

**COMMENTS OF THE NATURAL RESOURCES DEFENSE COUNCIL (NRDC),
ENVIRONMENTAL DEFENSE FUND (EDF), AND VOTE SOLAR TO ENERGY
DIVISION ON SAN DIEGO GAS & ELECTRIC'S (SDG&E) PROPOSED
LTPP/TRACK 4 PROCUREMENT PLANS**

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The Natural Resources Defense Council (NRDC), Environmental Defense Fund (EDF), and Vote Solar respectfully submits these comments to the Energy Division of the California Public Utilities Commission (CPUC or Commission) on SDG&E's two proposed LTPP/Track 4 procurement plans: the *San Diego Gas & Electric Company LTPP/Track 4 Procurement Plan (Conventional Procurement)* (Conventional Plan) and the *San Diego Gas & Electric Company LTPP/Track 4 Procurement Plan (Preferred Resources)* (Preferred Resources Plan), distributed over the R.12-03-014 service list by Lily Chow of Energy Division on June 17, 2014. These comments are submitted to Director of the Energy Division, Ed Randolph, pursuant to the above referenced June 17, 2014 email. NRDC is a non-profit membership organization with a long-standing interest in minimizing the societal costs of reliable energy services required by a healthy California economy. Similarly, Vote Solar and EDF support cost-effective integration of solar and renewable energy into the grid. These comments are provided in support of our position that electricity bill payers and the environment will be well served to have the CPUC include all cost-effective energy efficiency savings, preferred resources, and transmission solutions in its need determinations, which will offset the need for more polluting conventional generation resources. NRDC, EDF and Vote Solar also support the points made by Sierra Club and California Environmental Justice Alliance (CEJA) in comments filed separately by those organizations.

We urge Energy Division to:

- Direct SDG&E to modify the proposed Preferred Resources Procurement Plan, which we could support if improvements are made to capture all cost-effective preferred resources
- Reject the proposed Conventional Procurement Plan for failing to meet the requirements of D.14-03-004 and of the state's Loading Order, and
- Direct SDG&E to submit a new procurement plan that fills the 300 MW to 600 MW of "any resources" authorized by D.14-03-004, by:
 - Establishing an all-source RFO to fill some of the need, as required under D.14-03-004, and
 - Accounting for reductions from recent approved transmission upgrades, as directed by D.14-03-004.

I. We urge Energy Division to direct SDG&E to revise its proposed preferred resources procurement plan, which we could support if improvements are made to capture all cost-effective preferred resources.

With modifications noted below, NRDC, EDF, and Vote Solar could support SDG&E's proposed preferred resources procurement plan. SDG&E was ordered to procure a mandatory 200 MW of preferred resources in D.14-03-004. SDG&E's proposal sets forth a mechanism to procure that local capacity, through a Request for Offers (RFO). However, SDG&E places unexplained limitations on preferred resources, which unnecessarily exclude sources of energy efficiency, demand response, and distributed generation.

With respect to location, the plan proposes to limit the location of preferred resources to only those that are located in a subset of SDG&E's service territory ("at or electrically west of the Miguel or Suncrest substations and (ii) electrically south of the SONGS 230 kV switchyard"¹). However, this limitation was not required by D.14-03-004, and in fact, evidence on the record shows that preferred resources like energy efficiency count toward meeting local capacity needs wherever distributed around SDG&E's service territory.² In addition, the plan proposes to further restrict contributions from energy efficiency and demand response resources by limiting the location to only those in San Diego County.³ However, some critical locations near SONGS itself (such as San Clemente, San Juan Capistrano, and Dana Point, among others), fall under SDG&E's service territory but not within San Diego County. We want to ensure that preferred resources in those important locations are allowed to provide their megawatts in SDG&E's solicitation. SDG&E's prohibition on preferred resources located outside of San Diego County, but within SDG&E's service territory, is directly controverted by D. 14-03-004, which states that energy efficiency across the entire service territory reduces local capacity needs.

With respect to term, the plan proposes to limit the online date for preferred resource until after January 1, 2018. SDG&E states that resources need to be available by December 31,

¹ SDG&E Preferred Resources Plan, p. 2.

