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Redondo Beach Energy Project
Preliminary Staff Assessment Workshop
Alternatives

Presented by Jon Welner

May 21, 2015

OVERVIEW

- Background
- "No Project" Alternative
- Reasonable Alternatives

CEQA REQUIRES A REVIEW OF ALTERNATIVES, BASED ON THE PROJECT "OBJECTIVE"

- CEQA requires consideration of a "reasonable range of potentially feasible alternatives," including the "no project" alternative.
- The alternatives are based on the "objective" of the project.
 - "A clearly written statement of objectives will help the lead agency develop a reasonable range of alternatives to evaluate in the EIR and will aid the decision makers in preparing findings or a statement of overriding considerations, if necessary." (CEQA Guidelines)

THE RBEP OBJECTIVE IS CIRCULAR AND REDUCTIVE: "THE PURPOSE OF THE PROJECT IS TO BUILD THE PROJECT"

- "The key objective of RBEP is to provide up to 496 megawatts (MW) of environmentally responsible, cost-effective, operationally flexible, and efficient generating capacity to the Los Angeles Basin Local Reliability Area in general, and specifically to the western Los Angeles Basin sub-area." (AFC)
- The objective should take into account the needs of the grid: "if needed or desirable at this location."

THE AFC DOES NOT PROVIDE A MEANINGFUL REVIEW OF ALTERNATIVES

- The AFC is 2000 pages -- the analysis of alternatives is less than 2 pages.
- AES rejects the "No Project" Alternative solely due to "reliability concerns."
 - "Based on CAISO's 2021 projection of the need for OTC replacement generation, decommissioning existing OTC facilities such as the Redondo Beach Generating Station units without adequate replacement generation would create reliability concerns. The no project alternative would not be preferable because of the need for economical, reliable, and environmentally sound generation resources in the region."

THE AFC DOES NOT PROVIDE A MEANINGFUL REVIEW OF ALTERNATIVES (cont'd)

- AES does not even pretend to consider alternative locations: " a discussion of site alternatives is not included in this AFC."
 - It relies on Public Resources Code Section 25540.6 [b] : "The commission *may* also accept an application for a non-cogeneration project at an existing industrial site without requiring a discussion of site alternatives *if the commission finds* that the project has a strong relationship to the existing industrial site and that *it is therefore reasonable* not to analyze alternative sites for the project."
- Not so fast! The required finding is discretionary and has not been made by the Commission.
- What AES is really saying is: "The purpose of the project is to build the project."

THE PSA DOES NOT PROVIDE A MEANINGFUL REVIEW OF ALTERNATIVES

- Despite repeated requests from the Commission, AES failed to provide any meaningful analysis for staff to consider.
- Staff made a valiant effort to identify and consider alternatives, *but providing this analysis is the Applicant's responsibility.*
- "Alternatives that were not carried forward for full analysis include Alternative Sites, Alternative Site Configuration, and Technology Alternatives."

THE PSA DOES NOT PROVIDE A MEANINGFUL REVIEW OF ALTERNATIVES (cont'd)

- The PSA rejects the "No Project" Alternative for two reasons:
 - The PSA assumes the old plant will not be decommissioned.
 - The "No Project" Alternative does not meet the project objectives.
- Staff should revisit its analysis:
 - It is now clear that if the power plant is not approved, the site will be used for another purpose.
 - The project objectives are circular.

**THE PSA DOES NOT PROVIDE A MEANINGFUL REVIEW OF
ALTERNATIVES (cont'd)**

- The PSA rejects using power from Alamitos and Huntington because it makes the (incorrect) assumption that those projects would need "to be amended to increase generating capacity."
- In fact, Alamitos and Huntington will have more than 1500 MW of excess power.

THE PSA DOES NOT PROVIDE A MEANINGFUL REVIEW OF ALTERNATIVES (cont'd)

- The PSA (incorrectly) states that the electricity from the project is *needed*.
 - The RBEP is located within the Western LA Basin LRA. Absent SONGS (which provided 2,246 MW from Units 2 and 3 at full capacity), the CAISO projects a need for approximately 10,000 MW of generating capacity in the LA Basin (CAISO 2013a, page 128). A total of 11,789 MW of generation exists or is under construction in the LA Basin LRA (CAISO 2013b, page 98). If the AES OTC plants are not retrofitted or repowered and are retired to comply with the OTC Policy, approximately 8,000 MW of capacity would be available in the LA Basin LRA, which is insufficient capacity to meet the CAISO local area requirements.

