

**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 (DMG)
(Filed March 22, 2012)

POST-HEARING OPENING BRIEF OF SIERRA CLUB CALIFORNIA IN TRACK 4

PAUL R. CORT
WILLIAM B. ROSTOV
Earthjustice
50 California Street, Suite 500
San Francisco, CA 94111
Tel: (415) 217-2000
Fax: (415) 217-2040
pcort@earthjustice.org
wrostov@earthjustice.org

Attorneys for
SIERRA CLUB CALIFORNIA

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In accordance with the Administrative Law Judge’s Order Regarding the post-hearing briefing in Track 4, Sierra Club California (“Sierra Club”) respectfully submits the following timely opening brief.

INTRODUCTION

The unexpected retirement of the San Onofre Nuclear Generating Station (“SONGS”) has prompted calls for building new gas-fired power plants as replacement generation. New gas plants are extremely costly, would exacerbate the region’s air pollution and corresponding impacts to public health, and would undermine California’s climate targets by replacing a carbon-free energy source with carbon-intensive generation. As recognized by the South Coast Air Quality Management District, “a transition to zero- and near-zero emission technologies is necessary to meet 2023 and 2032 air quality standards and 2050 climate goals.”¹ Because eliminating fossil fuel generation is an important component of improving the notoriously poor air quality in the Los Angeles Basin, the State, when considering potential replacements for

¹ Opening Comments of Sierra Club California on ALJ Gamson’s Questions from the September 4, 2013 Prehearing Conference (“Sierra Club Comments”), p. 3 & n. 5 (quoting South Coast Air Quality Management District, Final 2012 Air Quality Management Plan (Dec. 2012), p. 1-20).

SONGS, should first examine the best available information on the need for new generation and then identify clean energy solutions to meet that need.

While one might be inclined to assume that retirement of a facility the size of SONGS (2,200 MW) would require at least some gas-fired replacement generation, this assumption ignores both the significant progress California has already made in transitioning toward clean energy and the potential to accelerate deployment of clean energy resources. In part due to incorporation of recently adopted building and appliance codes, the latest demand forecast by the California Energy Commission (“CEC”) lowers future projections of energy demand in Southern California by over half the capacity provided by SONGS. Thus, the overall need for replacement capacity is much less than previously anticipated, and when preferred resources are considered, the need is zero. Early proposals such as the Joint Agencies Preliminary Reliability Plan are outdated and should not be considered.

Remaining need resulting from the retirement of SONGS should be met by properly accounting for anticipated progress in California’s clean energy programs: energy efficiency, demand response, energy storage and distributed solar. If necessary, transmission improvements can also reduce the need for new gas-fired generation in the LA Basin. For example, the Mesa Loop-In project proposed by Southern California Edison (“SCE”) to upgrade an existing substation would reduce generation need in the LA Basin by 1,200 MW – the equivalent of two new mid-size gas plants.

There is no need for additional gas-fired power plants to maintain grid reliability. Procurement of new gas-fired power plants in response to the SONGS shutdown would only serve to needlessly increase cost and environmental and public health impacts to the region’s

ratepayers. Alternatively, if the Commission makes a need finding, need can be filled with additional targeted deployment of preferred and energy storage resources.

I. The Commission Should Not Authorize New Resources for SCE or SDG&E: The Sum of All the Resource Parts Shows No New Need.

An authorization of procurement is not necessary at this time. In its opening testimony, the California Independent Systems Operator (“CAISO”) recommended that

the Commission wait to make a decision about the need for additional resources until the ISO has completed its studies of potential transmission mitigation solutions (including the need for additional reactive support). With that information the Commission can then consider the appropriate resource ‘mix’ that can meet the local reliability needs arising from the SONGS retirement. Such a mix can include additional preferred resources and other alternatives to conventional resources, depending on location and effectiveness.²

CAISO’s recommendation only changed after SCE and SDG&E requested procurement authorization,³ of 500 MW and 500-550 MW of procurement respectively, for cumulative total of 1,000-1,050 MW.⁴ However, CAISO’s initial recommendation was sound. The sum of the evidence does not support an authorization for SCE or SDG&E. Although it would be much more prudent to wait for CAISO for transmission studies, if the Commission were to make a decision on the existing record, the evidence in the record justifies a finding of no new authorization.

A. A Commission Decision Must Be Based on the Best Available Information to Avoid Costly Over-Procurement.

Assumptions in the Revised Scoping Memo do not reflect the best available information and must be revised to avoid billions of dollars in unnecessary over-procurement. The Revised Scoping Memo was based on the Energy Commission demand forecast from August 2012, the

² ISO-1, p. 31, lns. 1-7.

³ ISO-7, p. 6, lns. 23-29.

⁴ SCE-1, p. 3, lns. 14-16; SDG&E-1, p. 12, lns. 5-6.

Track 1 Decision (13-02-015) as well as the Decision (13-03-029) in the Power Purchase Tolling Agreement for the San Diego area.⁵ These assumptions should be updated. ALJ Gamson's Pre-Hearing Conference questions raised specific threshold policy questions about how to use new information such as the more recent demand forecast and the Commission's recent energy storage decision.⁶ Information not included in the current analyses, along with a better interpretation of the second contingency resources, show that no new authorization is needed at this time. The Commission's policy findings on the use of the most recent demand forecast and energy efficiency numbers, how to best count demand response, the ramifications of the Commission's landmark energy storage decision, and other resource assumptions will determine whether this proceeding succeeds in preventing over-procurement.

Without any recommendations for new procurement, CAISO identified a potential need of either 2,534 or 2,399 MW depending on the resource breakdown between service territories.⁷ CAISO's potential need numbers are based on very conservative assumptions used in the modeling.⁸ Although the modeling using these assumptions cannot be rerun, the Commission can make changes to the need analysis on the back-end, similar to the approach in Track 1 where certain resources were subtracted from the need projected by the modeling.⁹ The Investor Owned Utilities argue that the Commission should lock down the out-dated assumptions regardless of their accuracy or whether use of those assumptions would result in significant over-

⁵ See, e.g. Revised Scoping Memo, Attachment A, pp. 3-5.

⁶ Assigned Commissioner and Administrative Law Judge's Ruling Regarding Track 2 and Track 4 Schedules (Sept. 16, 2013), p. 4

⁷ ISO-1, p. 26 Table 13.

⁸ CEJA-1, pp. 2-3, 14-21.

⁹ See D.13-02-015, p. 65; see also pp. 50, 56, 59; see also ISO-7, p.4, ln. 29 – p. 5, ln. 4.

procurement.¹⁰ This atavistic approach is contrary to the best interests of ratepayers and should be flatly rejected. The Commission should make procurement decisions based on up-to-date information and California's longstanding commitment to building a low carbon grid.

