

BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF CALIFORNIA

Order Instituting Investigation on the  
Commission's Own Motion into the  
Rates, Operations, Practices, Services  
and Facilities of Southern California  
Edison Company and San Diego Gas  
and Electric Company Associated  
with the San Onofre Nuclear  
Generating Station Units 2 and 3.

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CLEAN COALITION'S REPLY COMMENTS ON ORDER INITIATING  
INVESTIGATION

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## CLEAN COALITION'S REPLY COMMENTS ON ORDER INITIATING INVESTIGATION

The Clean Coalition is a California-based nonprofit organization whose mission is to accelerate the transition to local energy systems through innovative policies and programs that deliver cost-effective renewable energy, strengthen local economies, foster environmental sustainability, and enhance energy security. To achieve this mission, the Clean Coalition promotes proven best practices, including the vigorous expansion of Wholesale Distributed Generation (WDG) connected to the distribution grid and serving local load. The Clean Coalition drives policy innovation to remove major barriers to the procurement, interconnection, and financing of WDG projects and supports complementary Intelligent Grid (IG) market solutions such as demand response, energy storage, forecasting, and communications. The Clean Coalition is active in numerous proceedings before the California Public Utilities Commission and other state and federal agencies throughout the United States, in addition to work in the design and implementation of WDG and IG programs for local utilities and governments. The Clean Coalition has intervened before the Commission on many areas surrounding including Long Term Procurement Planning (LTPP), Resource Adequacy (RA), Energy Storage (ES) and various Smart Grid proceedings.

The Clean Coalition will be addressing several areas of concern and discussion from other parties in the proceeding as well as reemphasizing recommendations made in our own Opening Response on the OII (filed November 30<sup>th</sup>, 2012).

### A summary of our recommendations follows:

- Our opening comments urged the Commission to fully consider the ability of preferred resources to replace, as required, SONGS capacity, in whole or in part; our reply comments provide some further detail on the benefits of WDG and other preferred resources.

- The Commission should coordinate this proceeding with LTPP and the ISO to develop specific modeling/planning scenarios (similar to the ones used in the LTPP proceeding).

## **I. Discussion**

The Clean Coalition argued in opening comments that the Commission should require the utilities to produce full cost information related to SONGS, going back ten years,<sup>1</sup> and that the Commission should look to preferred resources in replacing SONGS capacity, if this is required. In these reply comments, we flesh out a little more our recommendations with respect to preferred resources.

### **A. Benefits of geographically targeted DG procurement and the superior value of Wholesale Distributed Generation (WDG)**

The Clean Coalition is a strong supporter of the Loading Order's preferred resources, including energy efficiency, demand response, and renewable energy. Our organizational focus has, however, been on WDG until recently, so we focus on WDG in these comments and also comment on other preferred resources where appropriate. As our opening comments urged, the Commission should rely on preferred resources to replace any SONGS capacity that remains offline, to the extent feasible and cost-effective.

With respect to the benefits of WDG, DECA states (DECA Response to SONGS OII, pg 2):

“DECA encourages the Commission to consider geographically targeted distributed generation procurement as well as a broader set of integrated

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<sup>1</sup> We recognize and appreciate the ALJ Ruling from Dec. 10, 2012, requiring the utilities to produce cost information going back five years, after producing information from Jan. 1, 2012 onwards, as the OII requires. However, we reiterate our recommendation that the full ten-year cost accounting be produced, in order to provide a more comprehensive picture of the full cost of power from SONGS to ratepayers.

demand side management tools to addresses the short term needs of the grid that fall outside of the scope of the LTPP proceeding.”

The Clean Coalition is in full agreement with DECA and other parties who have recognized the benefits of WDG procurement that is geographically targeted for the Southern California region, and that these benefits should be recognized and considered within this proceeding. This is particularly the case with respect to the short-term range that this proceeding covers.

The Clean Coalition has advocated for the robust use of WDG, and recognition of the locational value of WDG, in many previous comments in various proceedings before the Commission; most recently in our Opening Response to the OII. Below we expand upon these benefits of which have yet to be fully appreciated by the Commission.

We also agree with Women’s Energy Matters’ opening comments (p. 4) that any preferred resource programs to replace SONGS capacity, in whole or in part, could be created as pilot programs before ramping up to full-scale – pending decisions with respect to timing of new resources.

