



BEFORE THE PUBLIC UTILITIES COMMISSION OF THE **FILED**

STATE OF CALIFORNIA

04-20-12

04:59 PM

Order Instituting Rulemaking to Oversee the )  
Resource Adequacy Program, Consider Program )  
Refinements, and Establish Annual Local )  
Procurement Obligations. )

R.11-10-023  
(Filed October 20, 2011)

**SOUTHERN CALIFORNIA EDISON COMPANY'S (U 338-E)**  
**POST-WORKSHOP REPLY COMMENTS**

JENNIFER TSAO SHIGEKAWA  
JONI A. TEMPLETON

Attorneys for  
SOUTHERN CALIFORNIA EDISON COMPANY

2244 Walnut Grove Avenue  
Post Office Box 800  
Rosemead, California 91770  
Telephone: (626) 302-6210  
Facsimile: (626) 302-1935  
E-mail: [Joni.Templeton@sce.com](mailto:Joni.Templeton@sce.com)

Dated: April 20, 2012

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

Order Instituting Rulemaking to Oversee the	)	
Resource Adequacy Program, Consider Program	)	R.11-10-023
Refinements, and Establish Annual Local	)	(Filed October 20, 2011)
Procurement Obligations.	)	

---

**SOUTHERN CALIFORNIA EDISON COMPANY'S (U 338-E)**  
**POST-WORKSHOP REPLY COMMENTS**

In accordance with the December 27, 2011 Phase 1 Scoping Memo and Ruling of Assigned Commissioner and Administrative Law Judge, the March 23, 2012 Administrative Law Judge's Ruling Seeking Comment, and the March 30, 2012 email from Administrative Law Judge Gamson extending the due date for opening comments from April 9, 2012 to April 11, 2012, Southern California Edison Company ("SCE") respectfully submits these post-workshop reply comments on the Phase 1 issues.

**I.**

**THE COMMISSION SHOULD NOT ADOPT EITHER OF THE PROPOSALS TO  
REDESIGN THE RESOURCE ADEQUACY PROGRAM IN PHASE 1.**

Almost every party that submitted comments urged the California Public Utilities Commission ("Commission" or "CPUC") not to adopt the California Independent System Operator's ("CAISO's") flexible capacity procurement proposal or the Energy Division's ("ED's") proposal to redesign the Maximum Cumulative Capacity ("MCC") buckets in Phase 1.<sup>1</sup> The parties to this proceeding overwhelmingly agree that both of these proposals are incomplete and need further analysis before adoption.<sup>2</sup> As Pacific Gas and Electric Company ("PG&E")

---

<sup>1</sup> Only Brookfield Renewable Energy Partners LP ("Brookfield") expressed support for adoption of the CAISO's current proposal in Phase 1. Brookfield's Comments at 3-4.

<sup>2</sup> See Alliance for Retail Energy Markets' Comments at 5-10; California Large Energy Consumers Association's Comments at 1-8; Calpine Corporation's Comments at 1-2; Center for Energy Efficiency and Renewable Technologies' Comments at 1-6; GenOn Energy, Inc.'s Comments at 3; Independent Energy Producers

Continued on the next page

states in its comments, “[n]either the CAISO nor the ED has examined how adoption of its proposal would affect customer reliability or cost, how it would affect market prices for flexible and non-flexible resource adequacy capacity, how load serving entities could comply with it, or how compliance would be verified.”<sup>3</sup> Adoption of either proposal in Phase 1 would be premature.

The majority of parties agree that further evaluation of both proposals is required.<sup>4</sup> Many recommend that the Commission open a separate track of the resource adequacy (“RA”) proceeding or a new proceeding to address these proposals and other aspects related to the redesign of the RA program.<sup>5</sup> As explained in detail in SCE’s comments,<sup>6</sup> SCE recommends that the Commission define any required operating attributes for renewable integration in the 2012 Long-Term Procurement Plan (“LTPP”) proceeding. Because the LTPP considers the underlying analytical work on the need for flexible capacity, it is the appropriate proceeding to define and quantify the attributes of the flexible capacity needed by the electric system. The Commission should also open a dedicated RA proceeding to consider the comprehensive redesign of the RA program. The redesign of the RA program should consider the operating attribute findings that result from the 2012 LTPP and then map those attributes to products that must be made available to the CAISO, how far out, who has the responsibility to do so, what should be the market mechanisms to source such products, and who shall bear the cost responsibility of such flexible capacity procurement.<sup>7</sup>

---

Continued from the previous page

Association’s Comments at 2; NRG Energy, Inc’s Comments at 7-8; Pacific Gas and Electric Company’s Comments at 4; San Diego Gas & Electric Company’s Comments at 6-8; Shell Energy North America, L.P’s Comments at 1-2; The Utility Reform Network’s Comments at 1-2; Western Power Trading Forum’s Comments at 2-3.