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DURING THE MEASURE B CAMPAIGN, AES REPEATEDLY CONCEDED THE REDONDO PLANT COULD BE CLOSED WITHOUT SIGNIFICANT IMPACT

Daily Breeze
The South Bay's choice for 117 years

RedondoBeach, CA
Patch

“New power plants are definitely needed, but there are more locations in the region that can meet those needs,” Pendergraft said Tuesday in a nod to AES’ Long Beach and Huntington Beach plants. “Subject to a favorable vote, we are focusing our efforts on developing new power plants on our other two sites.” (*Daily Breeze*, July 22, 2014)

“Since power generation is our core business, we’re still making progress on our plans to replace 3,500 MWs of power generation at our three existing power plants in Redondo Beach, Alamitos and Huntington Beach with new, modern facilities,” said AES Southland’s Eric Pendergraft. *“At the same time, we’ve been working on a plan that would enable us to close our Redondo Beach plant and revitalize the site in a way that allows us to receive fair value for our property.”* (*Redondo Beach Patch*, July 22, 2014)

IN THE CPUC LONG-TERM PROCUREMENT PROCEEDING (LTPP), SCE TESTIFIED THAT NO POWER IS NEEDED FROM REDONDO'S SUB-AREA

Application No.: A.14-11-xxx
 Exhibit No.: SCE-1
 J. Bryson
 G. Chinn
 C. Cushnie
 P. Hunt
 E. Little
 R. Singh
 D. Snow
 R. Thomas



(U 338-E)

**TESTIMONY OF SOUTHERN CALIFORNIA
EDISON COMPANY ON THE RESULTS OF ITS
2013 LOCAL CAPACITY REQUIREMENTS
REQUEST FOR OFFERS (LCR RFO) FOR THE
WESTERN LOS ANGELES BASIN**

PUBLIC VERSION

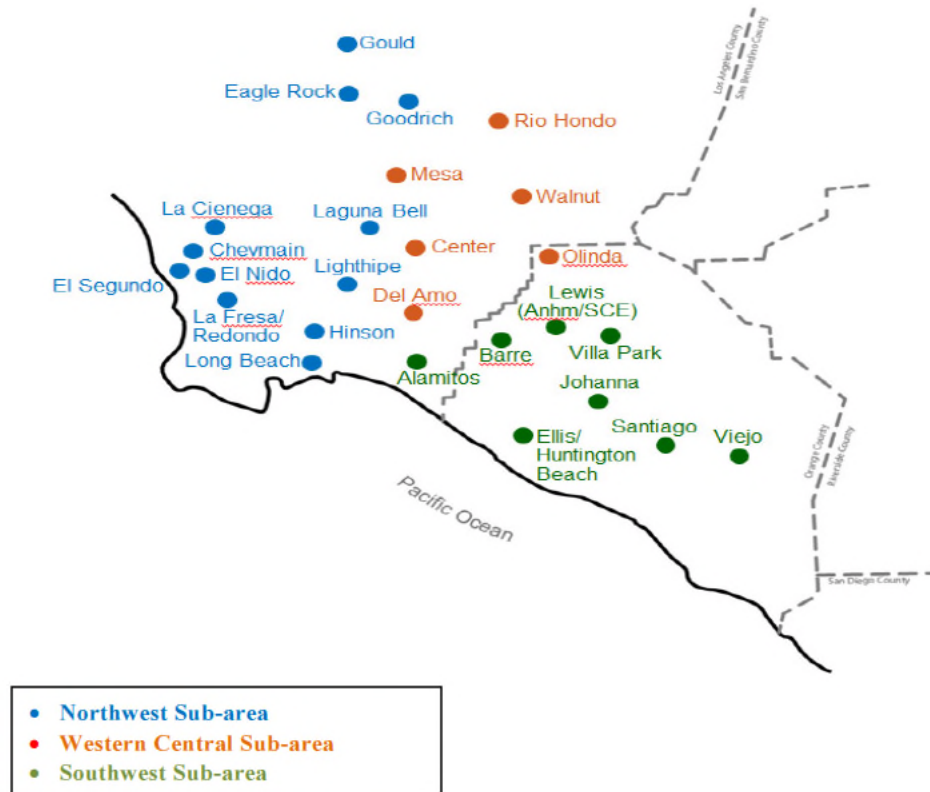
Before the
Public Utilities Commission of the State of California

