

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.

FILED  
PUBLIC UTILITIES COMMISSION  
OCTOBER 25, 2012  
IRVINE, CA  
INVESTIGATION 12-10-013

CLEAN COALITION'S COMMENTS ON ORDER INITIATING INVESTIGATION

Dyana Delfin-Polk  
Tam Hunt, J.D.  
Kenneth Sahm White  
Clean Coalition  
2 Palo Alto Square  
3000 El Camino Real, Suite 500  
Palo Alto, CA 94306  
209-658-5837  
805-214-6150  
831-425-5866  
dyana@clean-coalition.org  
tam@clean-coalition.org  
sahm@clean-coalition.org

November 30, 2012

## CLEAN COALITION'S COMMENTS ON ORDER INITIATING INVESTIGATION

Pursuant to the Order Initiating Investigation issued by the Commission dated October 25<sup>th</sup>, the Clean Coalition respectfully submits these comments on the Preliminary Scoping Memo.

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 been heavily involved in developing policy surrounding the wholesale distributed generation ("WDG") market in CPUC proceedings such as long-term procurement planning ("LTPP"), resource adequacy ("RA"), various smart grid proceedings as well as Energy Storage ("ES"). The Clean Coalition is also a leading expert in matters relating to feed-in tariffs, as demonstrated by our long-standing, extensive involvement in the implementation of Senate Bill 32 (SB 32).

A summary of our recommendations follows:

- Any issues adjudicated in this OII should include consideration of established goals such as the RPS goals, GHG emission reduction goals from AB 32, the Governor’s 12 GW Distributed Generation (DG) goal, as well as the Loading Order;
- In addition to current year costs related to SONGS non-operation, more complete historical cost accounting should be provided to better determine the likely future cost of continuing SONGS operation. Specifically, all O&M costs and capital expenditures from the last ten years should be required from the utilities, rather than just costs incurred from Jan. 1, 2012 forward. This information will also help the Commission to better determine the cost-effectiveness of alternatives to retrofitting SONGS for continued operation;
- The Commission should coordinate with the Long-Term Procurement Proceeding (LTPP, R.12-03-014) and CAISO to develop specific modeling/planning scenarios for this proceeding. These scenarios should model various phase-out or partial operation timeframes for SONGS, beyond the scenarios already scoped for the current LTPP;
- The Commission must, in developing any alternatives to SONGS, strictly adhere to the long-established Loading Order for preferred resources, which prioritizes energy efficiency and renewables over fossil fuel resources.

## **I. Discussion**

The Clean Coalition has addressed SONGS issues in various proceedings before this Commission; most notably in the 2012 Long Term Procurement Planning (“LTPP”). We have a direct interest in ensuring that this Commission adequately considers “the future of the SONGS units, and the resulting effects on the provision of safe and reliable

electric service at just and reasonable rates.” (OII, page 2). We have a strong and related interest in a sustainable and secure energy supply, including addressing alternatives to fossil fuels and nuclear power, such as cost-effective Wholesale Distributed Generation (WDG) and Intelligent Grid (IG) solutions, which include demand-side programs like energy efficiency and demand response capable of meeting regional requirements for energy, capacity, and ancillary services.

**a. The OII should include consideration of established state goals**

The OII states the scope of this investigation as follows: “This investigation will consider the causes of the outages, the utilities’ responses, the future of the SONGS units, and the resulting effects on the provision of safe and reliable electric service at just and reasonable rates.” (OII, page 2)

The Clean Coalition applauds the Commission for opening this Investigation of the SONGS units and we support the proposed overall scope. However, in addressing the resulting effects on the provision of electric service, we strongly urge the Commission to explicitly and fully consider all related State energy goals including those for distributed generation, energy efficiency, demand response and climate mitigation as well as the consideration of energy storage as a preferred resource (as discussed in the Long Term Procurement Planning (“LTPP”) proceeding). Specific goals include but are not limited to: GHG emission goals of AB 32, the Governor’s 12 GW of Distributed Generation (DG) goal, and all RPS goals.

