

**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 BRIEF OF WELLHEAD ELECTRIC COMPANY, INC.
ON TRACK 4 ISSUES**

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Pursuant to Rule 13.11 of the California Public Utilities Commission’s (“Commission”) Rules of Practice and Procedure and the November 1, 2013 instructions of Administrative Law Judge Gamson, Wellhead Electric Company, Inc. (“Wellhead”) hereby submits this Reply Brief on Track 4 of the 2012 Long Term Procurement Plan Proceeding. Wellhead supports a “no-regrets” approach that authorizes additional procurement by Southern California Edison (“SCE”) and San Diego Gas and Electric (“SDG&E”) in Track 4 to address system reliability issues associated with the closure of the San Onofre Nuclear Generating Station (“SONGS”) and probability of retirement of generating capacity from once-through cooling (“OTC”) resources.

I. THE COMMISSION SHOULD ADOPT A NO-REGRETS APPROACH AND AUTHORIZE SCE AND SDG&E TO PROCURE ADDITIONAL RESOURCES AS PART OF THE TRACK 4 PROCEEDING.

Wellhead supports a “no-regrets” approach, whereby a Commission decision in this Track 4 proceeding would immediately authorize interim additional procurement by SCE and SDG&E, rather than delaying procurement authorizations until the completion of the 2013-2014 Transmission Planning Process. (*See*, for example, the California Independent System Operator (“CAISO”) Opening Brief, p. 3; Independent Energy Producers (“IEP”) Opening Brief, pp. 28-32.) Authorization of additional resource procurement will address local reliability needs

resulting from the retirement of SONGS, rather than running the risk of potential outages in Los Angeles and San Diego. (*See*, CalWEA Opening Brief, p. 5; IEP Opening Brief, p. 29.) As established in the evidentiary record, the additional procurement amounts identified by SCE and SDG&E are reasonable and supported by the need for new local reliability resources identified in the transmission power flows conducted by SCE, SDG&E and the CAISO. (*See*, 10/29 RT 1675-1676 (CAISO/Millar).)

II. BOTH SCE AND SDG&E SHOULD BE REQUIRED TO CONDUCT ALL SOURCE SOLICITATIONS FOR ANY PROCUREMENT AUTHORIZED IN TRACK 4.

Energy storage can be an essential component in satisfying both the Preferred Loading Order and local reliability needs in SCE's and SDG&E's service territories. (*See*, for example CalWEA Opening Brief, pp. 5-6; California Energy Storage Alliance, p. 2.) Procurement authorizations for SCE and SDG&E in this proceeding, if any, should ensure that all source solicitations will be used to procure the authorized generation. All resources with attributes that meet local area needs should be allowed to participate and compete so the market can determine the best fit to economically meet local area needs. (Ex. Wellhead-1, pp. 3-7.) For example, as established in Wellhead's testimony, energy storage projects have a demonstrated ability to provide frequency regulation, spinning reserves and load-following services, to name just a few of the potential requirements for local capacity requirements. (Ex. Wellhead-1, p. 4.) Storage can also have higher availability as many technologies can start-up quickly and have little or no minimum operating load limitations or operating costs. (Ex. Wellhead-1, p. 4.)

Other considerations that should be addressed in the all source solicitation include, but are not limited to, consideration of "the total costs of acquiring and using the identified attributes for each proposed resource." (IEP Opening Brief, p. 36.) Consideration of all resource attributes

and the costs to provide those attributes will enable fair and competitive comparisons between traditional gas fired technologies and other projects that provide the performance characteristics necessary to meet local area needs and reliability concerns. All source solicitations will ensure that operational and reliability requirements can be met in a manner that encourages market participation by all resources that provide the necessary attributes. (*See*, for example, SCE Opening Brief p.11; IEP Opening Brief, p. 36.)

III. CONCLUSION

The Commission should adopt a no-regrets approach, and authorize additional procurement of resources by SCE and SDG&E to meet reliability concerns as a result of the retirement of SONGS, and imminent retirement of OTC resources. The Commission should ensure that all source solicitations are conducted for any procurement authorized in Track 4 to ensure that all resources which provide the needed services/capabilities are allowed the opportunity to compete. Wellhead recommends that the Commission adopt the following finding of facts and conclusions of law, as proposed in Wellhead's Opening Brief:

Finding of Fact

1. Energy storage technologies can provide characteristics/services/products needed to meet the Los Angeles Basin and SDG&E local area needs.
2. Energy storage technologies can facilitate development and reliance on increased amounts of renewable resources.
3. Proper evaluation of all the benefits a particular resource can provide is essential to ensure that near-term procurement authorizations are least- cost and align with the long-term reliability and renewable resource goals and policies.

Conclusions of Law

1. For the purposes of the procurement authorized in Track 1 and Track 4, energy storage shall be considered preferred resources.

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Respectfully submitted,

/s/

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