Rosemead, California
November 21, 2014

After the CAISO provided its *Clarification to the ISO Board-Approved 2013-2014 Transmission Plan Locational Effectiveness Factor Calculations in the LA Basin Area*, SCE concluded that it was in customers' economic interest to focus GFG procurement in only the most effective locations, and thus removed GFG offers from the shortlist if the projects were not in the Southwest sub-area of the Western LA Basin. (SCE Testimony at 13 n.9)

**GAS-FIRED PLANTS ARE ONLY NEEDED IN THE SOUTHWEST SUB-AREA
(REDONDO IS IN THE NORTHWEST SUB-AREA)**

*Figure III-2
Western LA Basin A-Bank Substations*



SCE TESTIFIED THAT SITING GAS-FIRED POWER PLANTS IN THE NORTHWEST SUB-AREA IS EXTREMELY WASTEFUL AND RISKY

*Table IV-7
Minimum Resources Required to Mitigate Reliability Constraint*

Scenario B		
Los Angeles Basin Area	LEF	Minimum MW Required
Northwest	13.6	14,200
Western Central	34.4	5,614
Southwest	71.7	2,693

Thus, based on the calculations using Scenario B LEFs, the most effective area to site resources is the Southwest sub-area of the Western LA Basin (requiring 2,693 MW); substantially less than the amount required in the Northwest or Western Central sub-areas. Even for the most effective area, the resources required exceed the total 2012 LTPP maximum procurement authorization of 2,500 MW for SCE. Due to the lower effectiveness of resources in other areas, each MW procured outside of the Southwest sub-area will increase the likelihood of a residual need for future resources and transmission, thus significantly increasing costs to customers and adding resources that would not have otherwise been needed if more effective locations were originally considered in SCE’s LCR RFO. ***Because sufficient GFG offers in the Southwest sub-area were available to meet the procurement authorizations in the Track 1 and 4 decisions, SCE elected not to consider GFG offers for its Northwest and Western Central sub-areas within the Western LA Basin.*** This approach provided a large block of resources located in the most effective area under a variety of scenarios to relieve the critical N-1-1 reliability constraint. (SCE Testimony at 26)

DURING THE MEASURE B CAMPAIGN, AES REPEATEDLY IDENTIFIED SIGNIFICANT NEGATIVE IMPACTS THAT WOULD BE ELIMINATED UNDER THE "NO PROJECT" ALTERNATIVE

The South Bay's choice for 117 years
Daily Breeze

“I think (Measure B) would be a historic event for the city. There’s been a power plant here for over 100 years,” AES spokesman Eric Pendergraft said Tuesday as the ballots were counted. ***“It’s amazing to think of the potential of the waterfront without a big, hulking structure on it.”*** (Daily Breeze, March 3, 2015.)

RedondoBeach, CA

Patch

“By removing the old power plant, views of the harbor and coast would be enhanced, and surrounding property values would increase,” said Eric Pendergraft. (Redondo Beach Patch, July 22, 2014.)

IF RBEP IS NOT APPROVED, THE OLD PLANT WILL BE DECOMMISSIONED AND THE SITE WILL BE USED FOR ANOTHER PURPOSE

EasyReaderNews

"If Measure B fails, we intend to go back to pursuing options that are consistent with our core business. *These include looking at a new power plant again, a desalination facility or a large scale battery storage project.* Battery storage is a technology that continues to grow and we are the industry leader. In fact, we were just awarded the largest battery project in the world in Long Beach. *I won't predict which one of these options will be successful,* if any, but I will tell you that the guarantee of an industrial free waterfront disappears if Measure B loses."
(Eric Pendergraft, *Easy Reader*, February 20, 2015)

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IN THE LTPP, SCE HAD 198 "INDICATIVE OFFERS" FOR GAS-FIRED PLANTS IN THE LOS ANGELES WESTERN BASIN

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*Table V-9
Summary of Indicative Offers*

Product Type	Number of Offers
EE	181
DR	113
Renewable	11
CHP	14
DG	40
ES	579
GFG	198
Total	1,136

WE DON'T KNOW HOW MANY SITES MADE IT TO THE SHORT-LIST STAGE AND THE FINAL OFFER STAGE -- THE DATA IS REDACTED!

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*Table V-11
Summary of Western LA Basin Final Offers*

THE COMMITTEE SHOULD SUBPOENA THE LIST OF FINALISTS FROM EDISON: EACH ONE IS A VIABLE ALTERNATIVE TO REDONDO!