**b. Full ten-year cost accounting should be required in order to better determine the likely future cost of continuing SONGS operation**

As part of the collective effort to determine the future of SONGS and to ensure “just and reasonable rates” for power from SONGS, we strongly urge the Commission to include in this proceeding a full accounting of the historical costs to operate SONGS. To the best

of our knowledge, this information has never been disclosed, which can lead to ill-informed decision-making regarding the future of this and other nuclear plants in California. The Clean Coalition recommends that the Commission require the utilities to calculate and disclose all historical costs (specifically O&M costs and capital expenditures) from the last ten years before any decisions are made about the future of SONGS, in order to examine previous trends, and to better determine how much continued operation of SONGS will likely cost for California ratepayers (in the event that SONGS is brought back online). Collecting this information is imperative for determining whether it is more prudent to repair SONGS or to phase it out in favor of alternatives. Collecting this information will also provide this Commission and all parties the opportunity to make sound and informed decisions regarding the future of SONGS and nuclear power in California in general, and to make cost comparisons to alternatives to bringing SONGS back online.

The OII also notes (p. 10): “It is important that all relevant costs be properly treated. To do this, all SONGS costs and expenditures, including SRGP, should be tracked in a memorandum account for review by the Commission.” The Clean Coalition agrees with this statement, but the Commission then clarifies that this directive only applies to costs incurred “...on or after January 1, 2012.” The Clean Coalition strongly urges the Commission to ensure that this data collection includes all O&M costs and capital expenditures from the last ten years.

Page 11 of the OII includes “any other costs related to SONGS” as the final category to be included in the utilities’ memorandum account. However, it appears that any related costs must only be included if they were incurred on or after January 1, 2012. Again, in order to evaluate renewed operation in comparison to alternatives, we urge the Commission to require inclusion of all historical costs as well as costs incurred on or after January 1, 2012.

#### *Additional cost issues*

*The OII states: "While issues regarding long term planning without SONGS will be addressed in the LTPP, issues regarding short and medium term service and reliability should be part of this proceeding. Issues regarding costs for replacement power or expanded demand side management programs in the absence of SONGS should also be discussed as part of this proceeding." (Page 14).*

The Clean Coalition is in full agreement with the Commission on this point. Any and all consideration of "replacement power or expanded demand side management programs" must be compared accurately with the full continuing costs. This, again, requires the full historical costs of power from SONGS to be calculated and disclosed from the past decade- not just the costs incurred since Jan. 1, 2012.

The preliminary scoping memo requires full consideration of the historical costs of SONGS to determine "the reasonableness and necessity of each SONGS-related operation and maintenance expense, and capital expenditure made, on and after January 1, 2012 reviewed within the context of the facts and circumstances of the extended outages of Units 2 and 3." (OII Issue 6 pg. 15). In addition, Issue #4 examines ..."the cost-effectiveness of various options for repairing or replacing one or both units of SONGS." (OII Issue 4, pg. 15). Full consideration of historical operating costs of SONGS should be included in determining which programs will be cost-effective compared to returning SONGS to full capacity. This OII provides the Commission and the utilities a timely opportunity to a) determine whether SONGS' capacity needs to be replaced, through comprehensive modeling of various scenarios; and b) if required, replace partially or fully, SONGS capacity with safe and cost-effective demand-side and distributed renewable energy resources that will also help to meet the state's goals for renewable energy, climate change mitigation, distributed generation and other intelligent grid options. There has been much discussion of the ability of preferred resources to meet capacity requirements in the LTPP and Energy Storage proceedings, and this discussion is relevant to the current OII. We urge the Commission to abide fully by the Loading Order and consider in a comprehensive manner the ability of

preferred resources to meet any future capacity, energy, or ancillary services needs previously supplied by SONGS.

To address the above points, the Commission should work with ISO to determine the state's system-wide and local capacity requirements without SONGS.