² "We agree with SDG&E and NRDC that the revised Scoping Memo should have used a different methodology with the mid-level energy efficiency estimate. The revised Scoping Memo stated: "across the SCE and SDG&E areas we expect the mid-level of savings to occur." The revised Scoping Memo erroneously decreased energy efficiency estimates by assuming that the SDG&E service territory was not the same as the SDG&E portion of the SONGS service area. This is incorrect: they are one and the same." CPUC, *Decision Authorizing Long-Term Procurement For Local Capacity Requirements Due To Permanent Retirement Of The San Onofre Nuclear Generations Stations*, D.14-03-004, R.12-03-014, p. 63 (March 2014).

³ SDG&E Preferred Resources Plan, p. 2.

2021,⁴ which is true. However, needing to be online by December 31, 2021 does not necessitate only coming online after January 1, 2018. If a cost-effective preferred resource is available to come online before January 1, 2018 and provide savings or generation beyond December 31, 2021, then it should be allowed to bid into the preferred resource RFO. Furthermore, early adoption of preferred resources is a critical part of the SONGS replacement strategy, not postponed adoption, which allows less time to observe and monitor performance of preferred resources. This restriction is unexplained and unduly restricts the ability for preferred resources to contribute to meeting local capacity needs for SDG&E.

With respect to incrementality of energy efficiency, NRDC supports SDG&E's proposal to encourage innovative programs and targeting hard-to-reach markets, but the true test of incrementality is the baseline that was used in the Track 4 studies: the magnitude of IOU goals for energy efficiency. (Which is the same test of incrementality being applied to DG.⁵) Any energy efficiency savings that exceed the Track 4 baseline are incremental from a reliability perspective. The Track 4 reliability studies assumed that IOUs would meet their goals over the next ten years, no more and no less. (These goals were based on the "Mid case", which was conservative, estimate of energy efficiency potential.) Therefore, if SDG&E continues to meet its goals, then all additional megawatts procured through the RFO are incremental. In Track 4, the Commission relied only on the megawatt levels of IOU goals ten years out; therefore, all megawatts procured through RFO are additional to what was relied on in Track 4. (In anticipation of the hypothetical that it is impossible for utilities to both meet their goals and procure megawatts from the RFO: the potential study showed that there was plenty more cost-effective achievable energy efficiency in SDG&E's territory in the "High case.") Therefore, we support SDG&E's solicitation for new and innovative bids, but SDG&E should not preclude itself from accepting bids that simply increase the magnitude of energy efficiency savings. After all, it is an increase in the quantity of megawatts that matters, from a reliability perspective.

However, SDG&E's preferred resources plan contains a significant error in energy efficiency accounting rules. SDG&E's states that energy efficiency procured from the RFO

⁴ SDG&E Preferred Resources Plan, p. 2.

⁵ "To the degree that such roof-top solar installations exceeds the projections adopted by the CAISO / CEC in their load forecasts, SDG&E would consider those installations to be incremental as required by the Track 4 Decision." *Id.* at 9.

should be eligible to count toward its energy efficiency goals.⁶ Such an accounting system would clearly undermine the ability for these energy efficiency megawatts to be additional, and would allow for cannibalization of existing efficiency programs. Energy efficiency procured from SDG&E's preferred resources RFO must NOT count toward SDG&E's existing goals in order to be incremental to the goals.

Additionally, D.14-03-004 orders SDG&E to procure a mandatory 200 MW from preferred resources from the preferred resource procurement plan.⁷ However, SDG&E's proposal states that it will solicit "up to 200 MW" in its preferred resource RFO.⁸ This aspect of the plan plainly contradicts the Commission's order and the Loading Order.

Last, any preferred resources that were omitted as an input assumption into the Track 4 LTPP proceeding, but are now being considered a viable resource, should be accounted for at this stage by reducing the total authorization amounts, and particularly reducing the amount procured from the "any resource" bucket. Subtracting those omitted input assumptions from the preferred resources bucket would undermine the purpose, and effectiveness, of a preferred resources RFO.

