

**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 VOTE SOLAR INITIATIVE
ON THE PROPOSED DECISION**

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March 10, 2014

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I. There is no evidence to indicate that an all-source RFO process will produce anything other than an authorization to build and operate new gas-fired generation in Southern California

In their opening comments on the Proposed Decision (PD), parties express a range of opinions regarding the reasonableness and utility of the PD’s proposal to allow an “all-source” procurement to satisfy some of the local capacity resource (LCR) needs in Southern California that are the result of the closure of SONGS. Parties supporting the use of all-source procurement argue it is an open and competitive process.¹ Some parties assert that even greater levels of all-source procurement should be authorized.²

However, the evidentiary record, upon which the PD and parties’ comments must be based, does not support a finding that all-source procurement is an open and competitive process. Rather, as Vote Solar discussed in its Opening Comments, the evidentiary record indicates only that the proposed all-source procurement processes are biased toward the selection of gas-fired generation (GFG).³ As the Commission noted in its Track 1 decision, D.13-02-015, which was not controverted in Track 4, SCE “is not aware of a preferred resource ever prevailing against a conventional resource in an all-

¹ SCE Opening Comments, p.3

² NRG Opening Comments, p.9

³ Vote Solar Opening Comments, pp.3-4; Sierra Club Opening Comments, p.2

source RFO.”⁴ Therefore, it must be presumed that the likely outcome of any all-source procurement process will be the authorization to build and operate new GFG in Southern California. Until it can be formally demonstrated that an all source procurement process is truly fair, open and competitive, no all source procurement should be permitted to provide LCRs in Southern California.

II. Authorizing new gas-fired generation in Southern California to replace non-carbon emitting SONGS generation is contrary to public policy and the desires of Southern California residents

SONGS was a non-carbon emitting generating resource. Replacing SONGS with carbon and air pollution emitting gas fired generation can only increase GHG and air pollution in Southern California.⁵ This is contrary to long-established public policy and the desires of residents to reduce GHG and air pollution in Southern California.⁶ Therefore, any arguments in support of additional gas fired generation procurement for Southern California, whether explicitly authorized, or implicitly authorized via approval of all-source procurement processes, must be rejected.

III. There is no evidence to support arguments that gas-fired generation is a better solution for satisfying LCR needs in Southern California than Preferred Resources

Parties supporting the PD’s authorization of additional GFG to satisfy LCR needs in Southern California argue that requiring Preferred Resources instead is likely to jeopardize future local grid reliability.⁷ SDG&E goes so far as to claim, without citation, that “imposition of additional preferred resources/energy storage procurement requirements through resource-specific procurement carve-outs would pose an unreasonable threat to service reliability and is therefore not in the public interest.”⁸

⁴ Vote Solar Opening Comments, p.2, citing D.13-02-015, pdf, pp.86-87 and Tr.13:1968-69, 2003 (SCE witness Cushnie).

⁵ City of Redondo Beach Opening Comments, p.3; EDF Opening Comments, p.5

⁶ Vote Solar Opening Comments, p.3, CEJA Opening Comments, p.12; City of Redondo Beach Opening Comments, pp.8-9

⁷ NRG Opening Comments, pp.4-5

⁸ SDG&E Opening Comments, p.9

What these parties fail to acknowledge, however, are the significant siting, permitting, environmental and community opposition issues associated with trying to build and operate new GFG facilities in Southern California. First, as the PD notes, SCE recognizes that it “takes about seven years to developed gas-fired generation facilities” in Southern California.⁹ So, it is unlikely that any new GFG authorized this year will be available to meet 2018 LCR need concerns raised by SDG&E.¹⁰ In contrast, Preferred Resources generally are much smaller in size, modular and expandable, and much easier to site, permit, build and operate than GFG facilities (i.e., customer rooftop solar PV can be permitted and installed in a matter of months, if not weeks).

Second, it is likely that GFG facilities selected in all-source RFOs will be large, lumpy investments, meaning that if a single GFG project fails to get sited, permitted, built or operated as anticipated, the result will be a significant gap in LCR availability.¹¹ In contrast, the continual growth of Preferred Resource projects in Southern California will provide an ever increasing, ongoing amount of LCRs, that, between now and 2022, will match LCR needs in a way that new GFG cannot.

Finally, there can be no dispute that Preferred Resources do not share the GHG and air pollution issues, water demand concerns and public opposition problems associated with GFG facilities, making Preferred Resources easier and more quickly sited, permitted, built and operated.

IV. There is no evidence to support arguments that Preferred Resources cannot supply all the identified LCR needs in Southern California

As Vote Solar described, the PD has, without the requisite evidentiary basis, unreasonably minimized the likely contributions of Preferred Resources to satisfying

⁹ PD at p.87

¹⁰ SDG&E Opening Comments, pp.8-9. See also, CAISO Opening Comments, p.4 (“the ISO remains concerned that resource development may lag behind the milestone dates needed to ensure that resources are in place in time to meet the specific target dates driven by the OTC compliance requirements. This is true of all resource types.”)

¹¹ Vote Solar Opening Comments, pp.4-5; Sierra Club Opening Comments, p.12; City of Redondo Beach Opening Comments, p.9

LCR needs.¹² Parties arguing in support of the PD's conclusions claim that Preferred Resources are unlikely to meet LCR goals for Southern California.¹³

However, as the Sierra Club accurately describes:

Even assuming that none of the resources will achieve the maximum projected reductions, it is reasonable to find that each of the programs will generate a reasonable amount of LCR reductions rather than concluding that the individual programs will be failures. Assuming zero or even 10 to 20% efficacy of each category implicitly assumes the failure of the Commission's programs. However, projecting failure for these programs is not supported by evidence in the record, especially given the Commission's commitment to the loading order. The Proposed Decision finding that certain resources "directionally indicate" a lower need number does not compensate for failures to adopt reasonable LCR reductions for energy storage, preferred resources and transmission solutions on the basis of substantial evidence in the record.¹⁴

Therefore, contrary to arguments raised by parties in support of the PD's proposed all source RFO or for the expansion of all source RFOs to meet LCR needs in Southern California to replace SONGS generation, Preferred Resources can and should be the only LCRs authorized for this purpose.

V. Conclusion

The evidentiary record amply demonstrates the many problems associated with GFG development in Southern California, including siting, permitting (air pollution as well as water use issues), community opposition and long and uncertain development times. Preferred Resources do not suffer these problems and can and should be the only LCRs authorized to replace non-carbon emitting SONGS generation. Therefore, Vote

¹² Vote Solar Opening Comments, pp.6-9

¹³ For example, NRG Opening Comments, pp.1-2, SCE Opening Comments, pp.3-4

¹⁴ Sierra Club Opening Comments, p.6 (internal citations omitted). See also CEJA Opening Brief, p.15

