



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

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Application of Pacific Gas and Electric Company for Approval of the Retirement of Diablo Canyon Power Plant, Implementation of the Joint Proposal, And Recovery of Associated Costs Through Proposed Ratemaking Mechanisms (U39E).

Application 16-08-006
(Filed 08/11/2016)

**PROPOSED SCOPING POINTS OF
CALIFORNIANS FOR GREEN NUCLEAR POWER**

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October 31, 2016

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CGNP members believe that PG&E prepared a CPUC application A.16-08-006 (filed on 11 August 2016) that is misleading and counter factual in several aspects. This application has been termed a so-called "joint proposal." (JP) The California Public Utility Commission (CPUC) must reject the filing of application A.16-08-006, as incomplete for filing, pending documentation of compliance with all of the following legislative mandates: (A.) Approval of a Coastal Development Permit and Local Coastal Plan Amendment, as required by the California Coastal Act, for the proposed

closure and decommissioning of Diablo Canyon Power Plant (DCPP) (*Public Resources Code Sections 30003, 30106, et al*), (B.) Submittal of the required California Environmental Quality Act (CEQA) Environmental Impact Report (EIR), disclosing all adverse statewide environmental impacts resulting from the proposed closure and decommissioning of DCPP, (certified by the San Luis Obispo County Board of Supervisors), (C.) Submittal to the record of the San Luis Obispo County and California Coastal Commission public hearing proceedings, (on the proposed PG&E closure and decommissioning of DCPP applications), (D.) Documentation of PG&E's proposal for timely compliance with Assembly Bill 32 and Governor's Executive Order B-30-15, as recommended in Attachment A of these comments to the California Energy Commission - <http://tinyurl.com/Kirk-Gothier>

CGNP respectfully requests that the following items be included in the scope of this proceeding. As an overarching principle, CGNP notes the requirement that decisions involving DCPP, California's largest electric power generator (which produces no emissions during generation,) are made *in the public interest* - not only those of PG&E shareholders or a small but vocal group of people fearful of nuclear-powered electricity generation (NPEG) without scientific evidence in support of their fears.

CGNP's ten scope requests are:

1. A determination of the accuracy of PG&E's JP claim that DCPP's power is not needed, particularly in light of DCPP's abundant emission-free electricity.

DCPP's high-capacity-factor output provides both voltage and frequency stability - critical contributions to a grid destabilized by costly, low-capacity-factor, environmentally-intrusive solar- and wind-powered sources.

2. A determination of the accuracy of PG&E's JP claim of only modest impacts to power rates after DCPD is abandoned by PG&E in 2025. CGNP has prepared and filed with the CPUC studies in I.12-10-013 showing large electric power rate increases to San Diego Gas and Electric (SDG&E) customers when San Onofre Nuclear Generating Station (SONGS) was permanently shut down in 2013 by Southern California Edison (SCE) and Sempra. DCPD's abundant, reasonably-priced power is one of the factors restraining rate increases from thermal (e.g. fossil fueled) generation. This can be seen in PG&E's service territory, where electric power rates *decreased* from the 2009 reference, while SDG&E's customers have endured large rate hikes since 2012. And yet, PG&E filed notice on 25 August 2016 in this Proceeding of a proposed rate-increase request for \$1.766 billion over eight years to cover DCPD abandonment.

3. The validity of considering PG&E's JP modest demand reduction (DR) program and increased energy efficiency (EE) as a meaningful replacements for DCPD's abundant, reasonably-priced electric power. The historical record shows as California's population increases, increased demand for electricity for residential and industrial uses generally follows. CGNP will show the population of California, already the most populous state in the U.S., will continue to grow and any benefits of DR and/or EE will be swamped by population increases - and proposed new uses for electricity such as California High Speed Rail and the electrification of California's over 37 million vehicles.

4. The inclusion of actual solar and wind powered electricity costs, (with energy storage costs included and taxpayer-funded subsidies excluded) in the

calculation of future California electric power rates if the percentage of power generated by solar and wind were to increase. The large costs of capital and of land and combustion-backup requirements of renewable generation (and the short lifetimes of the generation components relative to nuclear power) should be included in these rate projections. CGNP will show the cost of a solar photovoltaic (PV) capable of replacing 18,000 GWh/year of 24/7 electricity would cost *fourteen* times DCP's original cost of \$5.5 billion.