In sum, we urge Energy Division to direct SDG&E to modify the preferred resources procurement plan to eliminate unnecessary restrictions. Furthermore, these restrictions provide yet another reason for the Commission to create an advice letter process, as requested by NRDC, CEERT, EDF, and Clean Coalition in our recent filing.

⁶ "SDG&E notes that any products procured through the Preferred Resources RFO should not be precluded from counting towards their respective existing program goals, even if the evaluation methodology used differs from that used in the applicable existing program." SDG&E Preferred Resources Procurement Plan, p. 9.

⁷ "Requiring SDG&E to procure at least 200 MW from preferred resources or energy storage is consistent with the authority granted to SCE herein and consistent with the Loading Order." D.14-03-004, C.O.L. 44. "We will require SDG&E to show that it has a specific plan to procure at least the minimum level of resources authorized by this decision, consistent with this decision's requirements for specific resource categories. . . . Therefore, SDG&E's RFO shall provide for at least the 200 MW minimum preferred resources/energy storage components." D.14-03-004 at 112. "At least 25 MW of local capacity must be procured from energy storage resources . . . ; At least 175 MW of local capacity must be procured from preferred resources consistent with the Loading Order of the Energy Action Plan . . ." D.14-03-004, O.P. 2.

⁸ "SDG&E will solicit bids for up to 200 MW to be delivering in 2021 from new Energy Efficiency ("EE"), Demand Response ("DR"), Energy Storage ("ES"), Renewables, Combined Heat and Power ("CHP"), and Distributed Generation ("DG") products." SDG&E Preferred Resource Procurement Plan, p. 2.

II. We urge Energy Division to reject SDG&E’s proposed conventional procurement plan for failing to meet the requirements of the state’s Loading Order and of D.14-03-004.

We urge Energy Division to reject SDG&E’s proposed conventional procurement plan because it violates the Loading Order and the requirements of D.14-03-004. The Loading Order clearly requires the procurement of cost-effective preferred resources before that of conventional generation. In D.14-03-004, the Commission authorized SDG&E to procure 300-600 MW from any resource. Applying the Loading Order to this authorization, SDG&E must fill the 300-600 MW with cost-effective preferred resources before filling it with any conventional generation. However, SDG&E proposes to sign a bilaterally-negotiated contract for 600 MW of conventional generation without providing an opportunity for preferred resources⁹ to fill any portion of that “any resource” authorization. Not only is SDG&E failing to fill any portion of the 600 MW of “any resource” authorization with preferred resources, but SDG&E is not even providing an opportunity for preferred resources to compete with conventional generation to fill those authorizations. Such an approach violates the Loading Order.

Additionally, SDG&E’s conventional procurement plan fails to meet the requirements of D.14-03-004. In that Decision, the Commission directed SDG&E to both: i) hold an all-source RFO¹⁰, and ii) reduce the amount procured based on new transmission resources approved in ISO’s transmission plan.¹¹ In SDG&E’s conventional procurement plan, it puts forth no all-source RFO. (It also puts forth no all-source RFO in its preferred resources plan.) Therefore, it violates the requirement of D.14-03-004. In ISO’s approved 2013/2014 Transmission Plan, ISO adopted three material transmission resources that will reduce the quantity of local capacity resources needed in San Diego. (These include reactive support at San Luis Rey, an Imperial Valley flow controller, and the Mesa loop-in project – which was explicitly mentioned in D.14-03-004.) However, SDG&E does not reduce the quantity of “any resource” procurement to reflect those transmission upgrades. More details are included in the joint environmental letter attached hereto as Attachment A. For both of these violations, Energy Division should reject the proposed conventional procurement plan.

⁹ “SDG&E intends to enter into a bilaterally negotiated long-term contract for conventional generation. It does not intend to seek contingent contracts.” SDG&E Conventional Procurement Plan, p. 4.

¹⁰ “[SDG&E] shall issue an all-source Request for Offers” D. 14-03-004, OP 6.

¹¹ “[i]f some level of new transmission resources is identified in the 2013/2014 TPP which would reduce LCR needs in the SONGS service area by 2022 (for example, the Mesa Loop-In project), the total amount of overall procurement needed in the SONGS service area would be reduced.” D.14-03-004, p. 116.

