



**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.

R. 12-03-014  
(Filed March 22, 2012)

**COMMENTS OF THE NATURAL RESOURCES DEFENSE COUNCIL (NRDC)  
AND COMMUNITY ENVIRONMENTAL COUNCIL ON THE REVISED ASSIGNED  
COMMISSIONER'S RULING SETTING FORTH STANDARDIZED PLANNING  
SCENARIOS**

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ASSIGNED COMMISSIONER'S RULING SETTING FORTH STANDARDIZED  
PLANNING SCENARIOS**

**I. INTRODUCTION AND SUMMARY**

Pursuant to the September 25, 2012 “Revised Assigned Commissioner’s Ruling Setting Forth Standardized Planning Scenarios For Comment”(ACR), to the May 17, 2012 “Scoping Memo and Ruling of Assigned Commissioner and Administrative Law Judge,” (Scoping Memo) and to Rules 1.9 and 1.10 of the California Public Utilities Commission’s (CPUC or Commission) Rules of Practice and Procedure, the Natural Resources Defense Council (NRDC) and the Community Environmental Council (Council) respectfully submit these comments on the proposed planning scenarios attached to the May 17, 2012 ACR.

NRDC is a non-profit membership organization with a long-standing interest in minimizing the societal costs of the reliable energy services that a healthy California economy requires. We have participated in numerous California Public Utilities Commission proceedings over the last three decades with a particular focus on representing our California members’ interest in the utility industry’s delivery of cost-effective energy efficiency programs, renewable energy resources, and other sustainable energy alternatives. In this proceeding, we focus on representing our nearly 100,000 California members’ interest in receiving affordable energy services and reducing the environmental impact of California’s energy consumption. These comments are provided in support of NRDC’s position that California electricity billpayers and the environment will be best served by an integrated portfolio of resources that includes all

cost-effective energy efficiency savings to offset the need for more costly and polluting power plants and other infrastructure.

The Community Environmental Council is a member-supported environmental non-profit organization formed in Santa Barbara in 1970 and is the leading environmental organization in the Central Coast region of California. In 2004, the Council shifted its primary focus to energy and transportation issues and is spearheading a regional effort to wean our communities from fossil fuels, on a net basis, during the next two decades. The Council is almost unique in combining on-the-ground work on a number of energy and climate change-related issues with concurrent work on state and federal policy issues. The Council's state policy work is directly informed by experience with what has worked, or is likely to work, at the local level. More information on the Council and its energy programs may be found at [www.cecsb.org](http://www.cecsb.org).

NRDC and the Council ("NRDC/Council" from hereon) support the Commission's efforts to develop integrated system resource plans that will utilize the best resource portfolio to achieve the Commission's long-term objectives of meeting customers' energy services needs at the lowest overall cost, risk, and environmental impact.<sup>1</sup> NRDC/Council recommend that the CPUC :

- **We recommend that the Commission run sensitivities for the individual preferred resources in the High DG/DSM Scenario, in order to isolate the impacts of these resources' particular characteristics, and to meet the goals of this proceeding as well as state energy policies.**
- **In order to fulfill the goals of this proceeding, we recommend that the Commission include the best available estimate for Commission-directed energy savings policies that are currently being excluded from the estimates in the CPUC Big Bold Energy Efficiency Strategies (BBEES).**
- **We urge the Commission to include the "naturally occurring" energy efficiency savings in the Base Case, as those savings, by definition, will**

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<sup>1</sup> "The Legislature further finds and declares that in order to ensure that the citizens of this state continue to receive safe, reliable, affordable, and environmentally sustainable electric service, it is essential that prudent investments continue to be made in all of the following areas: . . . (3) To ensure cost-effective energy efficiency improvements. (4) To achieve a sustainable supply of renewable energy." Cal. Public Util. Code § 399(c).

