

**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 COMMENTS OF THE PROTECT OUR COMMUNITIES FOUNDATION ON
TRACK 4 PROPOSED DECISION**

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I. INTRODUCTION

Pursuant to Rule 14.3 of the Commission’s Rules of Practice and Procedure, the Protect Our Communities Foundation (“POC”) submits the following Reply Comments on the Proposed Decision for proceeding R.12-03-014.

In these Reply Comments, POC replies to the opening comments filed on March 3, 2014 by the California Independent System Operator (“CAISO”), San Diego Gas & Electric (“SDG&E”), Southern California Edison (“SCE”), California Environmental Justice Alliance (“CEJA”), and the Natural Resources Defense Council (“NRDC”).

II. DISCUSSION

A. The substantial LCR need based on the Sunrise Powerlink/Southwest Powerlink N-1-1 contingency assumed by SDG&E, SCE, and CAISO can be eliminated by re-classifying the N-1-1 as a Category D event and using the standard G-1/N-1 planning contingency

CAISO commends the PD for “*explicit findings that the ISO correctly modeled the assumptions in the scoping memo and that ISO’s study methodology and results should be used as the basis for authorizing additional procurement. This finding correctly includes the ISO’s power flow modeling, including the limiting contingency (“N-1-1”) for the SONGS study area, and the use of the ISO’s Local Capacity Technical Analysis as the basis for determining local capacity needs.*”¹ SDG&E states that its allocation in the PD of 700 MW of new resources “is

¹CAISO Opening Comments on PD, p.1.

consistent with the minimum need for new local resources in the San Diego sub-area identified in technical studies performed jointly by SDG&E and Southern California Edison Company (“SCE”).”² SDG&E goes on to state that “A procurement authorization of at least 700 MW is also reasonable in light of the study results of the California Independent System Operator (“CAISO”) which demonstrate a minimum need in the San Diego sub-area of 620 MW by 2018.”

All three of these entities, SDG&E, SCE, and CAISO, model the sequential N-1-1 loss of the 500 kV Sunrise Powerlink and 500 kV Southwest Powerlink (“SWPL”) in SDG&E territory as the critical contingency. The LCR procurement allocations recommended in the PD are based on the N-1-1 contingency. SDG&E goes so far as state that the PD’s acceptance of load shedding as a reasonable response to the N-1-1 event “is not in the public interest.”³ However, when it was in SDG&E’s interest in 2007 to re-classify the simultaneous loss (“N-2”) of the Sunrise Powerlink and SWPL from a generic, deterministic Category C contingency to a very low probability Category D event that does not require mitigation, it did so.⁴ See Attachment A, “SDG&E Performance Category Upgrade Request for Imperial Valley - Miguel 500 kV (SWPL) and Imperial Valley - Central 500 kV (Sunrise Powerlink) Double Line Outage Probability Analysis.”⁵ SDG&E’s concluding statement in its WECC-approved probabilistic analysis is, “Based on the preceding information, the analysis performed is sufficient enough to move the performance criteria for the double line outage of Imperial Valley – Miguel (SWPL) and Imperial Valley – Central (Sunrise Powerlink) from Category C to Category D.”

It was critical for SDG&E to demonstrate in 2007 that the construction of the \$2 billion Sunrise Powerlink transmission line⁶ would enhance grid reliability in SDG&E territory and not undermine it. For that reason SDG&E carried-out the WECC-approved probabilistic procedure to conclusively demonstrate that the Sunrise Powerlink/SWPL N-2 was a Category D event. The Commission’s assumption when it approved the Sunrise Powerlink in 2008 was that it would add 1,000 MW of reliability to meet the SDG&E LCR under a G-1, N-1 reliability standard.⁷

With the switch to a N-1-1 critical contingency in Track 4 modeling without any analysis of the probability of an N-1-1 actually occurring, SDG&E, CAISO, and SCE adopt the de facto

² SDG&E Opening Comments PD, p. 3.

³ SDG&E Reply, p. 13.

⁴ SDG&E Reply, p. 7.

⁵ SDG&E POC, p. 3.