III. Instead, we urge that Energy Division direct SDG&E to submit a new procurement plan that fills the 300 MW to 600 MW of “any resources” authorized by D.14-03-004 in a manner consistent with the Loading Order and D.14-03-004.

We urge Energy Division to direct SDG&E to submit a revised procurement plan for the 300 MW to 600 MW of “any resource” procurement that accords with the Loading Order and the Track 4 decision. First, in order to cure the Loading Order violation, SDG&E could propose an all-source RFO for the 300 MW to 600 MW, in which conventional generation and preferred resource would compete head-to-head. SDG&E has already invested time into developing a preferred resources RFO, so creating an all-sources RFO should not be an insurmountable hurdle. Therefore, we recommend that SDG&E submit a new plan that includes an all-source RFO for the full amount of authorizations. In the alternative, because the conventional generation units proposed in SDG&E’s conventional plan are modular (LMS 100 units come in 100 MW increments), and if good reason is shown, SDG&E could apportion part of the 300 to 600 MW resources to bilaterally contracted conventional generation and (a meaningful) part to an all-source RFO.

Second, in order to cure the violation of D.14-03-004 which states that transmission resources adopted in ISO’s transmission plan must be accounted for by reducing the total amount of LCR needs, SDG&E should simply account for those reductions. ISO has adopted a 2013/2014 Transmission Plan which contain newly-approved transmission upgrades and provides the best estimates for how many MW of local capacity relief these upgrades provide. We simply recommend that SDG&E reduce the total amount of “any resource” procurement by the contributions from those transmission resources at the time of their commercial online date.

VI. Conclusion

NRDC, EDF, and Vote Solar respectfully requests that Energy Division reject SDG&E's current proposed procurement plan and require SDG&E to revise it as recommended in these opening comments.

Respectfully submitted,

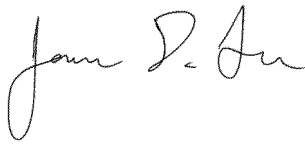
Dated: June 24, 2014



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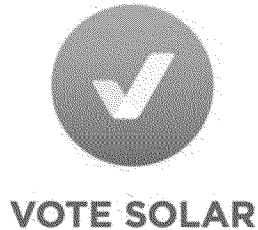
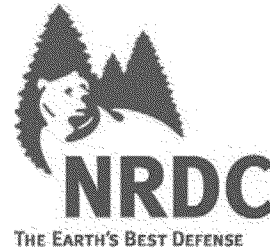
Jim Baak
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**Attachment A: Joint Environmental Letter to Energy Division re: SDG&E's Proposed
Procurement Plans**

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June 24, 2014

Via electronic mail

Edward Randolph
Energy Division
California Public Utilities Commission
edward.randolph@cpuc.ca.gov

Re: Informal Comment on SDG&E's Proposed Any Resource Procurement Plan Under D.14-03-004 (LTTP Track 4)

Mr. Randolph:

The California Environmental Justice Alliance (CEJA), Sierra Club, Vote Solar, the Natural Resources Defense Council (NRDC), and the Environmental Defense Fund (EDF) write to express our serious concerns with the proposed procurement plans submitted to Energy Division by San Diego Gas & Electric (SDG&E) to meet procurement authorization under the Track 4 Decision in the 2012 Long Term Procurement Proceeding (D.14-03-004). In D.14-03-004, the Commission authorized SDG&E to procure 300 to 600 MW from any resource and 200 MW from preferred resources and energy storage. With regard to "any resource" procurement, D.14-03-004 requires that: 1) SDG&E "*shall* issue an all-source Request for Offers for some or all capacity"; 2) the procurement be "consistent to extent feasible with the Loading Order"; and 3) total procurement can be lowered toward minimum levels in the event of approval of transmission projects that reduce local capacity needs.¹²

SDG&E's proposed procurement plan for its any resource authorization, which it names a "Conventional Procurement" plan, plainly fails to meet the requirements of D.14-03-004. Under the proposed any resource plan, SDG&E will not issue an all-source RFO to meet *any* of its any resource authorization and will not comply with the Loading Order. The procurement plan also ignores the recent approval of three transmission projects that collectively reduce local capacity needs in the San Onofre area by 800 – 1680 MW. Instead, SDG&E proposes to fill the entirety of its "up to 600 MW" any resource authorization through a bilateral contract with the

¹² D.14-03-004, at pp. 144 (Ordering Paragraph 6) (emphasis added), 97, 116-17.

proposed Carlsbad gas plant. Energy Division should require SDG&E to submit a revised any resource procurement plan that contains an all-source solicitation process, complies with the Loading Order, and accounts for the significant reductions in local area need that will result from recently approved transmission projects.

