Docket:	:	R.12-03-014
Exhibit Number	:	ORA x SDG&E 1
Commissioner	:	Michel Florio
Admin. Law Judge	:	David Gamson
	:	
	:	

Attachment K to DRA Supplemental Testimony in

A.11-05-023

Served May 18, 2012

ATTACHMENT K

to ORA Supplemental Testimony
served May 18, 2012 in
A. 11-05-023

FILED
05-07-12
04:59 PM

BEFORE THE PUBLIC UTILITIES COMMISSION

OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking to Oversee the Resource Adequacy Program, Consider Program Refinements, and Establish Annual Local Procurement Obligations	))))	Rulemaking No. 11-10-023 (Filed October 20, 2011)

OPENING COMMENTS OF SAN DIEGO GAS & ELECTRIC COMPANY (U-902-E) ON THE FINAL 2013 LOCAL CAPACITY REQUIREMENTS TECHNICAL STUDY

Randall Nicholson
Regulatory Case Manager
San Diego Gas & Electric Company
8330 Century Park Court, CP32H
San Diego, California 92123-1530
Telephone: 858.654.3567
E-mail: RNicholson@SempraUtilities.com

May 7, 2012
San Diego, California

#267341

BEFORE THE PUBLIC UTILITIES COMMISSION

OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking to Oversee the Resource Adequacy Program, Consider Program Refinements, and Establish Annual Local Procurement Obligations	Rulemaking No. 11-10-023 (Filed October 20, 2011)

OPENING COMMENTS OF SAN DIEGO GAS & ELECTRIC COMPANY (U-902-E) ON THE FINAL 2013 LOCAL CAPACITY REQUIREMENTS TECHNICAL STUDY

Pursuant to the December 27, 2011, Phase 1 Scoping Memo in the above-captioned proceeding, San Diego Gas & Electric Company ("SDG&E") hereby submits these Opening Comments on the *2013 Local Capacity Technical Analysis Final Report and Study Results* of the California Independent System Operator ("California ISO" or "ISO") issued on or about April 30, 2012.[1]

The *2013 Local Capacity Technical Analysis, Final Report and Study Results* introduces several significant changes in the SDG&E local capacity area that could adversely affect SDG&E's ratepayers and potentially have adverse effects on all load-serving entities ("LSEs") serving customers in the San Diego area. Notably, these changes include the creation of a new, expanded local capacity area (the "San Diego – Imperial Valley ("SD-IV") area"), as well as a new Sub-area (the "SD Sub-area"). In these comments, SDG&E urges the Commission to adopt LCRs in a manner consistent with historical practice in other areas, specifying only the total local capacity requirement ("LCR") need for the "SD – IV area" rather than for "sub-areas". As explained below, limiting the Commission's 2013 LCR decision in this way will more fully recognize the economic benefits of the soon-to-be completed Sunrise Powerlink and will provide SDG&E adequate time to resolve its disagreement with the California ISO over the treatment of the newly created SD Sub-area.

LCR Area Changes from Prior Resource Adequacy Compliance Years and Associated Impacts

The California ISO's *2013 Local Capacity Technical Analysis, Final Report and Study Results* proposes several methodological and study changes affecting the San Diego area. Those changes and associated impacts are:

[1] http://www.caiso.com/Documents/Final2013LocalCapacityTechnicalStudyReportApr30_2012.pdf

1) A new, geographically larger LCR area has been added, and dubbed the San Diego – Imperial Valley area (also sometimes referred to as the "Greater Imperial Valley-San Diego LCR area");

2) A new LCR Sub-area encompassing the previous San Diego LCR area, referred to as the "San Diego (SD) Sub-area", has been created. SDG&E is working to understand the California ISO's assumptions in deriving and specifying the SD Sub-area LCR and, in particular, is currently analyzing the ISO's studies to assess the impact of the import limits used by the ISO;

3) At this time, the California ISO assumes controlled load drop will not be available to mitigate the adverse consequences of an "N-1-1 contingency event", which is allowed under current reliability standards adopted and enforced by the North American Electricity Reliability Corporation, the Western Electricity Coordinating Council ("WECC"), and the California ISO itself. SDG&E is currently engaged in implementing and obtaining official WECC approval for a load-shedding Special Protection Scheme ("SPS"). The ISO's concerns about using controlled load drop for the SD Sub-area should be addressed only after this SPS is in place; and,

4) The California ISO's decision to reject the use of controlled load drop for the SD Sub-area could result in significant additional procurement costs for all LSEs in the SDG&E service territory.

