



BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

**FILED**  
06-20-11  
04:59 PM

Order Instituting Rulemaking to Oversee the Resource Adequacy Program, Consider Program Refinements, and Establish Annual Local Procurement Obligations.	Rulemaking 09-10-032 (Filed October 29, 2009)
--	--

**REPLY COMMENTS OF THE UTILITY REFORM NETWORK  
ON PROPOSED DECISION ADOPTING LOCAL PROCUREMENT OBLIGATIONS  
FOR 2012**

**THE UTILITY REFORM NETWORK**

115 Sansome Street, Suite 900

San Francisco, CA 94104

Phone: (415) 929-8876

Email: [mang@turn.org](mailto:mang@turn.org)

Kevin Woodruff  
Woodruff Expert Services  
Consultant to TURN

Marybelle C. Ang  
Staff Attorney

June 20, 2011

## **I. INTRODUCTION**

Pursuant to Rule 14.3 of the Commission's Rules of Practice and Procedure, TURN offers the following reply comments on ALJ Gamson's May 23<sup>rd</sup> Proposed Decision (PD) Adopting Local Procurement Obligations for 2012 and Further Refining the Resource Adequacy (RA) Program.

## **II. DISCUSSION**

### **A. SDG&E Local Capacity Requirements**

SDG&E, DRA and AReM also supported the apparent intent of the PD that seasonal local Resource Adequacy requirements be developed and considered for implementation in 2013, at least as they relate to SDG&E.<sup>1</sup> TURN agrees in principle with these requests, but notes once again that adoption of a seasonal LCR for the San Diego Local Area may, in and of itself, not provide any relief to SDG&E customers because of the potentially higher purchase obligations that might be imposed on such customers to meet LCRs in the new Greater Imperial Valley-San Diego (GIV-SD) Local Area.<sup>2</sup> Action focused only on seasonal LCRs for the existing San Diego Local Area may thus be a waste of time and energy unless it is part of a comprehensive review of *all* LCRs affecting SDG&E customers. TURN believes the PD recognized the complexity of these issues and was correct in making a broader request for "studies suggested by TURN and SDG&E".<sup>3</sup>

### **B. Waiver Trigger**

Generators again urge the Commission to raise the "waiver trigger" price of \$40/kW-yr at which parties may seek exemption from Local Capacity Requirements.<sup>4</sup> TURN continues to

---

<sup>1</sup> See June 13 Comments of SDG&E, pp. 2-6, DRA, pp. 1, 6-7 and AReM, p. 10.

<sup>2</sup> See May 6 Comments of TURN, pp. 2-3.

<sup>3</sup> PD, p. 11.

<sup>4</sup> See June 13 Comments of IEP, pp. 1-5, Calpine, pp. 4-5, NRG Energy, pp. 3-6, and GenOn, pp. 2-5.

support the PD's conclusion that the trigger be extended. Despite all the generators' protests, no evidence has surfaced showing that the current trigger is impeding LSEs' ability to meet their LCR procurement obligations.

### **C. PG&E Local Area Aggregation**

NRG Energy opposes the PD's logical proposal to aggregate permanently PG&E's "other" Local Areas, that is, those outside the San Francisco Bay Area.<sup>5</sup> To address market power issues in individual local areas, NRG makes a proposal to grant waivers to smaller LSEs that are unable to purchase capacity in specific local areas at a reasonable price from "dominant buyer-sellers".

NRG's waiver proposal is, in and of itself, not without merit. However, TURN still believes that the PD is correct to aggregate PG&E's other local areas permanently and eliminate the need for such additional potential waivers. Disaggregation of PG&E's other local areas would require LSEs to conduct separate procurements (and possibly seek waivers) for each local area, often for trivial amounts of capacity. But this administrative cost burden serves no useful purpose in enhancing local area reliability.

Further, NRG's proposal that the Commission seek "engineering solutions" in local areas with "reliability deficiencies" would set the Commission on a path toward spending customer money on "solutions" that may not exist, may be prohibitively expensive, or – perhaps worst – may be implemented at customer expense and then found not to yield the promised benefits.<sup>6</sup>

### **D. Deferral of Coincident Adjustment Factor**

---

<sup>5</sup> See June 13 Comments of NRG, pp. 6-7.

<sup>6</sup> TURN again cites the example of the Sunrise Powerlink, which SDG&E still contends will reduce San Diego Local Area LCRs by 1,000 MW in 2013 despite the fact that the CAISO's 2012 study only suggests it will provide 140 MW of relief. See TURN May 6 Comments, p. 1, and the May 19, 2011, Prepared Direct Testimony of San Diego Gas & Electric Company in Application 11-05-023 at 9:12-13.

AReM decries the PD's deferral of adoption of its "coincident adjustment factor" (CAF) proposal pending further development work by the Energy Division and California Energy Commission.<sup>7</sup> TURN supports the PD's determination and supports SCE's Comments that it has not been shown that changing CAFs is necessary and that any such analysis should also consider other relevant factors.<sup>8</sup>

### **III. CONCLUSION**

TURN appreciates this opportunity to submit reply comments.

Respectfully submitted,

\_\_\_\_\_/S/\_\_\_\_\_  
\_\_\_\_\_

MARYBELLE C. ANG

The Utility Reform Network  
115 Sansome Street, Suite 900  
San Francisco, CA 94104  
Phone: 415-929-8876 x 321  
mang@turn.org

Dated: June 20, 2011

---

<sup>7</sup> See AReM June 13 Comments, pp. 2-4.

<sup>8</sup> See SCE June 13 Comments, p. 7.