Notably, the Carlsbad gas plant SDG&E seeks to bilaterally procure would be composed of six LMS100 units. Because each unit provides 100 MW of capacity, an LMS100 gas plant can be built in 100 MW increments.¹³ Once the benefits of recently approved transmission projects have been accounted for to determine the appropriate procurement authorization level and all cost-effective preferred resources are used to fill need, if SDG&E believes that there is a remaining need, it could consider filling it with a smaller facility with fewer LMS100 units. Allocating the entire 600 MW to fossil fuels at this juncture is premature, unnecessary, and inconsistent with the Track 4 decision.

DISCUSSION

1. SDG&E’s Proposed Plan Violates D.14-03-004’s Requirement to Issue an All-Source RFO to Meet “Some or All” of the Any Resource Capacity Authorization.

Ordering Paragraph 6 of D.14-03-004 unequivocally requires that: “San Diego Gas & Electric (SDG&E) *shall* issue an all-source Request for Offers for some or all capacity authorized by this decision.”¹⁴ Under Ordering Paragraph 7, the procurement plan must include “a proposed Request for Offers as required by Ordering Paragraph 6.”¹⁵ In direct contravention of these requirements, SDG&E’s procurement plans do not contemplate an all-source RFO to meet *any* of the capacity authorized by the Track 4 Decision. By definition, a preferred resource or energy storage only solicitation is not an all-source request. SDG&E’s “conventional” procurement plan calls only for bilateral procurement. While D.14-03-004 does allow bilateral procurement, the any resource plan must still include an all-source RFO to meet some of the resource authorization. Accordingly, SDG&E’s plan violates D.14-03-004 and cannot be approved as proposed. To meet the requirements of D.14-03-004, the procurement plan must be revised to require solicitation of at least part of SDG&E’s capacity authorization through an all-source RFO.

2. The SDG&E Procurement Plan Is Inconsistent with the Decision’s Requirement to Follow the Loading Order.

In addition to contravening Ordering Paragraph 6, SDG&E’s proposed bilateral procurement is inconsistent with D.14-03-004’s requirement that a plan to meet the any resource authorization must comply with the Loading Order. D.14-03-004 requires SDG&E to ensure that “all resources that can meet the specified requirements should be able to compete on a fair basis”¹⁶ and that procurement to meet the any resource authorization be “consistent to extent feasible with the Loading Order.”¹⁷ Ordering Paragraph 8 further provides that SDG&E must show how any contracts meet the following criteria:

¹³ Preferred resources could also be procured in increments.

¹⁴ D.14-03-004, at p. 144 (Ordering Paragraph 6) (emphasis added).

¹⁵ D.14-03-004, at pp. 144-45 (Ordering Paragraph 7).

¹⁶ D.14-03-004, at p. 112.

¹⁷ D.14-03-004, at p. 97.

- “Consistency with the Loading Order, including a demonstration that it has identified each preferred resource and assessed the availability, economics, viability and effectiveness of that supply in meeting LCR need;” and
- “A demonstration of technological neutrality, so that no resource was arbitrarily or unfairly prevented from bidding in . . . SDG&E’s solicitation process. To the extent that the availability, viability and effectiveness of resources higher in the Loading Order are comparable to fossil-fueled resources, . . .SDG&E shall show that it has contracted with these preferred resources first.”