1) The benefits of geographically targeted distributed generation

Overall, WDG reduces transmission costs, congestion, energy losses, and helps avoid major infrastructure investments, as well as providing increased grid resilience and reliability. Other benefits include:

- Avoided Risk and Enhanced Security – Local DG is dramatically less susceptible to outages caused by weather, accident or design as it is widely dispersed and avoids the choke points associated with transmission facilities and fuel distribution networks that supply conventional design. If a failure does occur in local DG, the impact is limited in scale and area, with surrounding facilities able to mitigate localized losses;

- Economic Indifference – full recognition of Locational Benefits has no cost to ratepayers as it is a reflection of avoided costs that would otherwise be incurred;
- Societal Benefits – locating renewable generation near load supports economic development in communities throughout the SONGS Southern California region. In addition, experience in advancing the level and role of DG + IG (Intelligent Grid) in this area of urgent need will support broader penetration of DG + IG improvements throughout the state. DG also puts local labor to work on local installations, producing three times the employment compared to investing in transmission infrastructure and remote generation. (See Kammen, et al., “Economic Benefits of a Comprehensive Feed-in Tariff”<sup>2</sup>)

## 2) Superior value of wholesale DG and other preferred resources

In considering the ability of WDG and other preferred resources, it is important to consider the full range of benefits, including:

- Wholesale vs. behind-the-meter (WDG vs. DG): focusing on WDG rather than behind-the-meter DG results in lower cost per MW; greater system services, Monitoring Communication & Control; ratepayer neutrality (cost shifting, system banking and ready to serve charges); accurate wholesale valuation and maximizing siting use potential (which is not limited to on-site load, as is the case with behind-the-meter facilities)

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<sup>2</sup> Online at: <http://rael.berkeley.edu/node/626>.

- Zero emissions: GHG targets are supported through a focus on WDG and other preferred resources; criteria pollutants are lowered; improved air quality and associated impacts on population and improved environmental health are realized;
- Fixed cost generation (vs. fluctuating fuel prices): The fixed costs of typical WDG increases cost certainty; this offers hedge value against fluctuating fuel prices and creates merit order impacts, reducing peak period demand and realizing broad savings in these day ahead and hour ahead procurements;
- WDG vs. non-renewable imported sources used in local generation: A focus on WDG and other preferred resources results in ratepayer reinvestment in the local economy; improvements in regional and national balance of trade, long-term sustainability and increased energy supply security.

## **B. Phasing the OII**

The Clean Coalition generally supports the idea of phasing the proceeding, as SCE has recommended, in order to provide a clear timeline and areas for discussion and decision. Regarding SCE's proposed Phase B, we support the discussion of SONGS O&M and capital expenditures, as discussed in our opening comments.

Regarding SCE's proposed Phase C, our previous recommendations that the Commission adhere to the State's established Loading Order for preferred resources as well as striving to meet various State goals for renewables should be addressed in Phase C.

## **C. Relationship to the Long Term Procurement Planning (LTPP) Proceeding**

SCE states (SCE Opening Comments, p. 24):

“In the LTPP, the Commission may make projections or assumptions with regard to the future operation of SONGS for purposes of evaluating SCE’s long-term resource needs. OII, p. 14. The Commission, however, should not make a policy decision in LTPP about whether SONGS will continue to operate; that decision should be made as a result of facts adduced and determinations made in the OII.”

The Clean Coalition agrees with SCE that any short-term decisions regarding SONGS should be decided in the OII since the LTPP addresses long-term procurement issues, rather than short- or medium-term. However, as we previously noted, this investigation has many important connections to the LTPP proceeding and we recommend that the Commission coordinate with LTPP and the ISO to develop specific modeling/planning scenarios. These scenarios should model various phase-out or partial operation timeframes for SONGS, beyond the scenarios already scoped for the current LTPP. This process was extremely helpful in assisting the LTPP stakeholders in detailing the various options available and can provide additional clarity to this OII.

## **II. Conclusion**

The Clean Coalition is optimistic about this OII and will continue to collaborate with the Commission and other stakeholders to ensure that all options for possible SONGS replacement are evaluated to provide ratepayers optimal energy reliability, grid resilience, and security in a cost-effective manner.

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