**occur and failing to account for them would contradict the Loading Order.**

- **We recommend that the Commission prioritize the 40% RPS Scenario in order to comply with the guiding principles of this proceeding and the State's loading order, and also to accelerate the RPS Scenario to 55% in 2030.**
- **We urge the Commission to de-prioritize the Replicating TPP Scenario because it is duplicative of CAISO's studies and is unnecessary since it would be modeling a world that will not exist, in addition to contravening the Loading Order.**

## II. COMMENTS ON THE 2012 REVISED STANDARDIZED PLANNING SCENARIOS

### **A. We recommend that the Commission run sensitivities for the individual preferred resources in the High DG/DSM Scenario, in order to isolate the impacts of these resources' particular characteristics, and to meet the goals of this proceeding as well as state energy policies.**

We recommend that the Commission run separate sensitivities for the various preferred resources because it is required to meet the goals of this track established in the Order Instituting a Rulemaking (OIR).<sup>2</sup> The OIR stated that the purpose of this track is to “allow the Commission to *comprehensively* consider the impacts of state energy policies on the need for new resources.”<sup>3</sup> (Emphasis added.) The ACR proposes one recommended scenario that includes high amounts of preferred resources, which is labeled Scenario 4, the “High DG + High DSM,” and referred to here in shorthand as the “Preferred Scenario.” The Preferred Scenario increases the amount of uncommitted energy efficiency from a “mid-level” in the Base Case, to a “high level” in the Preferred Scenario. While we strongly support studying a scenario with high amounts of uncommitted energy efficiency, the conglomerate Preferred Scenario misses the opportunity to study, and to provide important information to the Commission, about the impacts of various state energy policies.

The Preferred Scenario not only increases energy efficiency assumptions, but also increases the amount of PV and the amount of CHP, on the demand side. On the supply side assumptions, the Preferred Scenario also changes the RPS assumptions (from Commercial case to High DG case), increases the supply-side CHP assumptions, and increases the amount of DR. Changing six assumptions at once will seriously confound the effects of any one preferred resource. Studying a world in which all six variables are simultaneously altered will not inform the Commission of the impacts of each state energy policies. Rather, it will only provide the Commission with one impact of a variety of state energy policies. For example, certain preferred resources will reduce the overall cost of a scenario whereas other preferred resources will increase the overall cost. A

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<sup>2</sup> CPUC, *Order Instituting Rulemaking*, R.12-03-014, (March 27, 2012).

<sup>3</sup> *Id.* at 1-2.

conglomeration of these impacts will blur the information about cost impacts from various resources, which the Commission needs in order to make informed decisions. In order to provide the Commission with a *comprehensive* analysis of the various impacts, individual impacts need to be addressed as well as conglomerate impacts. Therefore, we recommend that separate sensitivities, derived from this Preferred Scenario, which analyze the impacts of individual preferred resources.

Additionally, the Commission should run individual sensitivities on the preferred resources because it is needed to fulfill state energy policies like the Loading Order. This Commission has committed to following the Loading Order in this proceeding.<sup>4</sup> The Loading Order in the Energy Action Plan states that energy efficiency is the top priority resource.<sup>5</sup> However, only one of the four recommended scenarios contains a high amount of energy efficiency, the Preferred Scenario. There is a Base Case, and there are two other scenarios devoted to studying resources that have nothing to do with making energy efficiency the top priority resource. These two scenarios, the Replicating TPP Scenario (“CAISO Scenario”) and the Early Songs Retirement Scenario (“SONGS Scenario,”) do not study worlds in which energy efficiency is the top priority resource. In fact, in the CAISO Scenario, energy efficiency is specifically demoted to the lowest priority resource—it assumes that energy efficiency stops in 2012. In order to make energy efficiency the top priority resource, the Commission needs focus its scenarios on that resource. The Base Case aside, having 2 out of 3 scenarios that are not studying the impacts of preferred resources does not comply with the Loading Order.

If the Commission is resource constrained and cannot study more scenarios, then scenarios that do not specifically study preferred resources should be combined. Therefore, we recommend that the Commission study additional sensitivities that are focused on isolating the effects of preferred resources in order to fulfill the Loading Order.

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<sup>4</sup> “All resource and procurement planning in this proceeding will be done in the context of the Energy Action Plan II (EAP II) and other state energy policies, . . .” *OIR* at 2.

<sup>5</sup> “As stated in EAP I and reiterated here, cost effective energy efficiency is the resource of first choice for meeting California's energy needs. Energy efficiency is the least cost, most reliable, and most environmentally-sensitive resource, and minimizes our contribution to climate change.” CPUC/CEC, *Energy Action Plan II*, Implementation Roadmap for Energy Policies (October 2005). Available at: <http://docs.cpuc.ca.gov/published/REPORT/51604.htm>.