1. The Decision Should Use the Most Up-to-Date CEC Load Forecast.

The recent demand forecast reduces demand by 1321 MW, a very significant reduction; this reduction should be factored into the decision. The September 2013 draft update to the California Energy Commission's (CEC) demand forecast projects less load growth than the 2012 demand forecast that serves as the basis for the Commission-approved load assumptions. The 2022 1-in-10 peak load for the mid-case scenario in the SONGS area assumed by the Commission is 28,973 MW, while the mid-case 1-in-10 peak load in the SONGS area is 27,652 MW in the 2013 demand forecast. Therefore, peak load in the 2013 demand forecast is 1,321 MW lower than the same forecast from 2012.¹¹ Accounting for this update to the demand forecast reduces the need identified in CAISO's study from 2,534 MW to 1,213 MW.¹² Though the latest demand forecast has not been finalized, relying on the most updated demand forecast, would be in keeping with the Commission's actions in previous proceedings.¹³ More importantly, reliance on this forecast would be an affirmative recognition that the energy picture

¹⁰ See SCE-2, p. 6, ln. 16 – p. 9, ln. 6 & Southern California Edison Company's (U 338-E) Reply Comments on Administrative Law Judge David Gamson's Questions from the Prehearing Conference, p. 7; Comments of San Diego & Electric Co. (U-902-E) on ALJ Questions from Pre-Hearing Conference Held September 4, 2013, p. 3; Responses of Pacific Gas and Electric Company (U 39 E) to the Seven Questions Asked by the Administrative Law Judge at the September 4, 2013, Pre-Hearing Conference, p. 2.

¹¹ Sierra Club Opening Comments, p. 7 & n. 14 (citing California Energy Commission, Mid Case LSE and Balancing Authority – Baseline, Form 1.5d, lines 40 and 49. (Sept. 20, 2013) Retrieved from http://www.energy.ca.gov/2013_energypolicy/documents/2013-10-01_workshop/spreadsheets/); Revised Scoping Ruling and Memo of the Assigned Commissioner and Administrative Law Judge ("Revised Scoping Memo") (May 21, 2013), Attachment A, p. 4;

¹² Sierra Club Opening Comments, p. 11; ISO-1, p. 26, Table 13. For this analysis, Sierra Club uses CAISO's higher projected total need number using the 80%/20% split. Even using this more conservative number, the need analysis is less than zero when all the factors are considered.

¹³ CEJA-1, p. 44-45.

in Southern California is improving and that the Commission is committed to using numbers that do not artificially increase the need.

Although the current timetable of Track 4 does not allow for the incorporation of the latest demand forecast into CAISO's or any modeling, the Commission can and should consider the new demand forecast as an important component of the analysis. Peak load growth in Southern California has been flat for the last eight years.¹⁴ The new demand forecast shows that this trend continues, and the decision should recognize this reality. When recommending that the procurement decision be deferred, CAISO suggested that it wanted to "consider incorporating" the 2013 IEPR demand forecast into the analysis.¹⁵ CAISO's statement only highlights the importance of using the most accurate data possible in making decisions that will impact California's grid for decades. If the Commission makes a decision using the current forecast, the decision should reduce the projected need by the forecasted demand reduction.

2. The Decision Should Incorporate the Latest and Most Accurate Energy Efficiency Estimates.

As with the load forecast, updates to projected energy efficiency available in the SONGS area significantly reduce the need for additional generation in the SONGS local area, by at least 885 MW, according to NRDC's opening testimony.¹⁶ NRDC identifies three areas where energy efficiency resources were overlooked. First, the Commission's energy efficiency assumptions in the Revised Scoping Memo do not include the latest efficiency standards. Second, the assumptions do not include naturally occurring energy savings that should factor into the demand

¹⁴ Sierra Club Opening Comments, pp. 12-14; see also Tr., p. 1495, lns. 8-10 (Mr. Sparks states that "[t]he current load forecasts, as I understand it, are practically flat.")

¹⁵ ISO-1, p. 30, lns. 11-13.

¹⁶ NRDC-1, p. 4-5.

forecast. Third, the Commission recommends use of the low case energy efficiency assumptions for the SDG&E territory, where the mid case assumptions are more appropriate.¹⁷

The Revised Scoping Memo assumes that there will be 933 MW of energy efficiency available, but this is based on outdated data. The most recent analysis by the CEC suggests that 1,090 MW of energy efficiency will be available, 157 MW more than assumed in the Revised Scoping Memo.¹⁸ These resources were not accounted for in the 2013 CEC demand forecast cited above,¹⁹ and should be considered as part of the energy efficiency resources available to meet need in the SONGS area. These resources come from updates to energy efficiency standards at the state and federal level that will come into effect between now and 2022.²⁰

The Revised Scoping Memo assumptions also do not include naturally occurring savings that could reduce need by at least 576 MW. These savings were not included in the 2013 CEC demand forecast or the Revised Scoping Memo assumptions, but a CEC analysis of a 2012 Commission study indicates that there are at least 576 MW of naturally occurring savings in the SONGS area.²¹ In fact, this estimate may be conservative: a 2013 update to the 2012 Commission study showed additional savings.²² The 576 MW of naturally occurring savings identified in the 2012 study should be incorporated into the need calculation.

¹⁷ *Id.*

¹⁸ NRDC-1, p. 5; Revised Scoping Memo, Att. A, p. 4.

¹⁹ *Cf.* California Energy Commission, Mid Case LSE and Balancing Authority – AAEE adjustment, List of Forms (Sept. 20, 2013). Retrieved from http://www.energy.ca.gov/2013_energy_policy/documents/2013-10-01_workshop/spreadsheets/. (CEC produced two demand forecasts: the baseline and the AAEE adjustment. The AAEE adjustment states that it, unlike the baseline forecast, “includes additional achievable energy efficiency adjustment (mid savings case) for the three IOU service territories.”)

²⁰ NRDC-1, pp. 6-7.

²¹ NRDC-1, pp. 10-11.

²² NRDC-1, pp. 10-11.

Finally, the Commission should have required use of the mid case estimate of energy efficiency for the SDG&E service territory, since the San Diego local area is the entire SDG&E territory.²³ While SDG&E used the mid case estimate in its need analysis, CAISO used the Commission's assumptions. Adjusting the Commission's assumption would add an additional 152 MW of energy efficiency resources.²⁴

In total, NRDC's opening testimony indicates an additional 885 MW of energy efficiency resources should be assumed to be available in the SONGS area.²⁵ Considering these additional energy efficiency resources lowers the residual need identified by CAISO. If these resources are subtracted from the need remaining after accounting for the updated 2013 CEC demand forecast (1,213 MW), the remaining need in the SONGS area would amount to 436 MW. Coincidentally, this is same amount of MW that is saved in the L.A. Basin by considering load shedding in the modeling.²⁶ The combination of using the updated demand forecast, energy efficiency and load shedding would reduce the number to zero, and as discussed below, there are additional resources that reduce this number to below zero even without considering load shedding.