**c. The Commission should develop modeling/scenarios with CAISO and other parties to examine various SONGS retirement scenarios**

In order to determine what new capacity, if any, is needed to replace SONGS, in the event that all or part of SONGS is permanently retired, the Commission should work with CAISO and other parties to craft specific scenarios regarding system-wide and local capacity requirements for SONGS and/or full nuclear phase-out scenarios – which have not specifically been modeled to date (though some nuclear phaseout scenarios are scoped for modeling in the current LTPP). Specifically, the current LTPP will not be modeling a short-term phaseout of SONGS, as is increasingly looking to be a likely outcome of the current difficulties with SONGS. We strongly recommend that the Commission take a proactive stance on this major issue and quickly develop detailed scenarios to examine exactly how the state will cope with a near-term SONGS retirement. Such modeling will also help guide the process of evaluating different possible directions that this Commission and the utilities can and should take to ensure reliability and cost-effectiveness.

**d. The Commission must adhere to the Loading Order**

The scoping memo should make clear the Commission's obligation to respect the Loading Order, as codified by the Energy Action Plan I, II and many other Commission documents. It should also ensure that preferred resources are utilized for any facilities required to replace SONGS, if this is determined to be necessary, before looking to non-

preferred resources. It is also imperative that the preliminary scoping memo reflect the State's continuing goals in renewable energies such as energy efficiency, renewable energy, combined heat and power, distributed generation, and climate change mitigation in the event that the substantial baseload power of SONGS capacity does not return. Consideration should be given to the timeframes under which alternative resources would be able to provide increasing levels of replacement capacity, individually and in the aggregate, in addition to the long-term need for such facilities (and associated stranded investment risk) in relation to future energy goals and planning.

Examples of increasing levels of local replacement capacity for SONGS using preferred resources are as follows: a variety of Demand Response and Energy Efficiency options, Distributed Generation (both WDG and customer side DG), Energy Storage, and Smart Grid Deployment Plans. Energy Storage, fast acting Automated DR (ADR), and WDG with advanced inverters can support voltage regulation, ramping and flexibility capacities, including those associated with higher penetration of local intermittent renewables.

While the degree to which preferred resources can replace SONGS partially or in full will require an in-depth investigation in this proceeding, it is clear that preferred resources are up to the task in many ways. Initial analysis by the Clean Coalition indicates that two-thirds of SDG&E's contracted capacity from SONGS could be replaced by preferred resources within a year, with larger quantities available in subsequent years. We will develop details of our analysis during the course of this proceeding if the Commission indicates a desire to head in that direction. Solar PV's rated capacity has been shown to be approximately 96 percent available during the top 100 demand hours in the region, demonstrating that PV in association with related Intelligent Grid facilities may be a viable one to one replacement for conventional generation at peak demand.<sup>12</sup> This very large potential for rapidly-deployed clean local

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<sup>1</sup> *Solar Resource Availability During Peak Demand Hours in SCE Territory - Burbank and Ontario Airports, 2007.*

distributed generation, able to reliably provide power at system peak, has been largely untapped. SCE and SDG&E Smart Grid Deployment Plans will increasingly accommodate distributed generation and various other Intelligent Grid capacities, and these technologies can be focused for priority deployment in SONGS impacted areas as needed.

e. **Procedural Matters and Schedule**

The Clean Coalition agrees with the OII that hearings will likely be required in this proceeding.

Last, in regards to the schedule, the PHC and the schedule for comments, hearings and other procedural matters should reflect the short timeframe stakeholders have in which to investigate the various issues raised in the OII.

**II. Conclusion**

The Clean Coalition appreciates this opportunity to provide recommendations on this investigation and looks forward to continuing to collaborate with the Commission staff and other proceeding stakeholders to examine these imminent issues regarding the future of nuclear in California.

/s/Tam Hunt  
Tam Hunt

/s/Dyana Delfin Polk  
Dyana Delfin-Polk

/s/ Kenneth Sahm White  
Kenneth Sahm White

Clean Coalition  
2 Palo Alto Square  
3000 El Camino Real, Suite 500

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<sup>2</sup> Prepared Direct testimony of Bill Powers on behalf of the California Environmental Justice Alliance, June 25, 2012, submitted in the Long Term Planning and Procurement proceeding, R.12-03-014.

Palo Alto, CA 94306

Dated: November 30<sup>th</sup>, 2012