BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking to Integrate and
Refine Procurement Policies and Consider Long-
Term Procurement Plans.

Rulemaking 10-05-006
(Filed May 6, 2010)

ALTERNATIVE PROPOSAL OF SAN DIEGO GAS & ELECTRIC COMPANY
(U 902 E) REGARDING RESOURCE PLANNING ASSUMPTIONS – PART 1

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June 10, 2010
I. INTRODUCTION


The ALJ Ruling observes that Track I of the instant proceeding will consider issues related to the overall long-term need for new system and local reliability resources, including adoption of system resource plans for the three major electric investor-owned utilities (“IOUs”).\(^1\) It is envisioned that these system resource plans will allow the Commission to comprehensively consider the impacts of state energy policies on the need for new resources.\(^2\) The ALJ Ruling describes the process for development of system resource plans, noting that the Scoping Memo adopted in this proceeding will establish planning standards for the system resource plans and that the IOUs will be required to

\(^1\) ALJ Ruling, p. 1.
\(^2\) Id. at p. 2.
complete and file system resource plans that fulfill the planning standards set forth in the Scoping Memo.3


II. DISCUSSION

The ALJ Ruling addresses Resource Planning Assumptions - Part 1, and sets forth proposed preliminary planning standards developed by Commission staff based upon the record developed in R.08-02-007. The ALJ Ruling observes that it is the Commission’s intent “to ensure that for a core set of analyses, to the extent possible, the IOUs’ system resource plans are internally consistent, can be easily compared, and results can be aggregated to draw conclusions about system-wide policy choices before the Commission.”4 The importance of the “to the extent possible” qualification included in this pronouncement regarding Commission intent cannot be overstated. While there may (or may not) be some value in standardization of system resource plans, the goal of consistency must be balanced against the far more important objective of system reliability, and the Commission must account for the fact that there exist material

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3 Id. at pp. 5-6.
4 Id. at p. 4 (emphasis added).
difference between the IOUs’ respective systems that may interfere with attempts to impose one-size-fits-all regulation.

The practical impact of the differences in the IOUs’ systems is evident, for example, in the Standardized Load and Resource Tables for System Resource Plans (“Need Tables”) included as Attachment 1 to the ALJ Ruling. The Need Tables, which are IOU-specific and are intended to provide the Commission with information that is useful in determining the long term need for new system and local resources, are based upon NP-26 and SP-26. The overall need for resources in the NP-26 and SP-26 planning areas is determined by application of resource planning criteria based on the expected (1-in-2) load forecast and a planning reserve margin – i.e., the need determination is driven by an evaluation of the resources required to serve expected load plus a planning reserve margin. In SDG&E’s service territory, however, the need for new resources is not driven by the expected load plus a planning reserve margin; rather it is driven by the need to meet grid planning criteria established by the California Independent System Operator (the “CAISO”).

The Commission has adopted the CAISO’s grid planning criteria in the current and past years to determine what local Resource Adequacy (“RA”) resources are needed. The need for local RA units is driven by a hot summer day (1-in-10) load forecast based on an N-1, G-1 criteria. These criteria assume the single largest generation plan and the single largest transmission line are out of service. SDG&E submits that the Commission must review the CAISO’s grid planning requirements as well as an overall resource need in determining the need for new resources in SDG&E’s service area.

SDG&E notes that all load and resources in SDG&E’s service territory will be include in the SP-26 table.
In accordance with the ALJ Ruling’s solicitation of alternative proposals, SDG&E proposes that the Need Table included as Attachment A hereto be adopted for use in determining SDG&E’s long term need for new system and local resources. SDG&E provides this alternative proposal because it does not believe the Need Table proposed in the ALJ Ruling will provide the Commission with the information necessary to make an accurate determination of SDG&E’s need for capacity. SDG&E’s proposed Need Table is a slightly modified version of the Need Table proposed in the ALJ Ruling. Specifically, SDG&E’s proposed Need Table reflects the following modifications:

- Line 1 modifies the load forecast from a 1-in-2 to a 1-in-10 year forecast
- Line 6a is added to show the amount by which the resources available in line 6 should be reduced to account for the loss of the single largest generator
- Line 13 is changed to the total import capability with the single largest transmission line out of service
- Lines 14-16 are deleted since they do not apply
- Line 18 is renamed but continues to show the delta between load and resources
- Lines 19-23 are deleted since they do not apply.

