

**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

**CITY OF REDONDO BEACH'S REPLY COMMENTS ON PROPOSED DECISION  
AUTHORIZING LONG-TERM PROCUREMENT FOR LOCAL CAPACITY  
REQUIREMENTS DUE TO PERMANENT RETIREMENT OF THE SAN ONOFRE  
NUCLEAR GENERATING STATION**

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Pursuant to California Public Utilities Commission (Commission) Rules of Practice and Procedure, rule 14.3(a), the City of Redondo Beach (the City) respectfully submits these Reply Comments to the February 11, 2014, Proposed Decision (PD) of Administrative Law Judge David M. Gamson on Track 4 of the above-captioned long-term procurement plan (LTPP) proceedings. The purpose of Track 4 is to determine the extent to which additional capacity is required to meet local capacity needs stemming from the retirement of the San Onofre Nuclear Generating Station (SONGS).

**I. AES Southland, LLC’s Comments Are Not Supported by the Record**

Pursuant to California Public Utilities Commission Rules of Practice and Procedure, rule 14.3(c) comments submitted in response to a proposed decision “shall focus on factual, legal or technical errors in the proposed or alternate decision and **in citing such errors shall make specific references to the record or applicable law. Comments which fail to do so will be accorded no weight.**” (Emphasis added.)

AES Southland LLC’s (AES) comments should be afforded no weight. AES submitted over 14 pages worth of comments with almost no specific references to the record or applicable law. In fact, out of 14 plus pages, on only 1 page (page 11) does AES provide citations to substance in the record in an attempt to support their assertions. Furthermore, AES’s conclusions, in fact, are contradicted by the record.

For instance, AES claims “the cost of impaired reliability and potential outages, including load shedding in urban areas, will have cost impacts that significantly outweigh the cost of generation needed to avoid those impacts.” *See* AES’s Comments on Proposed Decision, p. 8. AES provides no citations to support this statement and, in fact, the record in this proceeding contradicts it. The record indicates

that the cost of an outage resulting from operation of a controlled load shedding Special Protection Scheme (SPS) under the system conditions for which Local Capacity Requirements (LCRs) are set—should that very remote event occur<sup>1</sup>—would be approximately \$250 million.<sup>2</sup> The cost of generation needed to avoid such an outage is estimated at \$595 million.<sup>3</sup> The record indicated that controlled load shedding would have costs that are *less than half* the cost of generation needed to avoid those impacts.

The record also indicated that a controlled load shedding SPS would not result in “impaired reliability.” In fact, NERC and WECC expressly permit the use of controlled load-drop to mitigate N-1-1 contingencies.<sup>4</sup>

Additionally, in arguing to increase Southern California Edison Company’s (SCE) allowable procurement from gas-fired generation (GFG) AES claims, “[t]he Proposed Decision, however, rejects the recommendations of the majority of the parties to this proceeding, including the recommendations of all three parties (SCE, ISO, and AES Southland) that conducted power flow studies to determine local capacity needs.” *See* AES’s Comments on Proposed Decision, p. 12. This statement is misleading, as SCE, ISO, and AES were not the only parties to conduct power flow studies to determine local capacity needs. The City of Redondo Beach also conducted a power flow study. The City’s power flow analysis shows that the LCRs in the Western Los Angeles Basin sub-area can be met with even less GFG than is permitted under the Proposed Decision’s procurement authorization for SCE and certainly less than that sought by AES in its comments.

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<sup>1</sup> The probability of an N-1-1 contingency event over-lapping with the system conditions under which LCRs are set is estimated at between one in 21 years and one in 928 years. *See* Ex. ISO-2 (Sparks), pp. 5-6; Ex. TURN x ISO 7, p. 56; Ex. TURN x ISO 2, p. 3. The City of Redondo Beach estimated the expected outage at one hour every 571 years. *See* Redondo Beach Report, p. 13; Redondo Beach’s Testimony submitted on August 26, 2013, p. 5; Redondo Beach’s Opening Brief, p. 14 (“1 in 5 million” equates to 0.00175 hours per day  $((1/5000000) \times 8760 \text{ hours/year})$  or one hour in 571 years  $(1/0.00175 \text{ hours/year} = 571 \text{ years/hour})$ ).

<sup>2</sup> IEP Opening Brief, p. 16.

<sup>3</sup> Ex. ORA-3 (Fagan) p. 7; *See also* Ex. TURN-1 (Woodruff), p. 17, Table 4.

<sup>4</sup> Ex. ORA-3 (Fagan), pp. 7, 15, and Attachment B, p. 1; *See also* Redondo Beach Report, p. 17.

**II. Conclusion**

For the foregoing reasons, the Commission should provide no weight to the comments submitted by AES Southland, LLC.

Dated: March 10, 2014

Respectfully Submitted,

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