**B. In order to fulfill the goals of this proceeding, we recommend that the Commission include the best available estimate for Commission-directed energy savings policies that are currently being excluded from the estimates in the CPUC Big Bold Energy Efficiency Strategies (BBEES).**

We recommend that the Commission include the best estimates of energy savings from BBEES in order to comply with the goals of this proceeding, and support the recommendation by DRA to do the same. The OIR stated that resource plans must allow the Commission to consider the impacts of state energy policies on resource needs.<sup>6</sup> The BBEES are cutting edge energy efficiency policies designed to achieve the objectives of the CPUC's Energy Efficiency Strategic Plan.<sup>7</sup> This year, the Commission directed utilities to include these cutting-edge EE programs in their 2013-2014 portfolios, such as new financing programs,<sup>8</sup> new whole house upgrade program,<sup>9</sup> and new expansion of local government programs.<sup>10</sup> However, these cutting-edge EE programs were excluded from the CEC's estimate of uncommitted incremental EE. Because these programs are state energy policies that will impact resource needs, the best estimates of their savings should be included. The best estimate of savings from cutting-edge programs like these are the BBEES estimates. To be conservative, we recommend using the low estimate of BBEES savings for this planning horizon, which would be 1,281 MW in 2022.<sup>11</sup> Thus, in order to comply with the goals of this proceeding and to study the impacts of actually energy savings policies, we recommend including the BBEES savings estimates in the Base Case.

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<sup>6</sup> OIR at 1-2.

<sup>7</sup> CPUC, *California Long Term Energy Efficiency Strategic Plan* (September 2008).

<sup>8</sup> "In their 2013-2014 program portfolio filings, Pacific Gas and Electric Company, Southern California Edison Company, San Diego Gas & Electric Company, and Southern California Gas Company shall propose a statewide portfolio of financing programs funded at a level of at least \$200 million statewide over the two-year period." CPUC, *Decision Providing Guidance On 2013-2014 Energy Efficiency Portfolios and 2012 Marketing, Education, and Outreach*, D. 12-05-15, R.09-11-014, p. 400 (May 2012).

<sup>9</sup> "This decision provides guidance on several improvements to the Energy Upgrade California whole house program, with the intention of ensuring that the program continues to achieve an average of 20% energy savings per home." *Id.* at 24.

<sup>10</sup> "In this decision, we consider the expansion of these local government partnerships and of regional partnerships, and direct certain research and planning activities during 2013-2014 in order to be better informed in the next portfolio cycle." *Id.* at 23.

<sup>11</sup> And 1,476 GWh in 2022. CEC, *Incremental Impacts of Energy Efficiency Policy Initiatives Relative to the 2009 Integrated Energy Policy Report Adopted Demand Forecast Attachment A: Technical Report, Consultant Report*, Table ES-4: Summary of Incremental Uncommitted Peak Demand Savings (MW) across All Goals Cases, p. viii (January 2010).

**C. We urge the Commission include the “naturally occurring” energy efficiency savings in the Base Case, as those savings, by definition, will occur and failing to account for them would contradict the Loading Order.**

We strongly recommend that the Commission include all the “naturally occurring” energy efficiency savings in the Base Case because the Loading Order requires the Commission to account for energy efficiency before procuring other resources. The recommended scenarios all exclude the incremental amount of naturally occurring savings (NOS). The amount of incremental uncommitted EE is derived from the CEC Memo which studied how much uncommitted energy efficiency needs to be added in the LTPP proceeding. The CEC Memo stated that it included 829 MW of NOS in its baseline forecast. The CEC Memo stated that the total amount of NOS was 1,961 MW. Simply, this leaves 1,132 MW of NOS that are not included, and therefore, need to be added in the LTPP proceeding. These additional 1,961 MW are savings from various energy efficiency policies. Because this proceedings goal is to study the impacts of state energy policies, including energy efficiency policies, these savings should be included in the Base Case.

We recommend including this amount of naturally-occurring EE savings because they are incremental to the CEC’s baseline forecast. These estimates of naturally-occurring savings were derived from the CPUC’s recent Potential Study. The Potential Study assesses future energy efficiency programs, codes and standards. For example, future utility efficiency programs will provide a gross amount of energy efficiency savings by 2022. However, because the CPUC attributes part of these saving to the program’s influence, and part of the savings to other factors, the total amount of savings gets split: into program savings, and “naturally-occurring” savings. The CEC also splits its baseline forecast of future energy efficiency savings into program-induced savings and naturally occurring savings. The CEC then finds the difference between the baseline forecast of program savings and the amount of program savings forecasted in the Potential Study. This difference is the *incremental* amount of program savings. (The 3,103 MW currently in the Base Case.) The CEC also calculates the difference between the baseline forecast of naturally-occurring savings and the amount of naturally-occurring savings in the Potential Study. This difference is the *incremental* amount of NOS—the 1,961 MW we

recommend here. Therefore, we recommend that the Commission include the naturally-occurring savings in order to account for the total savings from energy efficiency policies.