*Table I-1
Summary of Selected Offers*

Product Category	Counterparty	Total Contracts	Max Quantity (LCR MW)
Preferred Resources and ES			
EE	<ul style="list-style-type: none"> Onsite Energy Corporation Stirling Analytics LLC NRG Energy Efficiency-L LLC NRG Energy Efficiency-P LLC 	26	124.04
DR	<ul style="list-style-type: none"> NRG Distributed Generation PR LLC NRG Curtailment Solutions LLC 	7	75.00
Renewable DG	<ul style="list-style-type: none"> Solar Star California XXXV, LLC Solar Star California XXXVI, LLC Solar Star California XXXVII, LLC Solar Star California XXXVIII, LLC 	4	37.92
ES	<ul style="list-style-type: none"> AES ES Alamos Energy, LLC Ice Bear SPV #1, LLC Hybrid-Electric Building Technologies Irvine 1, LLC Hybrid-Electric Building Technologies Irvine 2, LLC Hybrid-Electric Building Technologies West Los Angeles 1, LLC Hybrid-Electric Building Technologies West Los Angeles 2, LLC Stem Energy Southern California, LLC 	23	263.64
Total Preferred Resources and ES		60	500.60
GFG			
GFG	<ul style="list-style-type: none"> AES Alamos Energy, LLC AES Huntington Beach Energy, LLC Stanton Energy Reliability Center, LLC 	3	1,382.00
Total Preferred Resources, ES, and GFG		63	1,882.60

- In the end, only 3 gas-fired facilities were picked out of 198 applicants.
- All are in the Southwest Sub-area.
- The PPAs for Alamos and Huntington Beach only utilize a FRACTION of the capacity at those facilities.

THE PPAS FOR ALAMITOS AND HUNTINGTON ARE 1591 MW LESS THAN THEIR PROPOSED CAPACITY – THE EXCESS CAPACITY IS A REASONABLE ALTERNATIVE TO REDONDO

*Table VII-25
Summary of Gas-Fired Generation Selected Offers*

GFG Contracts							
Line #	Offer Number	Counterparty	Description of Technology	LCR MW	Location	COD	Contract Term (Years)
1	475028	AES Alamos Energy, LLC	GFG	640.00	690 North Studebaker Road, Long Beach, CA 90803	6/1/2020	20
2	475029	AES Huntington Beach Energy, LLC	GFG	644.00	21730 Newland Street, Huntington Beach, CA 90803	5/1/2020	20
3	473237 473238	Stanton Energy Reliability Center, LLC	GFG	98.00	Stanton, CA (Exact location TBD)	7/1/2020	20
Total GFG				1,382 MW			

AFC for 1,936 MW

AFC for 939 MW

WE HAVE ENTERED A NEW ERA, WHERE THERE IS AN OVERSUPPLY OF ELECTRICITY DUE TO "PREFERRED RESOURCES"

"In the past, who would have even thought of the concept of overgen?" says Tom Doughty, CAISO's director of regulatory strategy. "But it's a harbinger of what's to come."

Fast-forward to the early spring of 2014. The California Independent System Operator (CAISO), due in part to an unexpected abundance of solar generation in what was supposed to be the rainy season, had to institute curtailments of wind and solar power coming into the grid on four separate occasions. In one instance, more than a gigawatt of combined wind and solar power was curtailed, a condition that the grid operator calls over-generation or "overgen." "In the past, who would have even thought of the concept of overgen?" says Tom Doughty, CAISO's director of regulatory strategy. "But it's a harbinger of what's to come." Without changes in planning and technology, Doughty says, CAISO's current projections note that a 40 percent share of the state's power from renewables in 2024 (on the way to Gov. Jerry Brown's stated goal of 50 percent by 2030) would necessitate more than 800 curtailments a year. "We have clean energy sources producing a lot of megawatts," adds Doughty. "We need somewhere to put it." ("The New Normal? Renewables, Efficiency, and 'Too Much Electricity'," *Huffington Post* (05/15/15)).

**FINALLY, AES ITSELF HAS PROPOSED ALTERNATIVE USES FOR THE SITE:
BATTERY STORAGE AND DESALINATION****EasyReaderNews**

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CONCLUSION

- The "No Project" Alternative Is Viable and Reduces Significant Impacts
- Many Alternative Sites Exist, In Better Locations
- AES Has Publicly Proposed Alternative Uses, Which Should Be Evaluated

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