

BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF CALIFORNIA



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Order Instituting Rulemaking to Integrate and Refine  
Procurement Policies and Consider Long-Term  
Procurement Plans.

Rulemaking 10-05-006  
(Filed May 6, 2010)

**PACIFIC ENVIRONMENT'S PREHEARING CONFERENCE STATEMENT**

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Pacific Environment respectfully submits this brief statement in response to the December 7, 2010 Administrative Law Judge's Ruling Setting Prehearing Conference (December 7 ALJ Ruling). These comments are timely and served pursuant to the December 7 ALJ Ruling and the Commission's Rules of Practice and Procedure.

Pacific Environment is a non-profit public interest environmental organization. In 2005, Pacific Environment initiated its California Program, whose mission is to "Keep California's Clean Energy Promise." Our research concludes that the only way to meet the requirements of the Renewable Portfolio Standard and AB32 is to halt any new increase in fossil fuel-generated electricity.

California's strategy for integrating renewables is an essential component of long term procurement planning. This analysis needs to be carefully designed to prevent unnecessary over-procurement of fossil fuel resources, which can crowd out renewable projects. Before engaging in a detailed integration analysis, the Commission should take a step back and develop a framework for assessing integration needs that assures California's energy goals are meaningfully considered. Pacific Environment urges the Commission to give specific substantive direction to the IOUs to ensure that renewable integration issues are addressed in a matter consistent with California's energy policy goals and the loading order.

Although the Commission has correctly recognized that the IOUs should adhere to California's energy requirements, similar directions in the 2004 and 2006 LTPPs did not prevent over-procurement of fossil fuel facilities.<sup>1</sup> As the Commission recognized in the 2006 LTPP: "IOUs are filling, and are projecting to fill, their respective net short positions with conventional resources to the effect of there being no room in an IOUs' portfolio for other resources, or the conventional resources will be obsolete and result in large stranded costs."<sup>2</sup> To protect from unnecessary facilities being procured, the Commission called for a "highly developed analysis" with "analytical rigor" before requests for fossil-fuel resources would be considered "legitimate."<sup>3</sup> The Commission further provided that "[i]n subsequent iterations of the long-term procurement process, the IOUs will be expected in their resource planning to meet and exceed the high standards Californians expect as pacesetters on energy and environmental issues."<sup>4</sup>

To do this, Pacific Environment urges the Commission to adopt its Renewable Integration Order (RIO) to prioritize the examination of backup resources consistent with California's energy goals. Without a complete analysis of the existing capability of the system and other technologies that can backup renewables, integration models as proposed by CAISO and PG&E do not reflect an appropriate estimate of what will most likely be required to attain California's 33 percent renewable goal.

In comments filed earlier in this proceeding, Pacific Environment spelled out the details of a RIO, which is similar to the Energy Action Plan's Loading Order in its prioritization of how resources should come on-line as California's IOUs move to a 33

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<sup>1</sup> See, e.g., D.04-12-048 at FOF 54, 55.

<sup>2</sup> D.07-12-052 at p. 6.

<sup>3</sup> *Id.*

<sup>4</sup> *Id.*

percent renewable scenario.<sup>5</sup> This includes an assessment of the following resource options, which are listed in order of priority:

- Demand response or energy efficiency measures;
- Alternative ways to back up renewables, including increasing ancillary capacity of existing facilities, energy storage, and increasing import levels;
- New combined heat and power facilities; and lastly
- Fossil fuel resources.

As the United State's largest energy market, California should take advantage of its opportunity to show leadership in this vital area by thoughtfully considering all available ways and methods for integrating renewables. RIO provides a simple methodology to ensure the proper resources are given the appropriate priority in utility integration planning.

Respectfully submitted,

December 16, 2010

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<sup>5</sup> Pacific Environment's Comments on Renewable Integration Models, filed September 21, 2010. <http://docs.epuc.ca.gov/efile/CM/123697.pdf>

**CERTIFICATE OF SERVICE**

I, Deborah Behles, am over the age of 18 years and employed in the City and County of San Francisco. My business address is 536 Mission Street, San Francisco, California 94105.

On December 16, 2010, I served the within document **PACIFIC ENVIRONMENT'S PREHEARING CONFERENCE STATEMENT** in R.10-05-006, pursuant to the Commission's Rules of Practice and Procedure, with separate and additional delivery of hard-copies by U.S. Mail to Assigned Commissioner Peevey, Assigned ALJ Kolakowski, and Assigned ALJ Allen at San Francisco, California.

Executed on December 16, 2010, at San Francisco, California.

/s/ Deborah Behles  
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