

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



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Order Instituting Rulemaking to Oversee the Resource Adequacy Program, Consider Program Refinements, and Establish Annual Local and Flexible Procurement Obligations for the 2016 and 2017 Compliance Years.

R.14-10-010
(Filed October 16, 2014)

**REPLY COMMENTS OF THE UTILITY REFORM NETWORK
ON TRACK 1 PROPOSED DECISION**



Thomas J. Long, Legal Director
THE UTILITY REFORM NETWORK
785 Market Street, Suite 1400
San Francisco, CA 94103
(415) 929-8876 x303 (office)
(415) 929-1132 (fax)
TLong@turn.org

Kevin Woodruff
Woodruff Expert Services
1127 – 11th Street, Suite 514
Sacramento, CA 95814
Phone: (916) 442-4877

Consultant to TURN

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I. INTRODUCTION

Pursuant to Rule 14.3 of the Commission's Rules of Practice and Procedure, The Utility Reform Network (TURN) submits these reply comments regarding the Proposed Decision (PD) mailed May 20, 2016 that would adopt Local Capacity Requirements (LCR) and Flexible Capacity Requirements (FCR) and make other revisions to the Resource Adequacy (RA) program for the 2017 compliance year.

TURN is replying only to the comments filed by the San Diego Gas & Electric Company (SDG&E), which stated that the loss of Aliso Canyon gas storage capacity had a lesser impact on 2017 LCRs than stated in the PD.^{1,2} In particular, SDG&E cites the CAISO's final 2017 Local Capacity Technical Analysis to argue that Aliso Canyon should increase LA Basin LCRs by only 274 MW and increase San Diego sub-area LCRs by only 172 MW.³ TURN provides two specific responses to SDG&E's arguments and continues to believe the Commission can reasonably adopt the PD as written on this matter.

II. THE CAISO'S "PEAK SHIFT SENSITIVITY" STUDY HAS NO STANDING AS A DETERMINANT OF LOCAL CAPACITY REQUIREMENTS.

SDG&E's arguments are based on a "sensitivity" study the CAISO performed regarding the impacts of the "peak shift" on the LCRs in the LA Basin Local Reliability Area (LRA) and the San Diego sub-area.⁴ However, to TURN's knowledge, the Commission has not previously adopted, nor has the CAISO before proposed, any changes to the LCR methodology to reflect the

¹ In these reply comments, TURN uses the term "Aliso Canyon" as shorthand to refer to the loss of capacity at the Aliso Canyon gas storage facility, which is located in the LA Basin.

² SDG&E Comments on PD, June 9, 2014, pp. 1-4.

³ *Id.*, p. 3.

⁴ The CAISO explained it performed the "peak shift" sensitivity due to concerns that the current method may be "understating the local area peak load in the LA Basin and San Diego sub-area" because of "behind the meter solar generation". *2017 Local Capacity Technical Analysis, Final Report and Study Results*, April 29 2016, pp. 87 and 108, available at <http://www.aiso.com/Documents/Final2017LocalCapacityTechnicalReportApril292016.pdf>.

potential “peak shift.” In fact, for the 2017 LCR study, the CAISO only looked at the “peak shift” issue with regard to the LA Basin LRA and San Diego sub-areas and not any of the other LRAs. Consequently, the Commission need not give weight to the CAISO’s sensitivity studies nor SDG&E’s interpretation thereof in this docket. And as discussed below, the CAISO elsewhere suggested that the entire 716 MW reduction in LA Basin LCRs was due to the loss of Aliso Canyon gas storage capacity.

III. SDG&E MISCONSTRUES THE “PEAK SHIFT” SENSITIVITY IMPACTS ON LA BASIN LCRS.

TURN also questions SDG&E’s computation of the impact of Aliso Canyon on LA Basin LCR need. SDG&E’s preferred computation of the impact of Aliso Canyon on San Diego sub-area needs is as follows: SDG&E subtracted the 2,743 MW of “need” from the CAISO’s peak shift sensitivity study from the 2,915 MW final San Diego sub-area need to estimate an increased requirement of 172 MW. SDG&E also subtracted the 7,094 MW of LA Basin “need” from the CAISO’s peak shift sensitivity study from the 7,368 MW final LA Basin need to reach an increased requirement of 274 MW for the LA Basin.⁵

However, as TURN noted in its opening comments on the LCR study, the CAISO adjusted its final LCR quantities to shift LCR needs from the LA Basin to the San Diego sub-area by *reducing* LA Basin needs and *increasing* San Diego sub-area needs.⁶ SDG&E’s computation assumes that LA Basin LCRs *increased* because of Aliso Canyon. But the CAISO, in its presentation of its results of its LA Basin analysis, said its final results would “[d]ecrease overall LCR needs by 716 MW, or about 7 MMcf per hour, or 167 MMcf per day by balancing

⁵ SDG&E Comments on PD, June 9, 2014, p. 3.

⁶ TURN’s Comments on the CAISO’s LCR and FCR Studies, May 6, 2016, pp. 3-5.

resource needs with the San Diego sub-area to address Aliso Canyon gas storage constraints directly impacting the LA Basin generation”.⁷

SDG&E’s estimate of the impact of Aliso Canyon on LA Basin LCRs is thus not credible. TURN has instead provided internally consistent data regarding the impact of Aliso Canyon on reducing LA Basin LCR needs and increasing San Diego sub-area LCR needs. The Commission can act upon these data by adopting the PD as written regarding the tracking of possible higher LCR costs caused by the loss of gas storage capacity at Aliso Canyon.

IV. CONCLUSION

TURN again recommends that the Commission adopt the PD’s resolution of the above issues and the issues raised in TURN’s Opening Comments.

TURN appreciates the opportunity to provide these reply comments.

Dated: June 14, 2016

Respectfully submitted,

By: _____/s/_____
Thomas J. Long

Thomas J. Long, Legal Director
THE UTILITY REFORM NETWORK
785 Market Street, Suite 1400
San Francisco, CA 94103
Phone: (415) 929-8876 x303
Fax: (415) 929-1132
Email: TLong@turn.org

⁷ See slide 17 of *2017 Final LCR Study Results, LA Basin LCR Study Area*, April 14, 2015 (sic), available at <http://www.aiso.com/Documents/Presentation-Final2017LCRLABasinLocalArea.pdf>.