⁶ SDG&E Opening Comments, p. 6.

⁷ Sierra Club Opening Testimony on behalf of Sierra Club, p. 5.

position in this proceeding that the addition of the \$2 billion Sunrise Powerlink leaves the Southern California grid more vulnerable, and more in need of additional LCR resources, than it was prior to the \$2 billion transmission line being built.

In contrast, as POC stated in its Reply Brief, requiring a full probabilistic analysis of the N-1-1 contingency would likely lead to its re-categorization as a Category D contingency, resulting in a significantly reduced LCR need.⁸ This would likely save ratepayers billions of dollars that they would have otherwise had to spend on unnecessary capacity that would have provided them with no meaningful reliability benefit.⁹

There should be little difference in the probability of an N-2 or an N-1-1 involving the same two transmission lines, as TURN observed in its opening brief, “*While it may be theoretically conceivable that an N-1-1 outage would have a higher probability than an N-2 outage, TURN is not aware of any evidence in the record to support basing the Commission’s own decision on such a theoretical possibility.*”¹⁰ The public interest in this proceeding resides in the Commission conducting the standard WECC-approved probabilistic analysis of the likelihood of a Sunrise/SWPL N-1-1 and making a determination that it is a Category D event.

B. Even accepting use of N-1-1 contingency for sake of argument, PD ignores non-gas fired resources that would eliminate procurement need

CEJA points-out that SDG&E anticipates the IV Flow Controller project to be online in 2015 or at the latest by 2017, and that the project will reduce SDG&E LCR procurement need by 500 MW.¹¹ CEJA also notes that SCE has proposed adding another 550 MVAR of reactive support at San Onofre, and that CAISO modeled project and determined that it would reduce LCR need in the LA Basin by 300 MW.¹² These two projects alone would largely eliminate the SCE and SDG&E procurement authorized in the PD.

NRDC states that “The Commission should fully and explicitly rely on 733 MW of energy efficiency resources as a conservative estimate of savings that result from future energy efficiency codes, standards, and programs, some of which have already been adopted, and that the Commission should adjust the utilities’ all-source procurement authorizations by the full 733

⁸ Reply Brief, pp. 9-10.

⁹ Reply Brief, pp. 9.

¹⁰ Opening Brief, pp. 12, FN 37.

¹¹ Opening Comments on PD, pp. 6.

¹² Reply Brief, pp. 7.

MW, resulting in no all source procurement authorization for SCE and a 110-310 MW all-source authorization for SDG&E.”¹³ Use of an accurate EE assumption largely eliminates the need for new resource procurement in SCE and SDG&E territories, even assuming for the sake of argument the validity of the use of the N-1-1 contingency in LCR power flow modeling.

CEJA observes that “If the determining factor for whether a DR program qualifies as an LCR resource is that it is currently is available within 30 minutes, then the undisputed evidence shows 620 MW of such resources in the Johanna-Santiago area alone. Using that measure of LCR capacity, the PD undercounts fast response, or first contingency, DR by 447 MW.”¹⁴ Proper accounting in the PD of the DR available in SCE’s West LA Basin largely eliminates the 500 MW procurement authorization in the PD for SCE that is not set aside for preferred resources.

III. CONCLUSION

The use of an N-1-1 limiting contingency by CAISO, SCE, and SDG&E drives the procurement authorizations in the PD. The N-1-1 contingency has not been vetted by the Commission as reasonable and would almost certainly be re-classified as a Category D contingency if evaluated using the WECC-approved probabilistic procedure. This is what SDG&E did in 2007 to reclassify the Sunrise/SWPL N-2 contingency from Category C to Category D. Leaving aside the issue of the validity of the N-1-1 contingency, the PD ignores highly likely non-generation mitigation projects in SCE and SDG&E territories that would eliminate the need for most/all of the new procurement authorized in the PD. This is also true for energy efficiency and demand response resources identified by parties to the proceeding that were not in the PD to reduce or eliminate the authorized levels of procurement.

Respectfully Submitted,

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¹³ Opening Comments, pp. 11-12.

¹⁴ Opening Comments, pp. 11-12.