3. In Calculating Need, the Decision Should Include More Than Just First Contingency Demand Response and Small Photovoltaics.

Due to CAISO's flawed interpretation of the Commission's first and second contingency demand response (DR) assumptions, nearly 1,000 MW of DR resources are not accounted for properly in CAISO's Track 4 needs analysis. These resources, 997 MW in total, are the second contingency DR resources listed in the Revised Scoping Memo assumptions for the Track 4

²³ Revised Scoping Ruling, Att. A, p. 4.

²⁴ NRDC-1, pp. 11-12; see also Sierra Club Opening Comments, pp. 7-8. ("The Commission should use the mid-case assumption instead, as it is more likely to occur. SDG&E uses the mid-case uncommitted energy efficiency amount in its Track 4 technical study.")

²⁵ Comments of the Natural Resources Defense Council (NRDC) on ALJ Gamson's Policy-Related Questions Presented at the September 4, 2013 Prehearing Conference ("NRDC Opening Comments"), pp. 5-6; NRDC-1, p. 4.

²⁶ See SCE-1, p. 6, Ins. 19-20; see Section II.B. for discussion of load shedding.

analyses.²⁷ Small photovoltaics (PV), totaling 616 MW with an NQC of 278 MW,²⁸ are also undercounted due to CAISO’s “interpretation” of the Revised Scoping Memo.²⁹

Rather than modeling these second contingency resources for the needs they can fill, CAISO chose to model them to meet needs solely under Category D “act of god” contingencies.³⁰ Category D contingencies are highly unlikely to occur; consequently, the DR and PV programs considered as second contingency resources will not be properly valued despite their existence on the system. CAISO witness Sparks asserts that the treatment of second contingency resources was open to interpretation, and CAISO chose not to model the second contingency resources as means to reduce the procurement need.³¹ CAISO witness Sparks explains that it was difficult for CAISO to figure out how to account for second contingency resources.³² CAISO decided to disregard these resources when determining potential procurement need. The Commission should consider second contingency resources that were not included in CAISO’s studies when deciding on Track 4 need.

The 1-in-10 year peak load event modeled for LCR purposes will most likely occur on very hot, peak demand days.³³ CAISO witness Sparks also states that the N-1-1 contingency

²⁷ Revised Scoping Memo, Att. A, p. 7.

²⁸ Revised Scoping Memo, Att. A, pp. 9-10.

²⁹ Tr., p. 1573, ln. 1 – p. 1576, ln. 15; ISO-1, p. 29, lns. 13-21; ISO-1, p. 6, ln. 1 – p. 8, ln. 15; ISO-2, p. 17, ln 20 – p.18, ln. 24. Mr. Sparks refers to “approximately 796 MW (installed capacity) of customer-connected small PV identified in the Revised Scoping Ruling for pose-second contingency . . .” (ISO-1, p. 29, ln. 19-20). Mr. Sparks explains that this amount of PV that ISO determined “would potentially avoid activating the safety net.” (ISO-2, p. 18, lns. 20-122.) This 796 MW number is more than 616 MW listed on p. 9 of the Revised Scoping Memo. Sierra Club uses the 616 MW number. However, if this is the more appropriate number, it shows even more resources than Sierra Club counts.

³⁰ ISO-1, p. 29, lines 13-21; SC-1, p. 4.

³¹ See Tr., p. 1573, ln. 1 – p. 1576, ln. 15; Tr., p. 1453, ln. 4 – p. 1454, ln. 17.

³² Tr., p. 1456, lns. 8-12 (“The interpretation of the post second contingency, I confess, did require a little bit of thought in order to how to [*sic*] apply it in the sense that made sense to us, I suppose.”)

³³ Sierra Club Comments, p. 11.

could also result from wildfires.³⁴ He also states that second contingency DR resources are unlikely to be able to meet those needs, as they will have thirty minutes' notice and will be unable to meet need that quickly.³⁵ However, the conditions mentioned – wildfires and extreme heat – can be predicted ahead of time in many cases, and notices can be sent so that those resources are ready when called upon.³⁶ As SCE witness Silsbee stated during the evidentiary hearings, CAISO “does have the ability and does exercise the ability to ask Edison to operate its demand response programs in response to transmission contingencies and in fact did so during the SONGS readiness efforts in the Johanna-Santiago area.”³⁷ Additionally, the PV resources were not counted at all because CAISO does not know the location of these resources.³⁸ However, it is axiomatic that PV will be operating at its maximum on hot days and the full value of these resources should be consider when analyzing an 1-10 year peak load event.³⁹

Even if the Commission decides not to factor the entire 997 MW of DR and 616 MW (or the 278 MW NQC) of PV into the final decision, some portion of those resources greater than the first contingency resources modeled by CAISO should be included, as exemplified in SCE's need analysis. SCE witness Silsbee stated that SCE, like CAISO, found the second contingency concept to be challenging; unlike CAISO, however, SCE chose to model some demand response resources when assessing need.⁴⁰ SCE models 452 MW of demand response in its Preferred

³⁴ ISO-2, p. 5, lns. 26-29.

³⁵ Tr., p. 1554, lns. 9-25.

³⁶ Sierra Club Comments, p. 11; Tr., p. 1841, ln. 15 – p. 1842, ln. 1 (DRA Witness Fagan).

³⁷ Tr., p. 2145, lns. 14-20.

³⁸ Tr., p. 1457, lns. 3-11.

³⁹ Comments of the California Environmental Justice Alliance in Response to Questions Raised by ALJ Gamson During the September 4, 2013 Pre-Hearing Conference (“CEJA Comments”), pp. 10-11.

⁴⁰ Tr., p. 2121, ln. 25 – p. 2122, ln. 26; Tr. 2150, ln. 16 – p. 2152, ln. 22.

Resources Scenario, as compared to the 198 MW modeled by CAISO in the first contingency.⁴¹ All of the demand response that SCE modeled is fast acting, making it a reasonable option for meeting need in the SONGS area.⁴² As for PV resources, SCE includes 126 MW of commercial rooftop solar in its studies, compared to the zero MW of PV modeled by CAISO.⁴³ If the sum of these DR and PV resources in the LA Basin (578 MW) are subtracted from the revised residual need of 436 MW calculated in section I.A.2, there is no need for new generation in the SONGS area.⁴⁴ If all of the second contingency DR and PV were taken into account, there will still be no need, but the lack of need would be significantly greater.