Contrary to these requirements, SDG&E’s plan precludes consideration of preferred resources to meet its any resource authorization. Instead, SDG&E decided unilaterally, without even conducting a solicitation to determine what preferred resources are available, that it would fill its 600 MW any resource authorization with a bilateral contract with the Carlsbad facility. Far from demonstrating technological neutral as required under D.14-03-004, SDG&E’s proposed any resource procurement plan forecloses competition and participation by clean energy solutions by predetermining the selection of a polluting, greenhouse gas intensive, fossil fuel facility. These multiple failures are inconsistent with the requirements of the Track 4 Decision and further justify Energy Division rejection of SDG&E’s procurement plan.

Preferred resources have not been given the opportunity to compete in an all-source RFO in the San Diego area because SDG&E has not issued an all-source RFO in at least the last five years despite having opportunities to do so. For example, although SDG&E was recently authorized in D.13-03-029 to conduct an all-source RFO to meet 300 MW of need upon retirement of Encina, it circumvented this process by filling the entire 300 MW through bilateral procurement of the Pio Pico fossil fuel facility. An all-source RFO is long overdue. SDG&E’s any resource procurement plan must allow preferred resources and energy storage to compete in an all-source RFO as required by the Commission’s Track 4 Decision.

3. Energy Division Should Reduce the Any Resource Authorization to its Minimum Range to Account for the Benefits of Recently Approved Transmission Projects.

In seeking its maximum procurement authorization, SDG&E’s any resource plan fails to account for the benefits of recently approved transmission projects, resulting in significant over-procurement and additional unneeded burden to ratepayers. Because D.14-03-004 was approved prior to finalization of the CAISO’s 2013-2014 Transmission Plan (“2013-2014 TPP”), potential benefits of proposed transmission improvements in lowering local capacity needs could not be ascertained with certainty at the time the Decision was issued. However, D.14-03-004 recognized that “[i]f some level of new transmission resources is identified in the 2013/2014 TPP which would reduce LCR needs in the SONGS service area by 2022 (for example, the Mesa Loop-In project), the total amount of overall procurement needed in the SONGS service area would be reduced.”¹⁸ To accommodate this uncertainty, D.14-03-004 built in flexibility in future procurement by authorizing a minimum and maximum range in the any source procurement authorizations. In the event transmission projects that would reduce local capacity needs are approved, the Decision provided that “some combination of this would occur: a) procurement at or near the minimum levels authorized in this decision; b) less procurement or no procurement

¹⁸ D.14-03-004 at p. 116.

authorized in future LTPP proceedings; and c) less of a need to delay retirements of OTC plants.”¹⁹

On March 25, 2014, CAISO’s Board approved the 2013-2014 TPP. The TPP approved three transmission upgrades that will significantly lower LCR need in the SONGS area. The approved transmission projects include:

- An additional 450 MVAR of dynamic reactive support at San Luis Rey, which has a proposed in-service date of June 2018, and is expected to reduce LCR need from between 100 and 200 MW;
- An Imperial Valley Flow Controller, which has a proposed in-service date of May 2017, and is expected to reduce LCR need between 400 and 840 MW; and
- The Mesa Loop-In Project, which has a proposed in-service date of December 2020, and is expected to reduce LCR need by 300 to 640 MW.²⁰

These transmission projects, which lower LCR need between 800 – 1680 MW, are expected to cost between \$559 and \$994 million.²¹ To avoid overprocurement, Energy Division should require SDG&E to account for these approved transmission projects and only approve all resource procurement at minimum authorized levels.

4. SDG&E’s Attempt to Justify Immediate Approval of Bilateral Procurement of Fossil Fuel Resources Based on Purported Need in 2018 Does Not Withstand Scrutiny.

SDG&E’s claim that Carlsbad is needed to address local need emerging in 2018 is inconsistent with D.14-03-004 and is not a credible basis for approval. The Track 4 Decision determined the need in the SDG&E territory in 2022: “[t]he first task at hand in Track 4 is to determine a reasonable and prudent LCR need amount for the SONGS service area by 2022.”²² Consistent with this time frame, the Commission analyzed the availability of resources in 2022. Thus, the Commission’s LCR determination was based on the need forecast from 2022 and the Commission ultimately authorized SDG&E to procure resources by 2021, not before. Indeed, approval of a 2017 start-date for Carlsbad would mean that ratepayers would begin paying for 600 MW of capacity four years prior to the Commission’s determination of when it would be needed.²³ This is inconsistent with the Decision and should be rejected.

