 2020 to 2022 period.

¹¹ Fagan Reply Testimony, p. 3.

¹² Fagan Reply Testimony, p. 2, citing SCE Opening Testimony, pp. 6-7.

¹³ SDG&E Opening Testimony/Jontry, p. 7; SCE Opening Testimony, p. 6.

Cross examination on the use of an SPS as a short-term solution might clarify the potential risks and benefits of this approach.

C. The Commission’s Decision (D.) 13-03-029 not to include load shedding in determining SDG&E should not prevent the consideration in Track 4 of whether it is reasonable to include the newly-approved SPS as a mitigation for the SONGS study area.

The CAISO claims that in Application (A.)11-05-023, parties “thoroughly explored the topic of load shedding as a mitigation solution for the N-1-1 critical contingency in the San Diego local area.”¹⁴ ORA and the California Environmental Justice Alliance (CEJA) argued that load-shedding should be considered. The CAISO opposed consideration of load-shedding.

“The ISO does not consider it acceptable to rely on load shedding to mitigate the category C outage of Sunrise and IV-Miguel 500 kV lines *because there is no suitable SPS designed or in place at this time.*”¹⁵

There was not an SPS in place when briefs were submitted in A.11-05-023, but SDG&E now has an SPS in place,¹⁶ so this basis for the CAISO’s opposition to use of an SPS to mitigate a category C outage of the Sunrise and IV-Miguel 500 kV lines has disappeared. D.13-03-039 stated at page 11 with regard to future transmission upgrades and the assumed load shedding that” [w]e are not persuaded that the LCR determination should be based on such potential eventualities.”¹⁷ But the SPS to mitigate an N-1-1 contingency of the Sunrise and IV-Miguel 500 kV is no longer a “potential eventuality” but an existing mitigation option.

D. The Administrative Law Judge’s decision to grant the CAISO’s motion to strike testimony in A.13-06-015 related to the CAISO’s planning standards should not prevent the consideration in Track 4 of whether it is reasonable to include the newly-approved SPS as a mitigation for the SONGS study area.

¹⁴ CAISO’s Motion, p. 1.

¹⁵ A.11-05-023, Ex. 18 Attch. GG (CAISO Data Response to DRACAIISO).

16(b)) (DRA Supplemental Attachments), cited in DRA Opening Brief, July 13, 2012 (emphasis added).

¹⁶ SDG&E Opening Testimony/Jontry, p. 7.

¹⁷ D. 3-03-029, p. 11.

The CAISO's Motion notes that:

“in A.13-06-015, the Pio Pico PPTA application proceeding, the ALJ granted the ISO's motion to strike all issues associated with the N-1-1 contingency and the probabilistic versus deterministic methodology on the grounds that these matters had been addressed and resolved in D.13-03-029.”¹⁸

The Administrative Law Judge's decision in A.13-06-015 to strike testimony on issues related to the N-1-1 contingency in the considering SDG&E's application for approval of the amended Pio Pico Purchase Power Tolling agreement provides little guidance in Track 4 of this proceeding given the radically different scopes of the two proceedings. The Scope of A.13-06-015 is limited to whether the PPTA needed to meet the local capacity requirement as identified in D.13-03-029.¹⁹ In contrast, the scope of Track 4 includes identification of residual resource needs for the SONGS local area in the absence of SONGS.

III. CONCLUSION

Consideration of the use of an SPS should continue to be part of the overall procurement equation, because the use of an SPS has a potentially large impact of the same order of magnitude as other key elements – the peak load forecast, and levels of energy efficiency, demand response, photo voltaic, and possible new storage that impact procurement authority. ORA there respectfully requests that issues of fact related to the use of an SPS in the SONGS study area remain within the scope of hearings in order to develop an adequate record for determining whether it is reasonable exclude consideration an SPS for the SONGS study area as a means of decreasing overall need, especially for a limited time until other resources become available.

¹⁸ CAISO's Motion, p. 2, footnote 2, citing October 14, 2013 Reporter's Transcript in A.13-06-015 at.20:1-23:7.

¹⁹ Assigned Commissioner's Scoping Memo and Ruling in A.13-06-015, August 26, 2013, p. 2. The other two issues within the scope of A.13-06-013 are the reasonableness of terms and conditions of the PPTA and the reasonableness of SDG&E's ratemaking and cost allocation proposals.

Respectfully submitted,

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