4. The Decision in Track 4 Should Account for the Commission's Energy Storage Mandates.

The Commission should also incorporate the landmark energy storage decision which requires procurement of 745 MW of energy storage in SDG&E and SCE territories by 2020.⁴⁵ If considered in this decision, these mandates can prevent unnecessary construction of gas fired peaker generation in the SONGS area and integrating renewable resources.⁴⁶ CAISO witness Millar agreed that “[i]f properly directed, this energy storage could unlock the potential of many of the state’s renewable resources to more effectively support renewable generation for SONGS.”⁴⁷ Millar explains that the retirement of SONGS and OTC plants present “an opportunity to consider major...fleet replacement of resources through the combination of huge

⁴¹ SCE-1, p. 18, Table III-1; ISO-1, p. 26, Table 13.

⁴² Tr., p. 2133, lns. 8-24; see also Tr. p. 2152, lns. 20-22 (Mr. Silsbee assumed the demand response that SCE model in the preferred resources scenario “would be available.”)

⁴³ SCE-1, p. 18, Table III-1; Tr., p. 1457, lns. 3-10.

⁴⁴ This estimate does not even account for parallel reductions in the SDG&E service territory. (See SC-1, pp. 19-21 (discussion of SDG&E assumptions).)

⁴⁵ Sierra Club Comments, pp. 5 -7; D.13-10-040, Appendix A, pp. 1-2; see also D.13-10-040, pp. 1, 15, 26.

⁴⁶ D.13-10-040, Appendix A, pp. 1; see also D.13-10-040 pp. 9-10.

⁴⁷ Tr., p. 1657, ln. 4 – p. 1658, ln.2. (In response to the quote in the text above, the witness responded “In general, I agree with that.”)

amounts of renewable generation coming on line, the retirement of the San Onofre generation, other retirements, and compliance with once-through cooling policy.”⁴⁸ The energy storage decision is designed to transform the energy market in California, and to do so in a way that, among other things, advances progress toward the 2050 climate goal of 80% reduction of greenhouse gases from 1990 levels and reduces peak demand.⁴⁹

The procurement required by the energy storage decision can meet the local need created by SONGS’s retirement. The utilities could focus procurement on energy storage resources that will meet LCR needs.⁵⁰ When Commissioner Florio asked whether SDG&E could implement a program designed “to achieve aggressive implementation of preferred resources in a portion of its territory,”⁵¹ SDG&E witness Anderson replied that “if the Commission asked, we will find a way to do it.”⁵² Designing a utility program focused on meeting LCR needs with preferred resources is feasible and the same is true with energy storage. SDG&E and SCE can target all of their respective energy storage procurement targets to meeting LCR need caused by SONGS.⁵³ SCE proves this point by assigning the 50 MW of energy storage required under the Track 1 procurement authorization to meet need near the Santiago and Johanna substations.⁵⁴ SCE witness Silsbee suggested that requiring SCE to meet its LCR need with energy storage may create market transformation.⁵⁵

⁴⁸ Tr., p. 1669, lns. 14-21.

⁴⁹ D.13-10-040, pp. 7, 9-10, 22, 34, 66.

⁵⁰ Sierra Club Comments, p. 6.

⁵¹ Tr., p. 1815, lns. 4-6.

⁵² Tr., p. 1816, lns. 1-2.

⁵³ Sierra Club Comments, p. 6.

⁵⁴ Tr., p. 2149, ln. 26 – p. 2150, ln. 8 (Silsbee); *see also*: Tr., p. 2140, lns. 11-20; SCE-1, p. 18, Table III-1.

⁵⁵ Tr., p. 2157, ln. 12-19.

The new energy storage mandates were not considered in any of the modeling.⁵⁶ SCE did include 50 MW of energy storage in its Preferred Resources Scenario but this is insufficient for calculating the amount of energy storage that can contribute to LCR need, given the 580 MW of energy storage required in SCE territory by the energy storage decision.⁵⁷ The Commission can and should require that all of the 580 MW of energy storage from the recent decision be applied to meet LCR need in the SONGS area.⁵⁸ In Track 1, the Commission has already directed SCE to meet at least 50 MW of its LCR with energy storage resources.⁵⁹ Similarly, the Commission should order SDG&E to use the 165 MW of energy storage resources mandated to be procured in SDG&E territory be used for LCR purposes.⁶⁰ Incorporating the energy storage ruling into this decision is necessary to avoid over-procurement. The energy storage resources are already mandated to be procured, and are less expensive than procurement of gas fired generation.⁶¹ The approach proposed by Sierra Club will ensure that these resources fill a valuable need and help realize the policy objectives of the energy storage decision.

SCE argues that energy storage from the recent ruling should not be included due to concerns about double counting,⁶² but those concerns are unfounded and the procurement mandated in the energy storage ruling should be considered here. The Preferred Resources Scenario will result in 678 MW of preferred resources being added to the system, of which just

⁵⁶ CEJA-1, pp. 18-19; Tr., p. 2108, ln. 28 – p. 2109, ln. 5 (SCE Silsbee), p. 2154, lns. 15-22 (SCE Silsbee); Tr., p. 1808, ln. 22-25 (SDG&E Anderson)

⁵⁷ D.13-10-040, p. 15, Table 2; SCE-1, p. 18, Table III-1.

⁵⁸ Sierra Club Comments, pp. 5-7.

⁵⁹ D.13-02-015, p. 83.

⁶⁰ Sierra Club Comments, pp. 5-7.

⁶¹ SC-1, p. 24.

⁶² SCE-2, p. 25, lns. 6-12.

50 MW are modeled as energy storage resources.⁶³ These resources will feed into SCE's 1800 MW procurement authorization under Track 1. Of the 1800 MW of procurement authorized in Track 1, up to 1200 MW of the procurement can be gas, and the remaining 600 MW must be preferred or energy storage resources.⁶⁴ Since, according to SCE's models, 678 MW of preferred resources and energy storage could be in Track 1 procurement,⁶⁵ the preferred resources and energy storage "bucket" will be filled, making the procurement authorized under the energy storage ruling additional. The energy storage mandate does not present a risk of double counting and the 580 MW of energy storage resources available to meet need should be factored in here. The Track 1 decision found that energy storage can reduce LCR need on a one to one basis and even required a storage mandate.⁶⁶ It would be incongruent for this decision in the same proceeding to not count the mandated energy storage.

5. Additional Resource Assumptions Should Also Be Considered in Determining Need.

Distributed generation (DG) resources can and should play a significant role in meeting need created by the SONGS retirement, but the Track 4 studies neglect to consider programs that provide a total of 522.8 MW to 1540.4 MW of DG to the system.⁶⁷ The 522.8 MW amount is a conservative estimate, including only the PV resources from the investor owned utilities (IOU) PV program and the Renewable Auction Mechanism. The 1540.4 MW estimate includes those two programs plus the Feed-in Tariff (FIT) programs created under SB 32 and SB 1122.⁶⁸ SB

⁶³ SCE-1, p. 18, Table III-1.