Attachment B hereto illustrates the extent to which the Need Table proposed in the ALJ Ruling misses the mark and fails to accurately depict SDG&E’s need. The ALJ Ruling Need Table attached as Attachment B utilizes the same data as SDG&E’s proposed Need Table (Attachment A), except in the areas noted above. The load forecasts used in both Attachment A and Attachment B are from the California Energy
Commissions’ (“CEC”) Integrated Energy Policy Report (“IEPR”) process and the resources are same as those listed in the CAISO’s 2011 Local Capacity Requirements (“LCR”) study.\(^6\) Comparison of the two versions of the Need Table with the differing inputs noted above demonstrates the extent to which they produce very different outcomes. The ALJ Ruling Need Table shows that SDG&E’s service area would have between 793 and 703 MW of resources above the lower and upper bounds of meeting the planning reserve margin. Using the same data sources, SDG&E’s proposed Need Table based upon the CAISO’s grid planning criteria shows that SDG&E’s service area has only 56 MW above the amount need to meet Local RA obligations.

Comparison of the Need Tables proposed in the ALJ Ruling and herein by SDG&E illustrates the importance of taking into account the CAISO’s grid planning requirements in conducting SDG&E’s need analysis. Accordingly, in addition to the overall resource need analysis performed in the ALJ Ruling Need Table, the Commission should consider SDG&E’s proposed Need Table, which includes the modified inputs described above.

### III. CONCLUSION

For the reasons set forth herein, the Commission should consider the CAISO’s grid planning requirements in addition to overall resource need in determining the need for new resources in SDG&E’s service area, and should use SDG&E’s proposed Need Table set forth in Attachment A hereto.

Dated this 10th day of June, 2010 in San Diego, California.

Respectfully submitted,

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AIMEE M. SMITH

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Attorneys for  
SAN DIEGO GAS & ELECTRIC COMPANY
ATTACHMENT A
**LOCAL GRID RELIABILITY AREA LOAD FORECASTS:**
- **Service Area 1-in-10 Peak Summer Demand** 5036

**LOCAL RELIABILITY AREA SPECIFIC LINE ADJUSTMENTS:**
- Uncommitted EE 0
- Net Qualifying Capacity (NQC) of Price Sensitive Demand Response 79
- NQC of Interruptible/Curtailable DR 6
- **Residual Service Area Peak Demand (Line 1 - Sum (Lines 2 thru 4))** 4951

**LOCAL RELIABILITY AREA RESOURCES**
- Existing Generation NQC 3210
- G-1 Reduction (603)
- Retirements (announced) (311)
- Known/High Probability Additions 211
- RPS Additions NQC (Including Imports)
- Other Utility Planned Additions NQC
- Other non-Utility Planned Additions NQC
- Import Limit (N-1) 2500
- **Total Service Area Resources (Sum lines 6 thru 13)** 5007

**SERVICE AREA PLANNING RESERVES**
- Available Capacity Reserves (Line 17 - Line 5) 56

Notes (by line number):
1. Based on CEC's 2009 IEPR 1-in-10 peak demand, which embeds self-serviced load and committed EE.
6a. Single largest generating unit in line 6.
9. System Resource additions that meet predetermined criteria.
13. Total Import Capability with largest transmission line out of service.
18. Available Capacity Reserve = Service Area Resources - Service Area Demand
### LOCAL RELIABILITY AREA LOAD FORECASTS:

<table>
<thead>
<tr>
<th>Line</th>
<th>Description</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Service Area 1-in-2 Peak Summer Demand</td>
<td>4578</td>
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### LOCAL RELIABILITY AREA SPECIFIC LINE ADJUSTMENTS:

