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 13-12-010

CITY OF REDONDO BEACH
COMMENTS ON DECEMBER 18, 2013 WORKSHOP MATERIALS

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The City of Redondo Beach (the City) appreciates the opportunity to provide the following recommended improvements to the development of the CPUC's 2014 Long Term Procurement Plan (LTPP) proceeding and the 2014-2015 Transmission Planning Process (TPP) planning assumptions of the California Independent System Operator (CAISO).

As the City has explained in previous testimonies under Rulemaking 12-03-014, the determination of a reasonable range of forecasts for Net Qualifying Capacity (NQC) available from preferred resources would assist the CPUC in determining procurement authorization need in the San Onofre Nuclear Generating Station (SONGS) area (SDG&E and SCE). The City recommends that the California Energy Commission (CEC), CPUC and CAISO develop and provide a range of forecasts by Investor Owned Utility (IOU) service territory for each of the preferred resources. A reasonable range

should include a "Low," "Medium," and "High" forecast for each of the following preferred resource categories:

1. Distributed Generation (DG)—both behind the load meter and in front of the load meter;
2. Combined Heat and Power (CHP)—both behind the load meter and in front of the load meter;
3. Energy Efficiency (EE)—incremental to the amount of EE embedded in the CEC load forecast;
4. Demand Response (DR); and
5. Storage

There needs to be a definition established for what "Low," "Medium," and "High" mean for each of the preferred resource category. The "Low" forecast could mean the current trend continues as it has in the past (business as usual) with no new changes in regulatory incentives, technology, and the economy. The "Medium" forecast could take into account new incentives to be put in place by the IOUs and the CPUC. The "High" forecast could mean including the effect of more aggressive regulatory incentives, new technology and improved economic growth.[1]

Provided the "Low," "Medium," and "High" forecasts are developed on a consistent basis—with internally consistent underlying assumptions—then the "Low,"

[1] One other possible way to establish a consistent basis for "Low," "Medium," and "High" forecasts could be based on probabilities. For example, the "Low" forecast for a preferred resource category could mean that there is less than a 90% chance that the amount of preferred resources added would turn out to be higher than what the values are for the "Low" forecast. The "Medium," or expected, forecast could mean there is more than a 50% chance that the amount of preferred resources added would be higher than the "Medium" forecast, and a "High" forecast could mean there is less than a 10% chance that the amount of preferred resources added would be higher than the forecast amounts.

"Medium," and "High" forecasts for each preferred resource establishes three scenarios of preferred resource development. The "High" preferred resource scenario could replace the "High DG" (scenario number 4 proposed in the scenario matrix) and the "Low" preferred resource scenario could possibly replace the "Trajectory" (scenario number 1). The "Medium," or expected, preferred resource scenario would be the only additional scenario (new scenario number 7) to the Scenario Matrix.

Due to the importance of the preferred resources forecasts in determining the need for additional dependable capacity in the state, it is essential that final numbers for these forecasts are provided with clarity in the report. This will avoid confusion and time consuming argument among the parties as to which input assumptions should be used by the parties in the LTPP or TPP to develop the parties' recommended solutions for additional power procurement or transmission expansion. The City recommends the forecast of capacity for preferred resources include dependable capacity (NQC) in addition to the installed capacity, in order to avoid confusion and inconsistent conversion to NQC using different assumptions by different parties.

The City believes that to determine the dependable capacity (NQC) for each of the non-conventional resources above, reasonable assumptions and expectations based on supportable data should be used. One sensible approach in determining the proper dependable NQC for non-conventional resources is the use of historical data adjusted for the effects of change and/or improvements in technology and increased geographic diversity of the resources. The City would defer to the industries/technology representing

these resources to provide the data supporting their capability for delivering energy at the time of system peak.

The City also believes if locational (substation) information is available for any of the above forecasts it should be provided. In the absence of more specific locational information the forecast amounts could be allocated to the substations on the basis of load ratio.

Additionally, the workshop attachment seems to mischaracterize the extent to which the CAISO will use the assumptions proposed in those documents in its TPP analysis. On page 6 of the workshop attachment the CAISO states, "To coordinate the LTPP and TPP assumptions, the CAISO will use the assumptions proposed in this document in the development of the draft study plan for the 2014-2015 TPP …." Similarly, Slide 5 of workshop presentation states, "CAISO will use these assumptions for transmission planning in the TPP."

However, page 21 of the workshop document states,

> "Also as described above in the Planning Assumptions section of this document, the local reliability studies portion of the TPP may conservatively adjust the AA-EE, storage, and DR assumptions away from the Trajectory scenario defaults to account for uncertainty."

No information is provided as to how the CAISO is going to change these values and no guidance is provided as to the amount of any such adjustment. "Uncertainty" is not a clear reason for adjusting a forecast. Forecasts are inherently uncertain. If the CAISO is going to adjust the preferred resource values for their TPP analysis any way

they choose, then they essentially have their own forecast; a forecast which is not in line with the workshop discussion and the efforts of the CEC and CPUC.

Lastly, it is not very clear if the forecasts of preferred resources represent the CAISO territory or entire state.

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Respectfully Submitted,

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