

**BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF CALIFORNIA**

In the Matter of the Application of San Diego  
Gas & Electric Company (U 902-E) for a  
Certificate of Public Convenience and Necessity  
for the Sunrise Powerlink Transmission Project

Application No. 06-08-010  
(Filed December 14, 2005)

**PREHEARING CONFERENCE STATEMENT OF UTILITY CONSUMERS' ACTION  
NETWORK**

Michael Shames, Esq.  
On behalf of UCAN  
3100 Fifth Ave. Suite B  
San Diego, CA 92103  
Phone: 619-696-6966  
Fax: 619-696-7477  
Email: [mshames@ucan.org](mailto:mshames@ucan.org)

September 7, 2006

**BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA**

In the Matter of the Application of San Diego Gas & Electric Company (U 902-E) for a Certificate of Public Convenience and Necessity for the Sunrise Powerlink Transmission Project

Application 06-08-010  
(Filed August 4, 2006)

Utility Consumers' Action Network submits Prehearing Conference Statement for this application. UCAN offers the following points:

1. SDG&E's application is not complete and should be supplemented;
2. The expedited hearing schedule is unwarranted and unfair to intervenors; and
3. All hearings (including the prehearing conference) should be held in San Diego.

**I. SDG&E's APPLICATION IS INCOMPLETE**

SDG&E's application is incomplete because it fails to offer the Commission a complete assessment of lower-cost alternatives, cost analysis, resource needs and timing alternatives.

In regards to alternatives, SDG&E's application fails to adequately consider both non-generational alternatives as well as generational alternatives. SDG&E devotes 38 pages in Chapter VI to a discussion of alternatives. It developed the testimony after the UCAN had presented to SDG&E two feasible and lower-cost non-generation alternative scenarios:

1. *"Mexico Light"* - The "Mexico light" alternative would consist of a very short segment of new 230 KV transmission from either the TDM and/or Intergen generators to the CFE grid. This new transmission would normally be operated open. The existing cross-trip for loss of SWPL would be amended so that, in the event of loss of the IV-Miguel segment of SWPL, the TDM and/or Intergen plants would no longer trip off completely, and the Tijuana-Otay Mesa circuit would no longer be opened. Instead, the TDM/Intergen to CFE circuit(s) would be closed, and the generators would continue to operate. This is distinguished from the "CFE transmission alternative" to build new 230kV lines described by SDG&E at Chapter VI-7 that UCAN never proposed. Instead of offering a reasonable and reasonably priced alternative, SDG&E focused on a very large and expensive alternative.

2. *"SONGS upgrade"* - The existing SCE-SONGS lines that form the north-of-SONGS transmission path pass right by SDG&E's Talega substation. Looping one of those lines

into Talega would require no more than one mile of new transmission line, plus two new termination positions at Talega, and would create a 6<sup>th</sup> south-of-SONGS line. The existing SCE system north of SONGS can already handle flows of up to 2850 Mw into the SDG&E system, because that is the SIL today. Similarly, a six-line south-of-SONGS path should be able to handle 2850 Mw after losing one of the six lines, because a five-line south-of-SONGS path can handle 2850 Mw today under N-0 conditions. The real question with regard to NSIL is what it would cost to loop in a line to Talega, and how the costs of doing so would be allocated between SDG&E and SCE.<sup>1</sup>

A variation on this would involve either a second Talega-Escondido line or a 4<sup>th</sup> SONGS-San Luis Rey line. The SONGS Medium alternative would consist of SONGS light (looping an SCE-SONGS line into Talega) plus a new 230 KV line, either Talega-Escondido #2 or SONGS-San Luis Rey #4. UCAN had suggested that the ISO make a determination as to whether would make more sense from a powerflow and/or economic cost basis. It didn't. Nor did SDG&E in its testimony.

Just as importantly, SDG&E has ignored a proposed alternative 500 KV line routing that would completely avoid both the Cleveland National Forest, the SWPL right-of-way, and Anza-Borrego Desert State park, while providing just as much export capacity for the Imperial Valley renewables. Since the LADWP Green path project would also increase flows from the Imperial Valley to California consumers, it may well have economic dispatch benefits comparable to or even larger than those claimed for Sunrise. SDG&E has ignored an option which can provide at least one and quite possible two of the three alleged benefits of Sunrise, with arguably lower cost and economic impacts.