<sup>3</sup> PG&E’s Comments at 4.

<sup>4</sup> See note 1.

<sup>5</sup> See Calpine Corporation’s Comments at 2; PG&E’s Comments at 4; San Diego Gas & Electric Company’s Comments at 4; The Utility Reform Network’s Comments at 3

<sup>6</sup> SCE’s Comments at 11-13 & Attachment 1.

<sup>7</sup> To the extent the LTPP proceeding identifies a shortfall in installed physical capacity that can offer flexible operating attributes to the CAISO, the discussion regarding how much of the attribute is needed to cure such shortfall, *e.g.*, by procuring or building new generation resources, needs to occur in the LTPP proceeding and not in the RA proceeding.

In its comments, the CAISO confirms that it “has reconsidered its proposal and is no longer suggesting that a flexible capacity procurement requirement be set for 2013.”<sup>8</sup> The CAISO instead proposes that the Commission adopt its proposed flexible capacity procurement categories “to allow the ISO and market participants to gather data to inform the procurement process for compliance year 2014 and begin the process in 2014 with a robust structure already in place.”<sup>9</sup> SCE opposes this revised proposal. There is no immediate need for changes to the RA rules. It would be a mistake to adopt unnecessary changes that have not been fully considered, are based on incomplete information, and that are opposed by many of the stakeholders in the RA proceeding. Adopting flawed flexibility metrics will not “facilitate the transition to a flexible capacity procurement obligation in 2014” as the CAISO contends. Rather, it will put at risk the foundation for future comprehensive revisions to the RA program and give rise to potentially bigger problems going forward.

The Commission needs to implement a well-considered structure that will fulfill the requirements of the RA program for the long-term. To achieve that end, the Commission should more carefully examine the CAISO’s proposal and the ED’s proposal for a redesign of the MCC buckets and not adopt either of them in Phase 1.

## II.

### **THE COMMISSION SHOULD NOT CHANGE THE COINCIDENT ADJUSTMENT FACTOR FOR 2013.**

PG&E and the Division of Ratepayer Advocates (“DRA”) both oppose making changes to the coincident adjustment factor (“CAF”) in Phase 1.<sup>10</sup> DRA explains that the proposal to revise the CAF “requires additional determinations and analysis of the appropriate customer categories of CAF prior to implementation, as well as other factors that contribute to the CAF such as the location of the resource.”<sup>11</sup> PG&E recommends that the Commission wait until after

---

<sup>8</sup> CAISO’s Comments at 15.

<sup>9</sup> CAISO’s Comments at 15-16.

<sup>10</sup> PG&E’s Comments at 6; DRA’s Comments at 6-7.

<sup>11</sup> DRA’s Comments at 7.

it incorporates flexible capacity procurement requirements to consider changing the allocation of load diversity.<sup>12</sup> SCE agrees with PG&E and DRA. The Commission should not adjust the CAF in Phase 1.

### **III.**

#### **CONCLUSION**

SCE appreciates this opportunity to file comments and assist in the further development of the Commission's RA program. SCE urges the Commission to consider the arguments made herein and in SCE's opening comments regarding Phase 1 of the proceeding.

Respectfully submitted,

JENNIFER TSAO SHIGEKAWA  
JONI A. TEMPLETON

/s/ Joni A. Templeton

By: Joni A. Templeton

Attorneys for  
SOUTHERN CALIFORNIA EDISON COMPANY

2244 Walnut Grove Avenue  
Post Office Box 800  
Rosemead, California 91770  
Telephone: (626) 302-6210  
Facsimile: (626) 302-1935  
E-mail: Joni.Templeton@sce.com

April 20, 2012

---

<sup>12</sup> PG&E's Comments at 6.