5. The cost of the likely negative externalities imposed by PG&E's planned abandonment of DCP in 2025. Climate scientist James Hansen, Ph.D. and his colleagues have published estimates of the increases in fatalities associated with emissions from the power that would replace DCP's. The increase in natural gas leakage and fossil-fired combustion for wind/solar backup makes the human and environmental impacts, including anthropogenic global warming increases even more negative. After SONGS was shut down, fossil-fired combustion (natural gas in California generators and coal in out-of-state generators) has measurably increased to generate replacement power. (Note that California's nascent "cap and trade" program assesses only a modest carbon cost. The value of carbon avoidance should be increased - and apply to nuclear power generation, as the recently-enacted New York State "Zero Emissions Credit" program illustrates.)

6. The possibility of DCP's sale to another firm so that DCP might continue to operate for the benefit of Californians and the environment - and continue to supply abundant, reasonably-priced power to Californians. Utilizing the data in PG&E's FERC Form 1 filed on 02/24/16, DCP's undepreciated value (UV) using

straight-line (SL) depreciation may be readily calculated. DCP's UV was **\$4.62 billion** in 2015 and is projected to be **\$3.55 billion in 2025**. (Details shown in Appendix 1.) Thus, PG&E would be neglecting its fiduciary duty to its shareholders (and to California's environment) to artificially zero DCP's value in 2025. There is adequate time to develop the legislative support in California for a "Zero Emissions Credit" program akin to the one in New York State. Other states are setting similar examples.

7. Consideration of any of the replacement resources described in the JP as "experimental" under California Public Utility Code 454.3(c), and the potential long-term impacts to ratepayers thereof.

8. PacifiCorp has been lobbying the California legislature for over a decade to develop a "regional load balancing authority" which would diminish the authority of the California Independent System Operator. In particular, CGNP believes that this diminution of authority would facilitate the exporting of PacifiCorp's fossil-fired electricity into California, contrary to the intent of both the California legislative branch and the executive branch.

Per PacifiCorp's 2015 Integrated Resource Plan, the firm has almost 6,000 MW of coal-fired generation, about half of PacifiCorp's capacity and almost 3,000 MW of natural-gas-fired generation, accounting for about a fourth of the firm's capacity. PacifiCorp's promotional literature for the firm's Energy Gateway project dated July, 2008 notes on page 2 that "There is no way to physically distinguish one source of electrons from another source traveling along the transmission lines." CGNP is

concerned that PacifiCorp's harmful fossil-fired generating capacity would be utilized to provide the missing generation capacity if DCPD were abandoned by PG&E in 2025.

9. The S.B. 968 last-minute prejudicial "Joint Proposal" carve-out. S.B. 968 was intended to be neutral regarding the subject of nuclear power in California. Senator Monning stated that was the case in a May 21, 2016 *Santa Cruz Sentinel* Op-Ed. This neutrality was one of the reasons that CGNP and four other nuclear power advocacy organizations were listed as bill sponsors in a June 21, 2016 California Assembly analysis. The legislation was not controversial. S.B. 968 received unanimous support in votes in both the California State Assembly and Senate.

The term "Joint" does not appear in a pair of August 17, 2016 California Senate S.B. 968 bill analyses.

However, the Joint Proposal is mentioned in the S.B. 968 Bill version that was amended in the Assembly on August 17, 2016. The sentence reads, "The findings and recommendations made are not intended to interfere with or invalidate the joint proposal..." This language is prejudicial in that if the findings of the S.B. 968 strongly favor the continued safe operation of Diablo Canyon Power Plant, they cannot be used to invalidate the Joint Proposal. Furthermore, in the version presented to Governor Brown for his signature on August 30, 2016, the term "Joint" appeared three times. The lack of validity of this special-interest "Carve Out" should be one of the issues included in the scope of CPUC Proceeding A.16-08-006

10. The extraordinary request that replacement power necessary if DCP is abandoned be subject to non-bypassable charges and cost allocation

mechanisms. If DCP is abandoned, PG&E will lose the source of 23% of its electricity, which forms the backbone of the firm's generation system. The electricity supply would be transformed from abundant to scarce, resulting in higher market prices. The aforementioned large rate increases imposed on San Diego Gas and Electric (SDG&E) customers illustrate this. Pre-approving a requirement that PG&E customers be subject to non-bypassable charges for the replacement power obtained through RFOs, no matter how unreasonable the costs, is contrary to the normal procedure for the CPUC. It places California residents and businesses at risk of crippling rate increases in the future.

Dated: October 31, 2016

Respectfully submitted,

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