SDG&E's application is similarly deficient in assessing generational alternatives. It claims to address it at Chapter VI, pages 30-37. Yet, it doesn't. For example, SDG&E's own analysis shows that if its combined cycle plants were considered as three co-located generators (2 CTs and a steam turbine) rather than a single large facility prone to fail completely, then its reliability requirements would be reduced by 232 Mw (Table IV-17, 2<sup>nd</sup> page, "G-1 generation" lines). The measures necessary to demonstrate adequate combined cycle reliability at Palomar and Otay Mesa should be far less expensive than Sunrise. Both plants are already built (Palomar) and designed (Otay Mesa) to continue CT operation in the event of a steam turbine or HRSG failure

In relation to the South Bay plant, SDG&E's "Baseline Planning Scenario" (Table II-1, Volume II, Part 1, p. II-12, first line) shows a capacity shortfall of 192 Mw in 2010, increasing about 50 Mw/year thereafter to 482 Mw in 2016. The proposed South Bay

---

<sup>1</sup>SDG&E claims upgrading Barre-Ellis would cost under \$25 million, but neither the CAISO nor SDG&E has made any attempt to quantify how much emergency imports from north of SONGS to SDG&E could be increased by low cost (compared to \$1.265 billion for Sunrise) transmission upgrades.

replacement project would, all by itself, meet the entire 482 Mw reliability need in 2010-2016, and would require minimal new transmission. The South Bay replacement project is in licensing. SDG&E's so-called combined cycle alternative, on the other hand, involves three new combined cycle plants at two different sites (one of them greenfield), neither with an application before the CEC, and has very high associated transmission costs.

SDG&E's "amended application" is also missing quite a bit of cost analysis. For example, any analysis of resource adequacy (RA) impacts is missing. SDG&E includes RMR costs, as a proxy for local reliability costs, but does not include RA costs. RA, RMR, and local reliability costs are all transfer payments from energy users to energy generators. To the extent it is appropriate to include such transfer payments for one cost category, it is appropriate to include them for all. Because Sunrise decreases the need to spend ratepayers money on RMR/local reliability, but does not decrease the overall RA responsibility of SDG&E-area load serving entities (LSEs) -- which include but are not limited to SDG&E itself -- Sunrise will lead to increased RA payments to out-of-SDG&E-area generators. In basin alternatives will not. By omitting the cost of RA payments to out-of-area generators, SDG&E has understated the costs of the Sunrise alternative and overstated its B/C ratio. The CAISO analysis in SDG&E's Appendix I-1 makes the same mistake.

SDG&E's application is also seriously deficient in defining its resource needs. For example, SDG&E has repeatedly claimed its proposal will allow imports to SDG&E to increase 1000-1200 Mw, but has not provided any powerflow diagrams showing projected actual flows under high-import scenarios with either all facilities in service (N-0), SWPL and Otay Mesa out of service (G-1/N-1), or after a subsequent outage (G-1/N-1-1). The CAISO study also fails to provide any powerflow diagrams. If this were a CEC application, it would have failed data adequacy review for this omission alone.

Similarly, between its 12/05 and 8/06 filings, SDG&E identified enough new resources in its "Baseline Planning Scenario" to reduce its 2015 reliability shortfall from 737 Mw (12/05 filing, Table III-3) to 413 Mw (8/06 filing, Table II-1, first line). In the month since its 8/06 filing, SDG&E has revealed to the Commission plans to build 250 Mw of new generation in 2007-08, and increased its demand response program capacity substantially. Thus, SDG&E's base case resource assumptions are once again outdated almost as soon as they are published. SDG&E needs to provide a set of base case assumptions which, at a minimum, include SDG&E's own plans for the future with regard

to DRP (including AMI) and new generation (both SDG&E owned and contracted - SDG&E has two RFO's currently outstanding, for 2007-09 capacity and for renewable energy, either or both of which may also result in new resources for the 2010-2016 period).

Finally, the application creates a very compelling timing issue that it does not address. SDG&E asserts that it must have Sunrise by 2010 to meet reliability needs. But the 2010 reliability need in SDG&E's "Baseline Planning Scenario is only 192 Mw, and grows to only 323 Mw by 2013 (Table II-1; note that the one case (out of 7) with a reliability need higher than 192 Mw in 2010 is based on the CAISO allowing RMR units to be retired while still needed for reliability, which is extremely improbable). So Sunrise could be deferred several years with small reliability improvements. SDG&E provides no analysis of the economics of project deferral. But it does claim that project benefits in 2015 will be 10-11 times as large as in 2010 (Table IV-2, next-to-last line and the line preceding it), strongly suggesting that Sunrise is (a) not cost-effective in 2010, and (b) better off deferred, thus creating a compelling question that the Commission should have answered: when is the optimal time for this line to be built. It would appear that the answer is not 2010.

