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5-13-16
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**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA**

Application of Southern California Edison (U338E)
for Approval of the Results of Its 2013 Local
Capacity Requirements Request for Offers for the
Moorpark Sub-Area.

Application 14-11-016
(Filed November 26, 2014)

**SIERRA CLUB RESPONSE TO CEJA MOTION
TO SET ASIDE SUBMISSION AND REOPEN RECORD**

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Dated May 13, 2016

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Pursuant to the May 9, 2016 Email Ruling by Administrative Law Judge (“ALJ”) Regina DeAngelis Shortening Time to Respond to Motion to Reopen Record, Sierra Club respectfully submits the following response to the May 6, 2016 Motion by the California Environmental Justice Alliance (“CEJA”) to Set Aside Submission and Reopen Record (“CEJA Motion”).

I. INTRODUCTION

Puente’s inconsistency with California’s environmental justice, climate adaptation and greenhouse gas objectives, coupled with project viability concerns and the significant potential for clean energy solutions to meet local area need, have long compelled rejection of the Puente contract and issuance of a new Request for Offers (“RFO”).¹ As set forth in the CEJA Motion, it has now come to light that NRG’s past representations to this Commission on the impending retirement of the Ormond Beach once-through-cooling (“OTC”) facility, upon which the Commission relied to determine local area need, are contrary to NRG’s current assertions before the State Water Resources Control Board (“SWRCB”). In addition, the latest California Energy Commission (“CEC”) forecast shows substantially reduced demand in the Big Creek/Ventura area, strongly suggesting that there is little, if any, need for additional local area resources, and certainly none the size of the proposed Puente project.

If this Commission is indeed genuine in its commitment to ensure a more equitable energy system, it must do more than “explicitly consider environmental justice issues...in future

¹ For further discussion, see, e.g., Sierra Club Opening Comments on PD and APD (Feb. 1, 2016), <http://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M158/K113/158113070.PDF>; Sierra Club Opening Comments on Peterman APD (Mar. 3, 2016), <http://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M159/K269/159269792.PDF>.

procurement applications.”² Long saddled with a disproportionate share of the region’s environmental burdens, it does the people of Oxnard little good to know that the Commission will finally consider environmental justice at some later time in some other place. To the extent the Commission is unwilling to simply reject Puente and require a new RFO as requested by Sierra Club, CEJA, and the City of Oxnard, Sierra Club requests the CEJA Motion be granted and the Commission reopen this proceeding to examine evidence of the continued operation of Ormond Beach and determine what, if any, local area need continues to exist in the Moorpark area in light of substantially reduced demand.

II. DISCUSSION

A. The Track 1 Decision Compels Reopening of the Moorpark Application Given NRG “Does Not Intend to Retire Either Unit 1 or Unit 2” of Ormond Beach by the OTC Compliance Date.

The Long Term Procurement Plan (“LTPP”) Track 1 need finding was premised on the assumption that the Ormond Beach and Mandalay OTC units would retire by their OTC compliance deadlines. Yet, without notifying the Commission or parties to this proceeding, on February 12, 2016, NRG informed the SWRCB that it “does not intend to retire either [Ormond Beach] Unit 1 or Unit 2 by the December 31, 2020 compliance date, but rather intends to comply by satisfying Track 2 of the [OTC] Policy.”³ As the Track 1 Decision recognized, OTC plants that comply with SWRCB Track 2 policy “provide SCE with additional capacity options and potentially lower costs to ratepayers.”⁴ As the Track 1 Decision also recognized, given that OTC retirements were the basis of the Commission’s need finding in the LTPP proceeding, it is appropriate to account for any change in OTC retirement assumptions as part of “review of a procurement application by SCE.”⁵ NRG’s apparent effort to secure a costly contract for new generation, while simultaneously seeking to extend the life of the OTC facility upon whose retirement its new contract is based, must be further scrutinized in this proceeding.

B. The Record Should Be Reopened to Examine Local Area Need in Light of Substantial Reductions in Projected Energy Demand.

As CEJA observes, “[t]he environmental injustice of locating additional polluting

² Peterman APD (Second Redline) p. 19.

³ Letter dated Feb. 12, 2016 from George Piantka, Sr. Director, Regulatory Environmental Services, NRG Energy to Thomas Howard, Executive Director, State Water Resources Control Board.

⁴ D.13-02-015 p. 126 (Finding of Fact 46).

⁵ D.13-02-015 p. 42.

generation in a disadvantaged community is made all the more egregious when updated demand forecasts suggest that resources of Puente’s size may not even be needed.”⁶ As set forth in the CEJA Motion, recently adopted CEC demand forecasts substantially lower estimates of future demand. It is increasingly apparent that local area need is much more limited than initially estimated and that, even setting aside its environmental justice, climate adaptation, and viability concerns, Puente is a mistake.