<table>
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<tr>
<th>Line</th>
<th>Description</th>
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<tbody>
<tr>
<td>2</td>
<td>Uncommitted EE</td>
<td>0</td>
</tr>
<tr>
<td>3</td>
<td>Net Qualifying Capacity (NQC) of Price Sensitive Demand Response</td>
<td>79</td>
</tr>
<tr>
<td>4</td>
<td>NQC of Interruptible/Curtailable DR</td>
<td>6</td>
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<tr>
<td>5</td>
<td>Residual Service Area Peak Demand (Line 1 - Sum (Lines 2 thru 4))</td>
<td>4493</td>
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### LOCAL RELIABILITY AREA RESOURCES

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<th>Line</th>
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<tr>
<td>6</td>
<td>Existing Generation NQC</td>
<td>3210</td>
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<tr>
<td>7</td>
<td>Retirements (announced)</td>
<td></td>
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<tr>
<td>8</td>
<td>Retirements (assumed for this scenario)</td>
<td>(311)</td>
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<tr>
<td>9</td>
<td>Known/High Probability Additions</td>
<td>211</td>
</tr>
<tr>
<td>10</td>
<td>RPS Additions NQC (Including Imports)</td>
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</tr>
<tr>
<td>11</td>
<td>Other Utility Planned Additions NQC</td>
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<tr>
<td>12</td>
<td>Other non-Utility Planned Additions NQC</td>
<td></td>
</tr>
<tr>
<td>13</td>
<td>Net Interchange (Sum Lines 14 thru 16)</td>
<td>2850</td>
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<tr>
<td>14</td>
<td>Non-Firm Imports (Require Reserves)</td>
<td></td>
</tr>
<tr>
<td>15</td>
<td>Firm Imports (Do Not Require Reserves)</td>
<td>2850</td>
</tr>
<tr>
<td>16</td>
<td>Exports</td>
<td></td>
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<tr>
<td>17</td>
<td>Total Service Area Resources (Sum lines 6 thru 13)</td>
<td>5960</td>
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### SERVICE AREA PLANNING RESERVES

<table>
<thead>
<tr>
<th>Line</th>
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<th>Value</th>
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<tbody>
<tr>
<td>18</td>
<td>Available Planning Reserve - not adjusted for firm imports (Line 17 - Line 5)</td>
<td>1467</td>
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<tr>
<td>19</td>
<td>Available Planning Reserve (Percentage) (Line 18 / Line 5)</td>
<td>33%</td>
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<td>20</td>
<td>Lower Bound of Planning Reserve Requirement (Line 5 * 15%)</td>
<td>674</td>
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<tr>
<td>21</td>
<td>Upper Bound of Planning Reserve Requirement (Line 5 * 17%)</td>
<td>764</td>
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### 1-in-2 SERVICE AREA SURPLUS (DEFICIT):

<table>
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<th>Description</th>
<th>Value</th>
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<tbody>
<tr>
<td>22</td>
<td>Lower Bound 1-in-2 Service Area Surplus (Deficit), Adjusted for Firm Imports</td>
<td>793</td>
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<tr>
<td>23</td>
<td>Upper Bound 1-in-2 Service Area Surplus (Deficit), Adjusted for Firm Imports</td>
<td>703</td>
</tr>
</tbody>
</table>
CERTIFICATE OF SERVICE

I hereby certify that a copy of ALTERNATIVE PROPOSAL OF SAN DIEGO GAS & ELECTRIC COMPANY(U 902 E) REGARDING RESOURCE PLANNING ASSUMPTIONS – PART 1 has been electronically mailed to each party of record of the service list in R.10-05-006 and R.08-02-007. Any party on the service list who has not provided an electronic mail address was served by placing copies in properly addressed and sealed envelopes and by depositing such envelopes in the United States Mail with first-class postage prepaid.

Copies were also sent via Federal Express to Administrative Law Judge Victoria S. Kolakowski and Commissioner Michael R. Peevey.

Executed this 10th day of June, 2010 at San Diego, California.

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/s/ Jenifer E. Nicola
Jenifer E. Nicola