⁶⁴ D.13-02-015, p. 81-82.

⁶⁵ Tr., p. 2138, Ins. 3-22 (Silsbee).

⁶⁶ See D.13-02-015, p. 82 (requiring 50 MW of energy storage resources and allowing additional energy storage resources to meet LCR need).

⁶⁷ Sierra Club Comments, p. 9.

⁶⁸ Sierra Club Comments, p. 10, Table 2.

1122 required 250 MW of procurement across the state from small-scale bioenergy producers, while SB 32 increased the size of FIT-eligible projects to 3 MW.⁶⁹ If an effective capacity of 45.5% is applied to these resources, the combined effective capacity of these resources for SCE and SDG&E ranges from 237.9 MW to 702.4 MW.⁷⁰

The programs that provide these resources are already being implemented, and these resources can play a unique role in filling LCR need in the SONGS area, and they have short lead times.⁷¹ They operate at peak capacity when load is peaking, and when their productivity declines, other flexible resources are available. As a result, they require lower amounts of flexible resources than conventional generation does.⁷² When paired with energy storage and advanced inverters, they can provide reactive power.⁷³ Due to their size, they can be sited in a wider variety of locations than new gas fired generation.⁷⁴ Including these resources in the Track 4 need determination illustrates that additional gas fired generation in the SONGS area would be wasteful and unnecessary.

6. Updating Resource Assumption Information Demonstrates that there is No Procurement Need.

Based on the updates to the assumptions outlined above, the Commission should arrive at a finding of no need in the SONGS area. The updated demand forecast reduces need by over half, and hundreds of megawatts of uncounted demand response, energy efficiency, and

⁶⁹ Sierra Club Comments, pp. 8, 9.

⁷⁰ Sierra Club Comments, p. 9. (45.5% is the average of the two peak demand impact factors used in the Revised Scoping Memo assumptions for the LA Basin Local Area and the SDG&E Service Area. See Revised Scoping Memo, Att. A, p. 9.)

⁷¹ CEJA Comments, p. 10

⁷² CEJA Comments, pp. 10-11; Comments of the City of Redondo Beach on the Administrative Law Judge's Questions from the Pre-Hearing Conference on September 4, 2013, p. 6.

⁷³ VSI-1, p. 14; CC-1, p. 1, ln. 16 – p. 2

⁷⁴ CEJA Comments, p. 10.

distributed generation eliminate any remaining need. If any doubt remains about the nonexistent need in the SONGS area, the energy storage resources mandated under the recent ruling can be inserted. While not all of the 580 MW of energy storage mandated in the SCE territory is required to be sited in the LA Basin to address LCR need, the Commission can change that and can also ensure the 165 MW of energy storage in the San Diego area also addresses LCR need.⁷⁵ Even if the Commission chooses not to require energy storage to reduce LCR needs caused by SONGS, any portion of the required energy storage that is sited in the LA Basin and San Diego will supplement the other resources listed in Table 1 below. Collectively, they will produce over 1500 MW of surplus generation, even before any additional energy storage resources are considered.

Table 1. Residual need in LA Basin and San Diego areas, with updated assumptions.

<i>Need in the SONGS reliability area</i>	<i>MW*</i>
Residual need	2534
Difference between 2012 and 2013 demand forecasts	-1321
Additional energy efficiency resources	-885
Additional demand response resources (second contingency)	-997
Additional solar PV resources (second contingency)	-616 ⁷⁶
Additional distributed generation resources (most conservative estimate)	-237.9
Total	-1522.9 ⁷⁷
*Negative number indicates surplus; positive number indicates need.	

⁷⁵ See, e.g. Tr., p. 1851, ln. 20 – p. 1852, ln. 1 (SDG&E Witness Anderson recognizing that the Commission could order SDG&E to use the energy storage mandate to meet any LCR need.)

⁷⁶ This PV will be operating at its maximum on hot days and the full value of these resources, rather than the NQC, should be consider when analyzing an 1-10 year peak load event.⁷⁶ If the Commission uses the NQC, 278 should be substituted for 616.

⁷⁷ Even if the Commission uses SCE’s preferred resources numbers for DR (452 MW) and PV (126 MW) totaling 578 MW rather than the charts numbers of 997 MW for DR and 616 MW for PV totaling 1613 (MW), the total would still be a negative 487.9 MW, and this number does not account for the energy storage mandates.

If the Commission should authorize resources, the breakdown between service territories could also further minimize the necessary amount of procurement. CAISO's modeling demonstrates that two-thirds one-thirds division of resources between SCE and SDG&E reduces the need by 135 MW over a resource division of eighty percent/twenty percent for SCE and SDG&E respectively.⁷⁸ It is important to note that Table 1, and the analysis to this point, uses the more conservative residual need figure of 2,534 MW, from the eighty percent SCE / twenty percent SDG&E scenario. If the two-thirds SCE / one-third SDG&E residual need amount were used, the surplus generated would be 135 MW higher (1657.9 MW of surplus generation). The loading order should guide the optimal breakdown and this should be determined based on maximizing preferred resources.

B. Other Evidence in the Record Demonstrates that Procurement Authorization is Not Necessary at this Time.

An examination of the power flow modeling provides additional evidence demonstrating that no procurement should be authorized at this time. Rather than a crisis, the SONGS closure provides the unique opportunity to evaluate and significantly change the resource mix. The Commission should take full advantage of this opportunity. According to CAISO witness Millar, the closure of SONGS in combination with OTC retirements present a “major” “opportunity” to consider “fleet replacement of resources.”⁷⁹ He believes that “it is a pretty rare event to have this much generation at play at the same time, and it certainly creates opportunities to pursue options that would otherwise have to trickle in over a number of years if they were just responding to load growth.”⁸⁰

⁷⁸ ISO-1, p. 26, Table 13.

⁷⁹ Tr., p. 1669, lns. 14-16

⁸⁰ Tr., p. 1669, lns. 22-28.

This opportunity could be squandered if the Commission authorizes gas-fired generation resources that prove to be ultimately unnecessary. Although CAISO now supports SCE's (500 MW) and SDG&E's (500MW-550 MW) procurement requests, it initially argued that "authorizing a comprehensive amount of procurement means to address all the residual needs" should not occur in this decision.⁸¹ CAISO still stands by its position that the 2013/2014 Transmission studies will illuminate the procurement picture.⁸² CAISO states that it is willing to further explore and model the effect of procuring additional preferred resources.⁸³ The Commission should not authorize new resources when there is time to make a more informed judgment in the subsequent iteration of the LTPP or in a continuation of this track next year.