In LTPP Track 1, CAISO recommended 430 MW of procurement for the Big Creek/Ventura local area.⁷ The Track 1 Decision ultimately authorized 215 to 290 MW of procurement; a coarse estimate of potential need derived by setting the lower bound at the 215 MW capacity of a single Mandalay Unit and the upper bound at two thirds of CAISO’s recommendation.⁸ In the instant Moorpark Application, CAISO provided an updated assessment of local area need based on the results of its 2014-2015 Transmission Plan (“TPP”). The 2014-2015 TPP now only identified 230 MW of local capacity need.⁹ The substantial reduction in CAISO’s estimate of local capacity need from its Track 1 estimate was not the result of transmission upgrades or other actual physical changes to the energy system, but rather to “updates to SCE system modelling that result in better representation of switching and utilization of existing static reactive support in the Moorpark sub-area and the surrounding area between the transient and post-transient time frame.”¹⁰ As set forth in the 2014-2015 TPP’s local area need assessment for the Big Creek/Ventura Area, the resources selected in SCE’s Moorpark Application exceed the identified resource deficiency for a Category C contingency by 45 MW.¹¹

⁶ CEJA Motion p. 2.

⁷ D. 13-02-015 p. 68.

⁸ *Id.* p. 72.

⁹ Appendix E to CAISO 2014-2015 Transmission Plan, pp. 94, <https://www.caiso.com/Documents/AppendixEBoardApproved2014-2015TransmissionPlan.pdf>. The differential between CAISO’s 430 MW Track 1 need estimate and its 2014-2015 TPP estimate is even larger because the 130 MW Mandalay 3 non-OTC unit in Oxnard was assumed operational in Track 1 modelling and assumed retired in 2014-2015 TPP modelling. *Id.* p. 86. Because SCE’s Moorpark Application sought refurbishment of Ellwood, CAISO continued to assume Ellwood remained operational in its 2014-2015 TPP despite its over 40-year life.

¹⁰ A.14-11-016, Opening Testimony of Robert Sparks on Behalf of CAISO p.3.

¹¹ Appendix E to CAISO 2014-2015 Transmission Plan, pp. 94, <https://www.caiso.com/Documents/AppendixEBoardApproved2014-2015TransmissionPlan.pdf>.

2024	Total MW Requirement	Existing Resource Need (MW)	Deficiency without LTPP T1 & T4 (MW)	Total SCE Selected Procurement for LTPP Tracks 1 & 4 (MW)
Category B (Single) ³³	2,603	2,603	0	275
Category C (Multiple) ³⁴	2,783	2,553	230	275

CAISO’s 2014-2015 TPP analysis applied the 2014-2024 CEC load forecast.¹² Each subsequent CEC forecast has shown decreased need in the Big Creek/Ventura area.

Year	1-in-10 Peak Demand (MW) – Mid Case/No AAEE ¹³					
	2016	2017	2018	2019	2020	2021
2014-2024 Demand Forecast, Big Creek/Ventura Subtotal	4,097	4,131	4,167	4,207	4,247	4,287
2015-2025 Demand Forecast, Big Creek/Ventura Subtotal	3,957	3,989	4,024	4,060	4,099	4,130
2016-2026 Demand Forecast, Big Creek/Ventura Subtotal	3,853	3,889	3,913	3,925	3,948	3,969
Difference Between 2014-2024 Forecast and 2016-2026 Demand Forecast	-244 MW	-242 MW	-254 MW	-282 MW	-299 MW	-318 MW

Given that CAISO identified a 230 MW deficiency for Big Creek Ventura in its 2014-2015 TPP and 2021 demand estimates are down 318 MW from the demand forecast used to inform that analysis, it is highly unlikely a resource the size of Puente, or potentially any new resource, is needed to ensure grid reliability. Indeed, a 1 MW reduction in demand can correspond to a

¹² CAISO, 2014-2015 Transmission Plan (Mar. 27, 2015), p. 43, <https://www.caiso.com/Documents/Board-Approved2014-2015TransmissionPlan.pdf>.

¹³ The CEC 2014-2024 LSE and Balancing Authority Forecasts are available at http://www.energy.ca.gov/2013_energypolicy/documents/demand-forecast/LSE_and_Balancing_Authority_Forecasts/; The CEC 2015-2025 Load Serving Entity and Balancing Authority Forecasts are available at http://www.energy.ca.gov/2014_energypolicy/documents/demand_forecast_cmf/LSE_and_BA/ and the 2016-2026 at http://www.energy.ca.gov/2015_energypolicy/documents/2016-01-27_load_serving_entity_and_Balancing_authority.php. 1-in-10 peak demand forecasts are in Form 1.5d.

higher reduction in Local Capacity Requirements (“LCR”). For example, as stated in the CEJA Motion, CAISO’s 2017 Local Capacity Needs Analysis found a 341 MW reduction in LCR need for the Big Creek/Ventura Local Area compared to 2016 estimates while only an 87 MW reduction in load.¹⁴

At a minimum, the CEC updated load forecast and its implication for LCR need and the Puente contract compel further scrutiny. Sierra Club recognizes that the Commission is typically disinclined to reevaluate need in a utility procurement application. But these are not typical circumstances. At stake in this proceeding is the right of a disadvantaged community to self-determination and its ability to move past a long and troubling history of environmental injustice. Accordingly, the Commission should grant CEJA’s Motion to admit the CEC 2016-2026 load forecast and reevaluate the need for additional local capacity resources in the Moorpark area in light of this new information.

III. CONCLUSION

For the reasons set forth above, Sierra Club urges the Commission to grant the CEJA Motion.

Dated May 13, 2016

Respectfully submitted,

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¹⁴ CEJA Motion p. 6 (citing CAISO 2017 Local Capacity Technical Analysis (Apr. 29, 2016) p. 102.