**D. We recommend that the Commission prioritize the 40% RPS Scenario in order to comply with the guiding principles of this proceeding and the State’s loading order, and also to accelerate the RPS Scenario to 55% in 2030.**

We recommend, and support the recommendations of Union of Concerned Scientists (UCS), the Community Environmental Council, Sierra Club, and the Clean Coalition, to prioritize the 40% RPS Scenario (“Scenario 5” in the ACR) into the top tier of scenarios. The OIR states that all planning in this proceeding will be done in the context of state greenhouse gas (GHG) policies,<sup>12</sup> and the guiding principles in this proceeding include tracking GHG reduction goals.<sup>13</sup> In order to reach our 2050 GHG reduction goals, the California Council on Science and Technology finds that the electricity sector will need to be virtually decarbonized by 2050.<sup>14</sup> Plainly, a 40% RPS by 2030 is not a compatible trajectory with achieving California’s 2050 GHG reduction goals. UCS, Sierra Club, and Clean Coalition recommend studying a 55% RPS Scenario in 2030 and we endorse that recommendation here. We urge the Commission to prioritize the 40% RPS Scenario and to accelerate that scenario to a 55% RPS Scenario in order to meet the objectives of this proceeding and of state policies.

**E. We urge the Commission to de-prioritize the Replicating TPP Scenario because it is duplicative of CAISO’s studies and is unnecessary since it would be modeling a world that will not exist, in addition to contravening the Loading Order.**

We recommend that the Commission remove the Replicating TPP Scenario (“CAISO Scenario”) from the group of recommended scenarios and place this scenario as the lowest priority scenario to study. The OIR stated that this proceeding will comply

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<sup>12</sup> OIR at 2.

<sup>13</sup> ACR, Attachment A, at 7.

<sup>14</sup> “[T]he analysis looked at various supply technologies for electricity and fuel and how these could be provided without emissions.” CCST, *California’s Energy Future - Portraits of Energy Systems for Meeting Greenhouse Gas Reduction Requirements*, Electricity from Renewable Energy and Fossil Fuels with Carbon Capture and Sequestration, (September 2012). Available at: <http://www.ccst.us/publications/2011/CEF%20index.php>

with the Loading Order, as well as ensure interagency coordination with CAISO. CAISO already studies the assumptions underlying the Replicating TPP Scenario, as stated in the ACR.<sup>15</sup> Studying those assumptions here would duplicate work among the agencies. Simply, duplicating work among the agencies does not fulfill the proceeding's objective of interagency coordination. Additionally, the assumptions in this scenario assume that energy efficiency policies stop in 2012.<sup>16</sup> Assuming that there will be zero energy efficiency to procure beyond 2012 necessarily violates the Loading Order, which requires procurement of cost-effective energy efficiency *first*. It also contradicts the ACR's planning assumptions for this proceeding, which require that assumptions be realistic.<sup>17</sup> Therefore, because this scenario is duplicative, contravenes the Loading Order, contradicts the planning assumptions, and does not comply with goal of interagency coordination, we recommend that the Commission de-prioritize this scenario to the lowest priority possible.

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<sup>15</sup> ACR, Attachment A, at 15.

<sup>16</sup> ACR, Attachment A, at 16.

<sup>17</sup> "As stated in EAP I and reiterated here, cost effective energy efficiency is the resource of first choice for meeting California's energy needs. Energy efficiency is the least cost, most reliable, and most environmentally-sensitive resource, and minimizes our contribution to climate change." CPUC/CEC, *Energy Action Plan II*, Implementation Roadmap for Energy Policies (October 2005).

### III. CONCLUSION

NRDC and the Council appreciate the opportunity to comment on the 2012 Revised Standardized Planning Scenarios. We urge the Commission to adopt our recommendations described above to ensure the utilities' analyses provide enough insight to enable the Commission to approve the best resource portfolio and to achieve its long-term objective of meeting customers' energy services needs at the lowest overall cost, risk and environmental impact.

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