UCAN urges the Commission to require SDG&E to amend its application to address these, and perhaps other, issues at the front-end of the process so that intervenor testimony and rebuttal testimony can be built off of a complete set of scenarios. Otherwise, the Commission will be presented with an evidentiary record in which intervenors present their own set of alternatives with disparate cost data and SDG&E rushes to create a quick rebuttal that either mischaracterizes or misinterprets the underlying data. The Commission is left with a convoluted record of very technical but important cost and need analysis.

## **II. PROCEDURAL SCHEDULE**

UCAN urges the Commission to reject SDG&E's proposed schedule. SDG&E's proposed expedited schedule, as set forth at page 17 of its Amended Application is entirely unrealistic. For example, it offers only sixty days for intervenors to prepare testimony. As SDG&E will acknowledge, UCAN submitted the bulk of its data requests to SDG&E in February and March of 2006 so that we could work on the very complex

issues during the summer of 2006. SDG&E chose to withhold responses to almost all of UCAN's five sets of data requests until after it filed its amended application in August, thus eliminating the many months that UCAN had hoped to process the SDG&E testimony.

UCAN plans to spend most of the period of September-November fashioning data requests and follow-up requests. We hope to have most of the information needed to process this case by December and hope to have testimony due by February or March. In setting the schedule, the Commission should consider at least two factors: duplication of effort and complexity.

The Commission has also expressed appropriate concerns about intervenor overlap with DRA's analysis. Accordingly, intervenors should have at least thirty days to review the DRA testimony before being required to file their own testimony. This will help reduce redundancy and give the Commission a complete, but not duplicative, input from intervenors.

UCAN is cognizant of the fact that it has an advantage over most intervenors because our team of consultants have been reviewing this application for many months now. This is a very complex proceeding that will require modeling and engineering analysis. Securing such experts is not easy – it took UCAN two months to find engineers available to do the work. Other intervenors will likely be confronted with much greater challenges.

The Commission should also consider the fact that SDG&E's August 4<sup>th</sup> "Amended Application" and its September 1<sup>st</sup> "Supplement" have created additional complexities in processing this application. UCAN has found it necessary to take the extra steps of comparing SDG&E's "amended" versions to its initial application. What we've found, so far, is a number of contradictions between the two versions that compel yet additional discovery and analysis.

Given that many other intervenors have not had that opportunity and given the complexities associated with the analysis in this application, the Commission should give intervenors adequate time to retain experts and allow those experts to conduct the analysis required.

Accordingly, UCAN proposes that DRA testimony be required to be submitted in the February-March timeframe and that other intervenor testimony not be required to be served until at least 30 days later. Additionally, UCAN recommends that hearings

should be held no less than 30 days after SDG&E files its rebuttal testimony so that parties can conduct discovery upon SDG&E's factual assertions in that rebuttal.

### **III. THE LOCATION OF HEARINGS**

UCAN respectfully requests that all hearings be held in San Diego. The Commission's policy of holding PHC hearings in San Diego reflect the Commission's understanding that the ability of local intervenors to participate in the proceedings would be seriously compromised if hearings were to be held in San Francisco. This policy should be extended to the location of the evidentiary hearings as well.

### **IV. CONCLUSION**

For the reasons stated above, UCAN respectfully requests that : (1) that the Commission order SDG&E to submit a complete application by supplementing the existing amended application with more data that addresses alternatives, cost analysis, resource adequacy, planning assumptions and timing; (2) that the Commission adopt a more reasonable schedule and (3) that all evidentiary hearings be held in San Diego.

Respectfully Submitted,

Dated: September 7, 2006

**Michael Shames**

Michael Shames, Esq.  
On behalf of UCAN  
3100 Fifth Ave. Suite B  
San Diego, CA 92103  
Phone: 619-696-6966  
Fax: 619-696-7477  
Email: mshames@ucan.org

**PROOF OF SERVICE**

I, Michael Shames declare: I am employed in the City and County of San Diego, California. I am over the age of 18 years and am not a party to this action. No service list has been established in this proceeding. On September 7, 2006, I served the PHC Statement of UCAN the parties by sending a true and correct copy thereof, addressed as shown on the parties listed on the following page via e-mail. Pursuant to Rule 44.3, I have sent a copy of this protest via e-mail to each person the application lists used by Applicants as being authorized to receive service.

# Michael Shames

---

Michael Shames