Even assuming need could emerge in 2018, highly viable transmission solutions have now been approved and will be on-line by 2018.²⁴ As set forth above, two transmission improvements approved by CAISO, the Imperial Valley Flow Controller and dynamic reactive

¹⁹ D.14-03-004 at pp. 116-17.

²⁰ See CAISO 2013-14 TPP at p. 108, available at <http://www.caiso.com/Documents/Board-Approved2013-2014TransmissionPlan.pdf>.

²¹ See CAISO 2013-14 TPP at p. 108, available at <http://www.caiso.com/Documents/Board-Approved2013-2014TransmissionPlan.pdf>.

²² D.14-03-004, at p. 27.

²³ In its preferred resource plan, SDG&E admits that the Track 4 decision has a deadline of December 31, 2021 and states that it plans to procure resources that will meet that 2021 date. It is unclear why SDG&E is delaying the on-line dates for preferred resources when it believes that its need is urgent.

²⁴ In addition, as the Decision points out, the retirement dates for the OTC units could be delayed if there was an urgent need.

support at San Luis Rey, have in-service dates of May 2015 and June 2018 respectively and would collectively reduce need between 500 and 1040 MW.

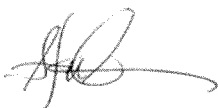
In addition, preferred resources and energy storage can be deployed rapidly if needed. Because procurement and deployment can occur incrementally, preferred resource solutions offer superior ratepayer value to any purported near-term need than a 600 MW gas plant and provide inherent economic risk-management relative to locking-in decades of conventional procurement.

Moreover, SDG&E's collective procurement to replace once-through-cooling facilities and San Onofre is extremely greenhouse gas intensive and would complicate achievement of California's greenhouse gas reduction efforts.²⁵ When recently authorized in D.13-03-029 to procure 300 MW of resources to account for once-through-cooling retirements, SDG&E chose to fill the 300 MW entirely with fossil fuels. In the Track 4 Decision, SDG&E was authorized to procure between 500 and 800 MW of new resources to replace San Onofre.²⁶ If SDG&E procures a 600 MW Carlsbad facility, 900 of the 1100 MW it procures will be fossil fuel resources. Thus, SDG&E will be procuring the vast majority of its authorized MW from dirty, polluting fossil fuel facilities. Moreover, as SDG&E's Track 4 Preferred Resources Procurement Plan contemplates reducing authorized preferred resource procurement to account for load reductions attributable to rate reforms, the extent to which SDG&E would actively procure preferred resources under the Track 4 Decision is unclear.²⁷ Especially because Track 4 Procurement is replacing a carbon-free resource, the totality of SDG&E's proposed procurement would result in an increase in emissions when sharp declines in greenhouse gas pollution are urgently needed and within reach.

Finally, we note that a number of parties originally requested that the review of the procurement plan be a public process. The numerous issues highlighted here demonstrate how review would benefit from additional stakeholder input.

Thank you for your consideration of these issues. If you have any questions, please contact Deborah Behles at dbehles@ggu.edu and (415) 369-5336 or Matt Vespa at matt.vespa@sierraclub.org and (415) 977-5753.


Sincerely,



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Co-Coordinator
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Sierra Martinez



Matthew Vespa
Senior Attorney
Sierra Club



Jim Baak
Program Director, Grid Integration

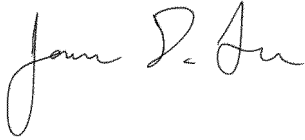
²⁵ Throughout its proposed fossil-fuel plan, SDG&E references a 50/50 split. A 50/50 split was not authorized by the Track 4 decision, and it is inconsistent with the loading order. In addition, as described above, it is inconsistent with the facts.

²⁶ D.14-03-004 at p. 98.

²⁷ SDG&E, LTPP/Track 4 Procurement Plan (Preferred Resources), May 1, 2014, at 6.

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Commissioner Michael Peevey
Commissioner Catherine Sandoval
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Service List R.12-03-014