The closure of SONGS has engendered fear of catastrophe because the largest source of power in Southern California unexpectedly shutdown on a permanent basis. Legitimate near-term concerns regarding the potential reliability problems have been raised and successfully addressed and long-term solutions have also emerged. For example, although all of the reactive power issues have not been consistently modeled, the evidence in the record shows that there will be sufficient voltage support to replace SONGS.⁸⁴ In addition, when CAISO failed to model energy storage resources in its analysis, it also neglected to model the MVAR that those energy storage resources will provide to the system to offset the loss of SONGS.⁸⁵ In addition to the policy decisions discussed in Section I.A., other evidence in the record shows there is no need for new procurement to be authorized at this time.

⁸¹ ISO-7, p. 6, lns. 23-29.

⁸² *Id.*; see also ISO-1, p. 31, lns. 1-4.

⁸³ ISO-1, p. 30, lns. 8-11.

⁸⁴ SC-1, pp. 12-15; SCE-2, p. 10, lns. 13-20; Tr., p. 2046, ln. 8 – p. 2047, ln. 4 (SCE Witness Chinn).

⁸⁵ SC-1, p. 14.

1. SCE’s Modeling Shows that Procurement is Not Necessary to Meet NERC Reliability Standards.

Under the most probable assumptions, SCE’s modeling shows that no new procurement is necessary to meet NERC reliability standards. SCE’s preferred resources scenario, which is most consistent with the loading order, and the construction of the Mesa Loop-In provide the basis for denying any new procurement for SCE. SCE states: “The development of the Mesa Loop-In and the strategically located Preferred Resources could displace the need of any additional new LCR resources, while still meeting NERC reliability standards.”⁸⁶ According to SCE witness Silsbee, the preferred resources modeled by SCE in the preferred resources scenario may already be authorized by the Track 1 authorization.⁸⁷ If this is the case, the Track 1 authorization has already provided sufficient authorization to meet the NERC reliability standards even with the closure of SONGS. In addition, the loading order prioritizes the procurement of preferred resources.⁸⁸ In the 2010 LTPP, the Commission “expressly endorse[d] the general concept that the utility obligation to follow the loading order is ongoing. The loading order applies to all utility procurement, even if pre-set targets for certain preferred resources have been achieved.”⁸⁹ Thus, the Commission should give significant weight to the preferred resources scenario.

Additionally, if the Commission makes a procurement decision on the current record, it should include the reductions from the Mesa Loop-In. CAISO’s 2013/2014 planning cycle will

⁸⁶ SCE-1, p. 3, lns.10-12; see also SCE, p. 10 ln. 8 – p. 11, ln. 4.

⁸⁷ Tr., 2138, lns. 3-22.

⁸⁸ See, e.g. D.12-01-033, pp. 20-22.

⁸⁹ D.12-01-033, p. 20; This decision further states that “[w]hile hitting a target for energy efficiency or demand response may satisfy other obligations of the utility, that does not constitute a ceiling on those resources for purposes of procurement. . . . If the utilities can reasonably procure additional energy efficiency and demand response resources, they should do so. This approach also continues for each step down the loading order, including renewable and distributed generation.” *Id.*, pp. 21-22.

address the Mesa Loop-In but since this decision will be made before the results in that cycle, the Mesa Loop-in should be assumed to be included because SCE is committed to moving it forward.⁹⁰ The Mesa Loop-in will reduce need by 1200 MW and will impact need in the SONGS area significantly.⁹¹

It is interesting to note that in each of SCE scenarios, SCE subtracts out the total Track 1 authorization of 1,800 MW when discussing the potential need.⁹² Thus, the 678 MW of preferred resources in the preferred resources scenario were not considered by SCE in its other scenarios. It is unclear if these resources are part of the Track 1 authorization that was subtracted from the models or additional to it.⁹³ In either case, and especially in the latter case, the positive effect of these resources should be fully taken into account.

Moreover, SCE's request for 500 MW should be denied because it is not based on any specific scenario.⁹⁴ As discussed above, the preferred resources scenario, which is most consistent with the loading order, in combination with the Mesa Loop-In shows no need. SCE argues that "about 500 MW of new resources is still needed to meet the CAISO's higher expectation of need."⁹⁵ However, CAISO's "higher expectation" of need is based on modeling that assumes no load shedding.⁹⁶ Moreover, SCE's request for an additional 500 MW may

⁹⁰ SCE-1, p. 9, lns. 4-6.

⁹¹ SCE-1, p. 37, lns. 12-14.

⁹² SCE-1, p. 3, lns. 4-6.

⁹³ Tr., 2138, lns. 3-22 (SCE Witness Silsbee).

⁹⁴ Tr., p. 2137, line 24 – p. 2138, line 2 (Silsbee).

⁹⁵ SCE-1, p. 3, lns 12-13.

⁹⁶ See, e.g., ISO-2, p. 2 lns. 11-20.

increase the likelihood of procurement of additional gas-fired resources rather than preferred resources.⁹⁷

2. CAISO’s Justification for Not Considering Load Shedding in the Modeling Does Not Withstand Scrutiny.

CAISO’s insistence that load shedding should not be considered as part of the modeling or analysis should be rejected. Other than putting forth generalities about the impacts of turning off the lights in an emergency, CAISO has not assessed the probability or risk of outage or the cost-benefit of building massive new infrastructure to attempt to ensure that Southern California is protected in a 1-in-10 year peak load event.

Although CAISO recognizes that it can authorize load shedding, CAISO argues that is not required to permit load shedding and that “load shedding in the San Diego local area is not a reasonable or prudent long-term mitigation solution for the N-1-1 contingency.”⁹⁸ Consequently, CAISO did not include a load shedding scheme for the SDG&E territory when it did its modeling. SDG&E followed CAISO’s lead and also argued against the inclusion of load shedding to mitigate this contingency.⁹⁹ The Commission, on the other hand, should consider the reduction when load shedding is included in the modeling. It is within the Commission’s jurisdiction to determine the required level of reliability.¹⁰⁰

CAISO’s and SDG&E conclusions based on modeling that did not consider load shedding should be disregarded or at least adjusted because these models needlessly overestimated need. Having a load shedding scheme available for either a Category C

⁹⁷ See Tr., p. 1968, ln. 5 – p. 1970, ln. 13 & p. 1971, ln. 23 – p. 1972, p. 4 (SCE Witness Cushnie). See Section III, *infra*, discussing this testimony.

⁹⁸ IS0-2, , p. 5, lns. 6 – p. 6, ln. 18.

⁹⁹ SDG&E-4, p. 5, lns. 11-19.

