

Docket: : R.12-03-014
Exhibit Number : _____
Commissioner : Michel Florio
Admin. Law Judge : David Gamson
ORA Project Mgr. : _____
: _____
ORA Witnesses : Radu Ciupagea



**OFFICE OF RATEPAYER ADVOCATES
CALIFORNIA PUBLIC UTILITIES COMMISSION**

**REBUTTAL TESTIMONY OF
RADU CIUPAGEA**

**Order Instituting Rulemaking to Integrate and
Refine Procurement Policies and
Consider Long-Term Procurement Plans
Track 4 – SONGS Outage**

(R.12-03-014)

San Francisco, California
October 14, 2013

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1 **Q1. What is the purpose and scope of your testimony?**

2 **A1.** I reply to the prepared testimonies of Pacific Gas and Electric Company (PG&E),
3 Kevin Woodruff on behalf of The Utility Reform Network (TURN), and
4 William A. Monsen on behalf of the Independent Energy Producers Association (IEP), on
5 the subjects of PG&E's and TURN's recommendations for procurement authorizations
6 for Southern California Edison Company (SCE) and San Diego Gas and Electric
7 Company (SDG&E), and IEP's recommendation that an interim procurement decision
8 should not be contingent and subject to reversal.

9 In this context, I explain that the power flow studies provided by CAISO, SCE and
10 SDG&E in their opening testimonies are insufficient to support a Commission
11 determination of need and a procurement authorization at this point in time. The
12 Commission should instead base its Local Capacity Requirements (LCR) need
13 determination on power flow studies that show the effect of all identified LCR need
14 reduction solutions on the entire SONGS Study Area. In addition, an irreversible interim
15 procurement authorization based on incomplete power flow studies exposes ratepayers to
16 significant risk of overprocurement and crowds out the development of preferred
17 resources capable of reducing LCR need.

18 **Q2. Do you agree with PG&E's recommendation that the Commission should provide**
19 **a procurement authorization sufficient to meet the full need determination of**
20 **5,070 MW, allocated in a manner that is the most effective for the region?**

21 **A2.** No, the Commission should reject PG&E's recommendation to determine need and
22 authorize procurement now in the absence of more complete information on transmission
23 solutions including reactive power options and power flow studies that optimize
24 procurement for the entire SONGS study area. PG&E's recommendation does not
25 account for: 1,800 megawatts (MW) of Los Angeles (LA) Basin LCR resources
26 authorized in Track 1 of this proceeding and 308 MW of SDG&E LCR resources
27 authorized in D.13-03-029, potential transmission mitigation solutions (including the
28 need for additional reactive support), and potential development of preferred resources
29 which can reduce LCR need.

30 In addition, PG&E's calculation of 5,070 MW is not based on a comprehensive set of
31 studies in the SONGS Study Area and should therefore be dismissed. PG&E states that

1 the 5,070 MW need “is based on the need identified by SCE of approximately 3,300 MW
2 and the need identified by SDG&E of 1,770 MW.”¹ The May 21, 2013 Revised Scoping
3 Ruling (Scoping Memo) states that “[d]ue to the interdependency of the LA Basin local
4 area and San Diego sub-area on the SONGS facility, one comprehensive set of studies
5 will be conducted. Collectively this area is referred to as the SONGS Study Area.”²
6 Consistent with this Commission directive, the Office of Ratepayer Advocates (ORA)³
7 recommends that the Commission base any procurement authorization in Track 4 on one
8 comprehensive set of studies which effectively allocates resources across the entire
9 SONGS Study Area in order to minimize ratepayer costs and greenhouse gas (GHG)
10 emissions while maintaining reliability. In contrast, PG&E’s recommended procurement
11 authorization of 5,070 MW is based not on a comprehensive set of studies for the
12 SONGS Study Area, but on two separate SCE and SDG&E studies. First, PG&E cites a
13 need identified by SCE of approximately 3,300 MW which is based on a scenario in
14 which SCE meets 80% and SDG&E meets 20% of the need for new LCR generation
15 in the SONGS Study Area.⁴ Second, PG&E cites a need identified by SDG&E of
16 1,770 MW which is based on a scenario that effectively uses a 61/39 LA/SD resource
17 need split ($1,770/4,572 = 39\%$),⁵ an even greater San Diego resource share than the
18 CAISO San Diego-focused scenario (67%/33% LA/SD). PG&E directly combines these
19 amounts and recommends procurement authorization sufficient to meet roughly 112.5%
20 of the SONGS Study Area LCR need as computed by CAISO for the 67%/33% scenario.⁶

¹ Pacific Gas and Electric Company, 2012 Long-Term Procurement Plan, Track 4—Local Reliability Needs without Songs, September 30, 2013 (PG&E Reply Testimony), p. 2-1.

² Scoping Memo, Attachment A, footnote 4, p. 1.

³ The Division of Ratepayer Advocates was renamed the Office of Ratepayer Advocates effective September 26, 2013, pursuant to Senate Bill No. 96 (Budget Act of 2013: public resources), which was approved by the Governor on September 26, 2013.

⁴ Track 4 Testimony of Southern California Edison Company, August 26, 2013, (SCE Opening Testimony), p. 2.

