

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



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Application of Southern California Edison
Company (U 338-E) for Approval of the
Results of Its 2013 Local Capacity
Requirements Request for Offers for the
Western Los Angeles Basin.

Application 14-11-012
(Filed November 21, 2014)

**REPLY COMMENTS OF POWERS ENGINEERING ON THE PROPOSED DECISION
AND THE ALTERNATIVE PROPOSED DECISION**

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Powers Engineering respectfully submits the following reply comments on the October 26, 2015 opening comments submitted by the parties to A.14-11-012 on the Proposed Decision (“PD”) of Administrative Law Judge DeAngelis and the Alternate Proposed Decision (“APD”) of Commissioner Florio Approving, In Part, Results of Southern California Edison Company Local Capacity Requirements Request for Offers for the Western LA Basin Pursuant to Decisions 13-02-015 and 14-03-004. These reply comments are timely submitted pursuant to Rule 14.3(a) of the Commission’s Rules of Practice and Procedure.

I. The Over Reliance of the Commission on CAISO to Determine Need and Resource Selection Is Unreasonable

Although SCE generally supports the PD and APD, SCE prefers the APD.¹ The APD requires SCE to procure additional preferred resources only if CAISO’s analysis indicates such procurement is necessary to meet local capacity needs. SCE asserts that:²

It is reasonable and prudent to let the CAISO’s analysis on local capacity needs guide the decision to procure additional LCR MW. . . It is also reasonable and prudent to not order SCE to commit customers to pay for resources that may not be necessary.

¹ SCE Opening Comments, p. 2.

² Ibid, p. 3.

CAISO supports SCE position, stating in its opening comments on the PD and APD that:³

The CAISO will conduct additional local capacity requirement analysis incorporating the results of the final approved decision into the 2015-2016 transmission plan. As indicated by both proposed decisions, the results of that analysis should inform any additional procurement in the Western Los Angeles Basin conducted by SCE.

The over reliance of the PD and APD on CAISO to determine need, and in the case of the APD whether additional preferred resources should be procured based on CAISO's reassessment of need, is unreasonable. As the EnerNOC opening comments point out, SCE has worked in concert with CAISO throughout this application process to thwart demand response (DR) procurement:⁴

SCE acted confidentially in concert with CAISO to impose unsupported, burdensome performance requirements on DR after-the-fact of bidding,³⁶ making DR performance obligations required in SCE's 2013 LCR RFO a moving target, beyond the knowledge or input of market participants, and directly at odds with Commission orders (D.15-06-063).

CAISO has consistently demonstrated an institutional opposition to the use of DR resources to meet local reliability need, as described in Powers Engineering opening comments on the PD and APD in this proceeding. The exclusion of DR resources from local reliability procurement is in contravention to California law. Conclusion of Law 2 of D.13-02-015, a primary basis for this procurement authorization, is unambiguous on this point:⁵

Consistent with § 454.5(b)(9)(C), which states that utilities must first meet their "unmet resource needs through all available energy efficiency and demand reduction resources that are cost-effective, reliable and feasible," and the Commission's Loading Order established in the Energy Action Plan, utility LCR procurement must take into account the availability of preferred resources before procuring non-preferred resources.

³ CAISO Opening Comments, p. 1.

⁴ EnerNOC Opening Comments, p. 7.

⁵ Powers Engineering Opening Comments, p. 11

Yet the PD and APD adopt CAISO's institutional rejection of DR as the Commission's own de facto position on preferred resources, as EnerNOC underscores in its opening comments:⁶

The Commission simply cannot ignore this record and must act to acknowledge that SCE's RFO process, including its consultations with CAISO and their outcome, were unreasonable for DR resources and contributed to the complete absence of DR being selected in this procurement.

The Commission's responsibilities are not coincident with CAISO's. The Commission should not rely on CAISO to guide its treatment of DR resources in SCE's application, as it does in the PD and APD. Conclusion of Law 1 in D.13-02-015 accurately describes the different functions and responsibilities of the CAISO and the Commission:⁷

A significant difference between the ISO's reliability mission under § 345 and the Commission's reliability emphasis under § 380(c) is that the Commission must balance its reliability mandate with other statutory and policy considerations. Primarily, these considerations are reasonableness of rates under § 451 and § 454 and a commitment to a clean environment under Pub. Util. Code sections including § 399.11 (Renewables Portfolio Standard) and § 454.5(b)(9)(C) (Loading Order).

The deference that the Commission gives to CAISO in the PD and APD runs contrary to the Commission's mandate (See Pub. Util. Code sections 451, 454, 454.5). CAISO has no statutory obligation to consider consumer interests in its deliberations.

CAISO has consistently rejected the use of preferred resources to meet reliability needs. This rejection is summarized in D.13-02-015, citing to the testimony of CAISO's Southern California transmission planning manager Robert Sparks on DR:⁸

No capacity from demand response was included in any ISO analysis because the ISO "does not believe that demand response can be relied upon to address local capacity needs, unless the demand response can provide equivalent characteristics and response to that of a dispatchable

⁶ EnerNOC Opening Comments, p. 10.

⁷ D.13-02-015, pp. 126-127, Conclusion of Law 1.

⁸ Powers Opening Brief, p. 19.

generator.” The ISO claims “demand response does not have these characteristics at this time.” Nor does the ISO include any demand reduction for uncommitted energy efficiency or uncommitted combined heat and power (CHP) in its forecasts.

It is unreasonable for the Commission to rely on CAISO, as it does in the PD and APD, as the basis for a complete rejection of DR resources to fulfill SCE’s local capacity need when the Commission has a statutory obligation under § 454.5(b)(9)(C) to prioritize the use of DR resources for this exact purpose.

II. Conclusion

Powers Engineering agrees with EnerNOC that the Commission should not issue either the PD or APD.⁹ The application should be rejected by the Commission based on the evidence presented in the proceeding. A new SCE LCR RFO, if it is deemed necessary by the Commission, should be limited to preferred resources and ES only consistent with § 454.5(b)(9)(C).

Dated: November 2, 2015

Respectfully submitted,

 /s/

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⁹ EnerNOC Opening Comments, p. 13.