

September 23, 2013

California Energy Commission

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California Energy Commission
Docket Office, MS-4
Re: Docket No. 13-IEP-1D
1516 Ninth Street
Sacramento, CA 95814-5512
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Re: *Southern California Edison Company's (SCE's) Comments on the California Energy Commission Docket No. 13-IEP-1D Lead Commissioner Workshop on Southern California Electricity Infrastructure and Reliability Issues*

To Whom It May Concern:

On September 9, 2013, as part of the California Energy Commission's (Energy Commission's) 2013 Integrated Energy Policy Report (2013 IEPR) process, the Energy Commission held a Lead Commissioner Workshop to address Southern California Electricity Infrastructure and Reliability Issues ("the Workshop"). Southern California Edison (SCE) participated in the Workshop and appreciates the opportunity to provide these written comments.

During the Workshop, the Energy Commission, the California Public Utilities Commission (CPUC), and the California Independent System Operator (CAISO) presented their Preliminary Plan for addressing reliability issues in Southern California resulting from the closure of the San Onofre Nuclear Generating Station (SONGS), and the retirement of coastal plants using Once-Through Cooling (OTC) technology (the Plan). The Plan's approach to maintaining local reliability utilizes existing processes to get final decisions on long-term solutions by mid-year 2014 and may also include:

- Meeting 50% of incremental need with Preferred Resources (including Energy Efficiency (EE), Demand Response (DR), and Distributed Generation (DG)) and Energy Storage;
- Authorizing transmission upgrades to reduce needs;
- Authorizing conventional resources where preferred resources and transmission development is insufficient;
- Establishing contingency plans to address key risks; and

- Managing critical risks for air permits, transmission siting, preferred resource deployment/effectiveness, and natural gas supply.

SCE strongly supports a balanced approach for addressing local reliability needs in Southern California, including development of preferred resources as a first priority, transmission facilities, and additional conventional gas-fired generation where necessary to maintain grid stability and reliability. SCE also believes that efforts to assure reliable service should be consistent with reasonable costs to all ratepayers. During the Workshop, SCE proposed specific strategies for addressing reliability needs within the Los Angeles Basin (LA Basin) as set forth in its testimony in the CPUC's Long Term Procurement Plan (LTPP) proceeding.

Decision No. (D.) 13-02-015 on Track 1 of that proceeding authorized SCE to procure between 1,400 and 1,800 MW of additional resources in the Western LA Basin, and between 215 and 290 MW of new generation in the Moorpark subarea. This procurement authorization would meet the Local Capacity Resource (LCR) need associated with retirement of OTC facilities, excluding SONGS. To facilitate the timely development of additional resources to meet the LCR need identified in Track 1, SCE plans to move forward with procurement authorized in D.13-02-015, as approved by the Energy Division on August 30, 2013.

SCE also referred to its testimony submitted in Track 4 of the LTPP. SCE's transmission power flow studies described in that testimony identified a need for 2,800 MW of additional resources in the LA Basin to maintain reliability after 2022 when all OTC plants (including SONGS) are retired. During public comments, SCE discussed three key components to mitigate the need for new generation in the LA Basin while maintaining reliability: (1) further development of Preferred Resources through SCE's Proposed Preferred Resources Living Pilot Program, (2) contingency siting for new generation projects, and (3) the Mesa Loop-In transmission project. These three components are described in further detail below. SCE's LTPP filing also requested authority to procure an additional 500 MW of resources of any type, along with the three aforementioned components, for maintaining local reliability. The additional 500 MW of resources is needed to meet reliability standards by the CAISO.

SCE encourages the Energy Commission and agencies to take all of these strategies into consideration in their balanced approach to addressing local reliability needs in Southern California.

A. Proposed Preferred Resources Living Pilot Program

In collaboration with the Energy Commission, CPUC, CAISO, and third party stakeholders, SCE will develop and implement a Preferred Resources Living Pilot Program (the Pilot) in targeted, high-need areas of south Orange County. The Pilot will be designed to inform electric system operators, transmission planners, and procurement entities about the ability and availability of preferred resources to perform where and when needed to meet local reliability needs and maintain grid stability and resiliency.

In the near term, SCE plans to focus on "managed load" efforts to reduce or eliminate need for conventional generation at Johanna and Santiago substations. In the long term, SCE

plans to focus on the procurement of competitively-priced preferred resources and advanced technologies to meet reliability needs.

To those ends, the collaborative process will address the following:

- The identification of performance attributes to support reliability needs (location, timing, duration, effectiveness, integration);
- The development of metrics, measurement, and reporting protocols to determine efficacy of resources;
- The exploration of innovative solutions and Smart Grid Smart architecture to enable the use and development of advanced technologies to ensure grid stability and resiliency; and
- The implementation of monitoring systems to determine what energy savings and reductions, if any, are achieved to inform future procurement.

SCE's Pilot will be a "living" program that will evolve over time through the collaborative process with regulators, the CAISO and third parties, and will provide SCE and stakeholders with a better understanding of the attributes and value of preferred resources.

B. Contingency Siting for New Generation Projects

Because it is unclear whether sufficient energy efficiency, demand response and renewable generation will be available to meet LCR need in the targeted south Orange County area, SCE also plans to pursue contingent generation site development for use by third parties to backstop the Pilot. Funding for the acquisition and permitting of contingent generation sites and the Pilot will be sought in separate applications. SCE plans to seek authority to make these generation sites available for bidding by third party developers to complete construction quickly in the event that the preferred resources do not materialize in sufficient quantities.

C. Mesa Loop-In Project

SCE's proposed Mesa Loop-In transmission project (Mesa Loop-In) addresses local reliability needs in the LA Basin. SCE submitted the project in the CAISO's 2013/2014 Transmission Planning Process on September 16, 2013. The Mesa Loop-In project will provide a new 500 kilovolt substation to serve western LA Basin, which will provide increased flexibility, both in the type and geographic diversity of electric resources. The Mesa Loop-In project would reduce the need for local capacity resources in the western LA Basin by enabling additional load to be served with system resources located outside the LA Basin.

In conclusion, SCE appreciates the Energy Commission's consideration of these comments and looks forward to its continuing collaboration with the Energy Commission. Please do not hesitate to contact me at (916) 441-2369 with any questions or concerns you may have. I am available to discuss these matters further at your convenience.

Very truly yours,

/s/ Manuel Alvarez

Manuel Alvarez