¹⁰⁰ See Tr., p. 1683, lns. 15 -25 (Commissioner Florio and CAISO Witness Millar), p. 1684, ln. 15 – p. 1685, ln. 27 (same). See also SC-x-ISO-1, pp. 4, 13; Tr., p. 1498, ln. 5 – p. 1500, ln. 11 (CAISO Witness Sparks).

contingency or a Category D contingency significantly changes the procurement need analysis. Considering the load shedding scheme reduces need for new generation in LA basin by 436 MW.¹⁰¹ Moreover, if the load shedding is not considered, the ability of Mesa Loop-In to reduce drops from 1,200 MW to 734 MW.¹⁰²

CAISO's testimony focused on load shedding as a long-term planning tool and argued strenuously that it should not be considered. However, CAISO recognized that load shedding could be a short-term bridge. Mr. Sparks testified that "NERC allows load shedding once you've considered the design of the system and the impacts of that load shedding."¹⁰³ CAISO states that its "historical practice has been, as a last resort, to rely on large amounts of urban load shedding as an interim measure only."¹⁰⁴ Despite this CAISO argues that the load shedding should not be allowed because of higher risk outage of the Sunrise and SWPL.¹⁰⁵

CAISO's statements regarding the higher risk of outage on Sunrise and SWPL lines do not stand up to scrutiny. CAISO explained that fire risk and the risk of failure at the Imperial Valley substation increased the likelihood of this contingency.¹⁰⁶ The risk of fire causing an N-1-1 is much less than CAISO's estimate of the fire risk of once every 13 years.¹⁰⁷ Mr. Sparks based his testimony on WECC study and even recognized that the study was based on a small sample size.¹⁰⁸ Setting aside the implications of the small sample size, Mr. Sparks explains during cross-examination that the one in 13 year period is for the Southern route, which was the

¹⁰¹ SCE-1, p. 6, lns. 19-20.

¹⁰² SCE-1, p. 37, lns. 12-16.

¹⁰³ Tr., p. 1488, lns. 7-9.

¹⁰⁴ ISO-2, p. 5, lns. 11-12.

¹⁰⁵ ISO-2, p. 6, lns. 14-18; see also ISO-1, p. 6, lns. 11-13.

¹⁰⁶ ISO-2, p. 5, ln. 25 – p. 6, ln. 12.

¹⁰⁷ Tr., p. 1439, ln. 25- 1442, ln. 8 (citing Turn-X-CAISO-1), Tr., p. 1565, ln. 1-17.

¹⁰⁸ ISO-2, p. 5, ln. 26- p. 6, ln. 1.

ultimate route chosen for Sunrise.¹⁰⁹ However, Mr. Sparks' testimony is inconsistent with the study on which he relies; this study specifically states that the range for the outage on the Southern Route is between 21 to 928 years.¹¹⁰ Thus, the fire risk is considerably less.

The other risk of outage that CAISO touts is the reliability or lack thereof of the Imperial Valley Substation, but this risk can be fixed by means other than new generation. CAISO explains that the "Imperial Valley substation is a seam between [] three utilities, and is vulnerable to human coordination errors due to miscommunication and inconsistent practices for taking clearances and designing protection systems."¹¹¹ Mr. Sparks testified that improved communication and system could lessen this risk and that CAISO is working on solutions for these potential risks.¹¹² Mr. Sparks admits that new generation will not reduce this reliability risk.¹¹³ This is consistent Sierra Club witness Powers's testimony that CAISO has not shown that its enhanced reliability criteria will actually ensure greater reliability.¹¹⁴

Additionally, CAISO did not rely on any cost-benefit analysis to assess the impact of load shedding.¹¹⁵ Neither did SDG&E.¹¹⁶ In fact, CAISO's planning standards do not address this type of load shedding, the CAISO board of directors has not engaged in public process to ratify this approach.¹¹⁷ Mr. Powers explains that "[t]he use of an N-1-1 reliability standard eliminates the reliable pathway, the 500 kV Sunrise Powerlink, that would allow 1,000+ MW of

¹⁰⁹ Tr., p. 1440, ln. 17 – p 1441, ln. 20.

¹¹⁰ TURN-X-CAISO-7, p. 56.

¹¹¹ ISO-2, p. 6, lns. 7-10.

¹¹² Tr., p. 1491, ln. 25 – p. 1493, ln. 19.

¹¹³ Tr., p. 1491, lns. 4-20.

¹¹⁴ SC-2, p. 2.

¹¹⁵ Tr., p. 1432, lns 1-5 (Sparks).

¹¹⁶ Tr., p. 1756, ln. 4 – p. 1757, ln. 13 (SDG&E Jontry).

¹¹⁷ Tr., p. 1632, lns. 8-28 (Millar).

existing generation to be incorporated into an expanded San Diego LCR area as intended under the G-1, N-1 transmission planning standard.”¹¹⁸ The cost of using the higher standard of reliability is the equivalent of purchasing more 1,000 MW of additional generation, but this has not been analyzed in relation to the economic cost of load shedding and the low probability of it occurring.

CAISO will allow load shedding for Category D contingencies but not Category C contingencies.¹¹⁹ Mr. Sparks argues that the probability is significantly lower for a Category D.¹²⁰ However, the difference in these two categories is only thirty minutes.¹²¹ CAISO did not analyze the probability of a Category C nor a Category D contingency occurring.¹²² Similarly, neither SCE nor SDG&E considered the probability of an N-1-1 contingency triggering a load shed.¹²³ Mr. Powers explains that based on the WECC criteria set forth in TURN-x-CAISO-2, this N-1-1 should be considered the functional equivalent of a Category D contingency, and that no new resources should be built to address this extremely remote contingency.¹²⁴ Even if the load shedding is only considered a Category C contingency, DRA witness Fagan explains that having a load shedding scheme does not mean that load shedding will be used.¹²⁵ He also explains that load shedding will not be necessary if the preferred resources and transmission projects are successful.¹²⁶

¹¹⁸ SC-1, p. 7; see also Tr. p. 1953, ln. 3 – p. 1954, ln. 17 (citing SC-1, p. 11).

¹¹⁹ See, e.g., ISO-2, p. 5, ln. 4 – p. 6, ln. 18, p. 7 lns. 20-21.

¹²⁰ ISO-2, p. 7 lns. 20-23.

¹²¹ ISO-2, p. 10, lns 22-26; see also Tr., p. 1419, ln. 26 – p. 1420, ln. 23 (CAISO Sparks).

¹²² Tr., p. 1415, ln. 9 – p. 1416, ln. 6 (Sparks); see also Tr. p. 1508, lns. 11-12, Tr., p. 1509, ln. 12 – p. 1510, ln. 7 (CAISO Millar).

¹²³ Tr., p. 1891, lns. 7-11 (SCE Witness Nelson); Tr., p. 1759, lns. 5-17 (Jontry).