A new SD-IV LCR area was added in 2013 because the Sunrise Powerlink reduced the needs in the old (San Diego only) LCR area below the needs of the new area. This was not done in the 2012 LCR assessment because the 1000-megawatt proposed path rating for Sunrise limited Sunrise's LCR benefit, resulting in 2012 requirements for the San Diego LCR area that were only forty-five (45) megawatts higher than the 2012 SD-IV LCR need. Subsequently, SDG&E withdrew its path rating request from WECC for reasons noted in Attachment A. Accordingly, for 2013, more than 1000 megawatts of power can flow across the Sunrise Powerlink and this capability reduces LCR needs in the SD Sub-area below the levels needed for the SD-IV area.

The *2013 Local Capacity Technical Analysis, Final Report and Study Results* identified a 2938-megawatt LCR for the greater SD-IV area, and a SD Sub-area requirement of 2570 megawatts under an N-1-1 contingency. The SDG&E agrees with the California ISO's 2938-megawatt 2013 LCR for the SD-IV area. However, SDG&E currently disagrees with how much of the total LCR is needed in the SD Sub-area, and believes the requirement would be lower if the California ISO relied on controlled load drop within the SD Sub-area. The California ISO, however, has to date refused to allow controlled load drop to mitigate Category C contingencies in the SD Sub-area. In its comments to the California ISO regarding the *2013 Local Capacity Technical Analysis, Draft Report and Study Results"*, SDG&E opposed the ISO's position. The ISO responded to SDG&E's comments as follows:

> "The ISO does not consider it acceptable to rely on load shedding to mitigate the Category C outage of N-1-1 at this time because there is no suitable Special Protection System designed or currently in place."[2]

SDG&E believes this indicates the California ISO would allow mitigation by load shedding in the event SDG&E is permitted to place its proposed SPS into effect and the ISO has obtained formal recognition of this SPS from the WECC. SDG&E is currently working towards these ends and, once the SPS is designed and in place, believes the ISO should ultimately accept the use of controlled load drop for the purposes of establishing SD Sub-area LCR in 2013.

Potential Economic Impacts

SDG&E projects the SD Sub-area LCR could go down by up to 378 megawatts if the California ISO allowed enough load shedding to make the Category B ("G1/N1 contingency") event the most limiting case. Reducing the SD Sub-area LCR is important because the lower SD Sub-area LCR gives San Diego area LSEs, including SDG&E, more resources from which to choose in building their LCR portfolios. Thus, Sub-area reduction is important because, while the total SD-IV LCR would not be changed, San Diego area LSEs will likely be able to procure local resources at a lower cost due to the increased competition that would exist among the larger number of suppliers. This result is consistent with Commission, SDG&E and ISO economic evaluations of the Sunrise Powerlink project.

SDG&E will continue to work with the California ISO to resolve Sub-area concerns and believes it is due to unfortunate timing that this issue could not be resolved before the ISO issued its final report as part of the current proceeding. SDG&E expects the load shedding SPS to be in place for the summer of 2012 and expects formal WECC approval and recognition of the proposed SPS in the fall of 2012. Therefore, assuming only the greater SD-IV area requirement is adopted in the forthcoming Commission decision in this docket, SDG&E believes 2013 local capacity requirements will be met at the lowest possible cost.

Conclusion

The Commission historically has only determined the total LCR need for defined local areas and has not determined Sub-area needs. SDG&E supports continuing this practice and setting the LCR for the

[2] See http://www.caiso.com/Documents/StakeholderComments-ISOResponses-DraftLCRresultsApr12-2013.pdf

SD-IV area at 2938 megawatts, a level agreed upon by both SDG&E and the California ISO. SDG&E believes it is not appropriate at this time to foreclose the option of relying on controlled load drop for the SD Sub-area, a decision that could reduce the value of Sunrise for many years into the future. SDG&E recommends the Commission remain silent on the SD Sub-area until the load-shedding issue is resolved between SDG&E and the ISO.

Respectfully submitted,

/s/ Randall Nicholson

Randall Nicholson
Regulatory Case Manager
San Diego Gas & Electric Company
8330 Century Park Court, CP32H
San Diego, California 92123-1530
Telephone: 858.654.3567
E-mail: RNicholson@SempraUtilities.com

Representative for San Diego Gas & Electric Company

May 7, 2012
San Diego, California

Attachment A

SDG&E's June 22, 2011, Letter to WECC Requesting to Withdraw the Sunrise Powerlink Path from the Official WECC Path with Accepted Rating Catalog.