⁵ Prepared Track 4 Direct Testimony of San Diego Gas & Electric Company, August 26, 2013, John M. Jontry (SDG&E Opening Testimony/Jontry), Table 3 last row, p. 12.

⁶ CAISO computes 4,507 MW need for the 67/33 split scenario (Jontry Table 3, p. 12). PG&E’s recommendation is 563 MW more than this, or 12.5% more than CAISO’s computed need ($563/4,507 = 12.5\%$).

1 If accepted, this recommendation would lead to significant overprocurement for the
2 SONGS Study Area and should therefore not be adopted by the Commission. With
3 consideration of the LCR need reduction that would occur with additional dynamic
4 reactive support and transmission support, the overprocurement amount would be even
5 greater than 112.5% if the Commission accepted PG&E’s recommendation.

6 **Q3. Do you agree with IEP’s recommendation that the level of procurement authorized**
7 **in this proceeding should not be reduced as the result of future analysis?**

8 **A3.** No. IEP claims that “contingent procurement decisions would prove completely
9 unworkable from the perspective of project developers.”⁷ IEP also recommends an
10 interim procurement decision of 2,506 MW for SCE⁸ and 820 MW for SDG&E.⁹ An
11 interim procurement decision of 3,326 MW, for SCE and SDG&E combined, which is
12 not contingent and subject to reversal, would prove completely unworkable from the
13 perspective of ratepayers and should be dismissed on the basis that it would expose
14 ratepayers to significant overprocurement costs. ORA recommends that the Commission
15 adopt a prudent approach to authorizing resources and base its LCR need determination
16 on power flow studies that show the effect of all identified LCR need reduction solutions
17 on the entire SONGS study area. Ideally, the CAISO would perform these power flow
18 studies, but if the Commission decides to proceed with an interim Track 4 authorization
19 prior to the availability of the CAISO’s updated power flow studies, then the Commission
20 should, at a minimum, require SCE and SDG&E to submit supplemental joint power flow
21 studies that show the effect of all identified LCR need reduction solutions on the entire
22 SONGS study area.

23 **Q4. Do you agree with TURN’s recommendation to authorize both SCE and SDG&E to**
24 **solicit 500 MW each of new generation resources?**

25 **A4.** No. ORA agrees with TURN’s recommendation that “the Commission adopt
26 procurement recommendations in this docket based on the less conservative approach

⁷ Testimony of William A. Monsen on Behalf of the Independent Energy Producers Association
Concerning Track 4 of the Long-Term Procurement Planning Proceeding (IEP Reply Testimony), p. 42.

⁸ Includes SCE’s Track 1 solicitation.

⁹ IEP Reply Testimony, pp. 7-8.

1 that permits load shedding to mitigate the key “N-1-1” contingency.”¹⁰ ORA also agrees
2 with TURN’s interpretation that “the LA Basin Transmission and Preferred Resources
3 scenarios are the most plausible”¹¹ for SCE. However, SCE’s power flow studies, which
4 allow for load shedding in SDG&E’s service area, show a LA Basin LCR need of
5 1,606 MW for the LA Basin Transmission (Mesa Loop-in) scenario and 1,055 MW for
6 the Preferred Resources scenario. Since these LCR needs are within the range of the
7 Track 1 procurement authorization of between 1,400 and 1,800 MW, ORA does not agree
8 with TURN’s recommendation to authorize an additional 500 MW of new generation
9 resources for SCE.

10 SDG&E concludes that a “total of between 620 and 1,470 MW of dependable capacity
11 could be needed in the San Diego area.”¹² After accounting for possible growth in
12 demand response, SDG&E requests authorization for between 500 and 550 MW of new
13 generation resources. SDG&E’s procurement recommendation appears to be based on its
14 power flow studies examining the N-1-1 contingency without the possibility of load
15 shedding.¹³ In fact, SDGE states that “adherence to the N-1-1 criteria without the
16 possibility of load shedding increases the LCR requirements for the San Diego LCR area
17 by over 1,000 MW, the equivalent of two combined cycle units.”¹⁴ While ORA agrees
18 with TURN’s recommendation that “the Commission should base any findings of need
19 on modeling analyses that allow the use of load shedding to mitigate the key N-1-1
20 contingency,”¹⁵ it appears that allowing for load shedding¹⁶ would displace the need for
21 any additional new LCR resources in the San Diego area. Therefore, ORA does not
22 agree with TURN’s recommendation to authorize an additional 500 MW of new
23 generation for SDG&E.

¹⁰ Prepared Testimony of Kevin Woodruff on behalf of the Utility Reform Network regarding Track 4-SONGS Retirement, September 30, 2013 (TURN Reply Testimony), p. 3:18-20.

¹¹ TURN’s Reply Testimony, p. 18:12-13.

¹² SDG&E Opening Testimony/Anderson, pp. 11-12.

¹³ SDG&E Opening Testimony/Jontry, Table 3, p. 3.

¹⁴ SDG&E Opening Testimony/Jontry, p. 7.

¹⁵ TURN Reply Testimony, p. 31.

¹⁶ Refer to Reply Testimony of Robert M. Fagan on Behalf of DRA for a discussion of mitigation options that include use of special protection systems (SPS) under certain contingency situations.