¹²⁴ Tr., p. 1931, ln. 16 – p. 1932, ln. 22; Tr., p. 1935, ln. 12 – p. 1936, ln. 6; SC-1, pp. 1-5, 9-11.

¹²⁵ Tr., p. 1836, ln. 5 – p. 1837, ln. 23.

¹²⁶ Tr., p. 1839, line 26 – p. 1840, ln. 1.

3. Using Load Shedding as a Short-Term Bridge Allows for the Commission to Make a Finding of No Need at this Time.

Sierra Club supports DRA's recommendation that load shedding be used a bridge will allow the preferred resources and transmission to develop. CAISO is against load shedding as a long-term planning tool in a highly urbanized area.¹²⁷ However, CAISO does rely on "larger blocks of load shedding on an interim basis until a permanent capital solution can [be] put in place."¹²⁸ Mr. Millar also explains that "as the makeup of the resource fleet changes, it will be critical to ensure that reliability is maintained in the transition."¹²⁹ ISO agrees that load shedding can be used as a bridge.¹³⁰ The evidence in the record demonstrates that the short-term load bridge can be as long as ten years.¹³¹

Excluding CAISO's 2013/2014 transmission studies from consideration creates a situation where the Commission may authorize unnecessary over-procurement which will be costly to ratepayers. CAISO's opening testimony explained that

the ISO views these study results as a benchmark from which consideration of potential alternatives to conventional generation (e.g., additional preferred resources, new transmission) can be evaluated to determine the extent to which they would reduce the need for conventional generation. The ISO will continue its studies to evaluate potential transmission mitigation solutions-including additional reactive support- that might address a portion of these needs. These studies are being conducted as part of the 2013/2014 transmission planning cycle that is currently underway.¹³²

The use of load shedding as a short-term bridge of up to ten years should provide the Commission the ability to feel secure in making a finding of no new need. The next iteration of

¹²⁷ ISO-7, p. 8, lns. 3-5.

¹²⁸ ISO-7, p. 8, lns. 19-20.

¹²⁹ ISO-7, p. 9, lns. 24-25.

¹³⁰ ISO-7, p. 12, lns. 1-3.

¹³¹ Tr., p. 1428, ln. 17 - p. 1429, ln. 10 (Sparks); see also Tr., p. 1710, ln. 17 - p. 1711, ln. 12 (Jontry).

¹³² ISO-1, p. 30, lns. 1-8.

the LTPP in 2014 could once again take up these issues and if, based on the evidence developed in that proceeding, a need develops, the next LTPP cycle will serve as a safeguard.

II. The Utilities Should Fill Any Identified Need Using a Process that Procures Preferred Resources.

If the Commission makes a finding of need, the procurement should be focused solely on preferred resources. This need can be met through targeted procurement of clean energy. SCE has provided the broad outline of how this can be accomplished through its description of the living pilot project.¹³³ In response to questions from Commissioner Florio SDG&E Witness Anderson stated that SDG&E could create a program with characteristics similar to the living pilot.¹³⁴ Preferred resources can be deployed on more accelerated timeframe than conventional generation. Relying on the development of these resources “is the least regrets strategy from a procurement as well as an environmental perspective.”¹³⁵

The Track 4 procurement should not authorize an all-source RFO for SCE. SCE proposed to combine the 500 MW authorization it requests in this Track with the 200 MW of unassigned authorization from Track 1.¹³⁶ SCE Witness Cushnie explained that 200 MW block left from Track was not a big enough block for gas fired generation to fill, and he opined that this block, by itself, would probably end up being preferred resources. He further explained that if the 200 MW block was expanded by 500 MW to 700 MW, then gas fired resources could better compete.¹³⁷ This could actually disadvantage preferred resources, which is contrary to the

¹³³ SCE – 1, pp. 49-54.

¹³⁴ Tr., p. 181, ln. 1 – 1816, ln. 2.

¹³⁵ Sierra Club Comments, p. 11.

¹³⁶ Tr., p. 1914, lns. 14-19.

¹³⁷ Tr., p. 1968, ln. 5 – p. 1970, ln. 13 & p. 1971, ln. 23 – p. 1972, ln.. 4; see also SCE-1, p. 57, lns. 9-17.

loading order.¹³⁸ If the Commission makes an authorization for SCE, it should not allow SCE to combine its remaining Track 1 authorization block with a Track 4 authorization. Instead, the Commission should clearly require any Track 4 authorization to be filled by preferred resources.

Similarly, SDG&E proposal for 500-550 MW RFO that focuses on proposal should be rejected because it also inconsistent with the loading order. This same block could also favor conventional generation and disfavor preferred resources. The RFO should be specifically focused on preferred resources. SDG&E Witness Anderson stated that SDG&E had no specific request for additional demand response and energy efficiency.¹³⁹ If there is any authorization, it should be solely focused on preferred resources.¹⁴⁰

III. The Decision Should Not Address SCE’s Proposed Contingent Resources Strategy for Preferred Resources.

The Commission should not rule on Southern California Edison’s (SCE) contingent resources strategy, as the strategy has no bearing on any possible need created by SONGS retirement. SCE witness Rumble explicitly stated, during evidentiary hearings, that the strategy was not created to address the retirement of SONGS.¹⁴¹ SCE positions its contingent resources strategy as a “backstop” for possible delays in procuring preferred resources. However, the strategy amounts to SCE purchasing sites where conventional generation could be developed: SCE is not asking for approval to procure generation for those sites, and establishes that such generation may never be necessary to meet LCR need.¹⁴² SCE witness Rumble stresses that “...to be clear, we’re not actually asking the Commission to authorize Southern California

¹³⁸ D.12-01-133, pp. 20-22.

¹³⁹ Tr., p. 1848, ln. 9 – p. 1849, ln. 12.

¹⁴⁰ See generally Sierra Club Comments.

¹⁴¹ Tr., p. 2076, lns. 19-25

¹⁴² SCE-1, p. 62, lns. 1-6; Tr., p. 2077, lns. 18-21.

Edison to spend any funds on a contingent resources strategy in this proceeding.”¹⁴³ SCE does not request any procurement authorization under this strategy, and the strategy was not developed in reaction to the retirement of SONGS, so it has no place in the decision.

CONCLUSION

For the foregoing reasons, the Commission should not authorize procurement in Track 4.

Respectfully submitted,

PAUL R. CORT
WILLIAM B. ROSTOV

/s/ William B. Rostov
By: William B. Rostov

Earthjustice
50 California Street, Suite 500
San Francisco, CA 94111
Tel: (415) 217-2000
Fax: (415) 217-2040
pcort@earthjustice.org
wrostov@earthjustice.org

Attorneys for
SIERRA CLUB CALIFORNIA

Dated: November 25, 2013

¹⁴³ Tr., p. 2063, lns. 22-26.