Letter_SRPL_Path_
Withdraw.pdf

Embedded Pdf from Attachment A above:

SDGE

A Sempra Energy utility

David Wang, TSS Rep
Transmission Planning, SDG&E
8316 Century Park Ct. CP52A
San Diego, CA 92123
June 22nd, 2011

Scott Waples, PCC Chair
Kyle Kohne, TSS Chair

Subject: Withdraw WECC Rated Path Sunrise Powerlink

Dear Dana and Kyle:

The Sunrise Powerlink is an SDG&E internal path that consists of one 500 kV line between two of SDG&E's internal buses: Imperial Valley 500 kV and Suncrest 500 kV. As the sole project sponsor, SDG&E followed the WECC three phase path rating process and obtained Phase III rating status by PCC letter dated July 29th, 2009.

The objective of obtaining the path rating was to protect path scheduling rights under the "contractual path" world while ensuring all NERC/WECC reliability criteria are met. Since then, some critical simultaneous paths either no longer exist or have been changed significantly. Also, some major transmission projects have been deferred or canceled and no longer represent critical contingencies. SDG&E believes that maintaining a path rating for the Sunrise Powerlink, which was derived from those assumptions, will no longer be necessary to assure reliable system operations.

Additionally, as CAISO implemented a nodal market through the Market Redesign and Technology Upgrade (MRTU), which replaced the old contractual path methodology, SDG&E does not have a need to maintain the Sunrise Powerlink Path rating for scheduling purposes.

Therefore, SDG&E is requesting to withdraw the Sunrise Powerlink Path from the official WECC Path with Accepted Rating Catalog.

Thank you for your prompt attention to this matter, and we look forward to your written confirmation.

Sincerely
David Wang

Cc: Kent Bolton, WECC

(intentionally blank)

CROSS FOR JONTRY

FOUNDATION

Do your job responsibilities as Manager of the Electric Grid Planning group within SDG&E's Transmission Planning Department include cooperating with or providing data to NERC and/or FERC in the event of a system disturbance or outage of the electric system?

SDG&E's supported the ISO motion to exclude issues related to transmission planning standards from this proceeding. The ISO argued that issues related to its study methodology and planning standards had been fully litigated in an earlier phase of this proceeding as they apply to SCE, and in A,11-05-023 as they apply to SDG&E. You were not a witness in A.11-05-023, correct? Nevertheless, given SDG&E's support for the position that what happened in that case provides the foundation for that case, are you familiar with SDG&E's position on transmission planning issues in that case has been that some of the issues in Track 4 of the LTPP

Did you provide input into investigation of September 8, 2011 system disturbance in the Pacific Southwest that led to loss of power and cascading outages?

LOAD SHEDDING SPS

You testified at page 7 of your August 26 testimony starting at line 1 that SDG&E has a WECC-certified load shedding scheme in place to mitigate the N-1-1 of the Southwest Powerlinkand the Sunrise Powerlink.

Is that load shedding scheme a Special Protection Scheme?

When did WECC certify it?

So that SPS was not in place when the SDG&E and other parties had hearings in the summer of 2012, correct?

Page 16 of your August 26 testimony states that system upgrades, including ***system protection schemes*** may be required to reliably connect this amount of generation at the studied locations. What does ***system protection schemes*** mean in this sentence?

Sparks Rebuttal Ex ISO 2 line 27 Are you familiar with the study performed by SDG&E that documents that over a period of 13 years, there were 11 fires?

Fire—how much advance notice would there typically be? Do you think that second level DR, and by that I mean DR identified in the revised scoping memo as

Could second level DR be used?

P 7: 18-19 of rebuttal

SDG&E seemed to indicate load shedding SPS is OK for this N-1-1 (ORA X SDG&E ! p2 bottom "...and believes the requirement would be lower if the CAISO relied on controlled load drop...", p3 top "...believes the ISO should ultimately accept the use of controlled load drop...") but now Jontry is saying it is not p1, lines 15-18,m "in agreement w/ CAISO".

Confirm that SDG&E changed its mind; and explain why.

Also p2, l 19-20

Have you assessed what that economic loss might be? Is it reasonable to try and value it in monetary terms? Loss of load (MW x duration in hours), times a value of lost load (eg $40,000/MWh)?

P7, l 19-20 and 8: 1-9. Of his rebuttal

Is a key consideration, for service reliability purposes, also the probability that such an event will occur? Have you assessed that probability? Is 1 in 13 years (Sparks) a reasonable probability to assume? Does that mean you can consider using a short term SPS for, say, several years if necessary to bridge a gap before infrastructure is in place?