

**PREPARED DIRECT TESTIMONY OF DAVID ASHUCKIAN ON BEHALF OF THE
CALIFORNIA ENERGY COMMISSION REGARDING THE ISSUE OF RANGE OF
NEED AS ADDRESSED IN THE LONG-TERM PROCUREMENT PLANS OF PACIFIC
GAS & ELECTRIC COMPANY (PG&E)**

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2 **CALIFORNIA ENERGY COMMISSION REGARDING THE ISSUE OF RANGE OF**
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4 **GAS & ELECTRIC COMPANY (PG&E)**

5
6 **Q1: Please state your name and business address.**

7 **A1:** My name is David Ashuckian. My business address is California Energy
8 Commission, 1516 9th Street, Sacramento, California 95814.

9
10 **Q2: Please briefly describe your responsibilities at the California Energy**
11 **Commission.**

12 **A2:** I am employed as manager of the Electricity Analysis Office of the Systems
13 Assessment & Facilities Siting Division of the California Energy Commission (Energy
14 Commission). In this capacity, my responsibilities include managing the work of
15 professional staff engaged in conducting independent, objective analyses of California's
16 electricity and natural gas systems, market, and operations.

17
18 **Q3: Please summarize your educational and professional background.**

19 **A3:** I am a Professional Engineer registered in the State of California. I obtained my
20 Bachelor of Science degree in Mechanical Engineering in 1992 from California State
21 University Sacramento, in addition to my Bachelors degree in Criminal Justice which
22 was obtained in 1981 from California State University Sacramento. My employment at
23 the California Energy Commission began in 1998. My professional experience at the
24 Energy Commission includes managing the activities of the Electricity Analysis Office
25 (EAO) for the last 4 years. The function of the Electricity Analysis Office is to provide

1 independent, objective and analysis of the electricity market and electrical system
2 operation. As manager of the Electricity Analysis Office, I supervise 35 professionals
3 who have expertise in the following subject matter areas: Electric Generation Systems
4 Electrical Engineering Mechanical. In my capacity as Manager of the EAO, I am
5 responsible for managing the development of the Summer Outlook Report, and a
6 number of the electricity and natural gas reports that Energy Commission staff have
7 developed for the 2003, 2004, and 2005 Integrated Energy Policy Reports. I have also
8 served as policy advisor to Commissioner Boyd, supervised the Commission's
9 Transportation Technology Program and have served as the Energy Commission's
10 spokesperson on electricity system need before the Governor's Office, Legislature, and
11 the Joint Agency Energy Action Plan.

12
13 **Q4: Please state the purpose of your testimony.**

14 **A4:** The purpose of my testimony is to sponsor the position of the Energy Commission
15 in this proceeding on the issue of range of need by providing the California Public
16 Utilities Commission ("CPUC") with an evaluation of Pacific Gas & Electric Company's
17 ("PG&E's") Long Term Procurement Plan ("LTPP") on that issue.

18
19 Specifically, the purpose of this testimony it to provide:

- 20
21 1. Identification of the requirements of the Assigned Commissioner's Ruling and
22 Scoping Memo on the Long-term Procurement Phase of R.06-02-013, dated
23 September 25, 2006 ("Scoping Memo") that are applicable to IOUs with respect
24 to range of need;
25

2. Identification of the pertinent recommendations set forth in the Energy Commission's 2005 report entitled "*Transmittal of 2005 Energy Report Range of Need and Policy Recommendations to the California Public Utilities Commission*" ("Transmittal Report ") that are applicable to the range of need requirements set forth in the Scoping Memo (item 1 above);
3. A description of the substance of the IOU's Long Term Procurement Plan (LTPP) with respect to range of need;
4. An analysis of whether PG&E's LTPP complies with the requirements of the Assigned Commissioner's Ruling and Scoping Memo on the Long-Term Procurement Phase of R.06-02-103 ("Scoping Memo") with respect to the range of need issues identified in item 1 above;
5. An analysis of whether PG&E's LTPP complies with the requirements of the IEPR with respect to the range of need issues in item 2 above;
6. On behalf of the Energy Commission, present the Energy Commission's written recommendations concerning the course of action that CPUC should take in this proceeding with respect to PG&E's LTPP as it relates to range of need.

I am authorized to present this written testimony on behalf of the Energy Commission.

Q5: Does PG&E's LTPP include a preferred resource plan that takes into account the requirements of the CPUC Scoping Memo and the recommendations in the Transmittal Report with respect to determination of need?

A5: Yes. The PG&E preferred plan, as filed on December 11th, fails to meet targets with respect to energy efficiency and renewable energy under certain scenarios.

1 However in their Feb. 2nd Supplemental testimony they assert that they will achieve
2 Energy Efficiency and Demand Response goals.

3
4 **Q6: Does PG&E make any assumptions regarding uncommitted energy efficiency**
5 **during 2009 – 2016 in its 2006 LTPP?**

6 **A6:** Yes.

7
8 **Q7: Does the Energy Commission have any recommendations about whether the**
9 **CPUC should take any specific actions, based on PG&E's assumptions regarding**
10 **energy efficiency in its 2006 LTPP?**

11 **A7:** Yes.

12
13 **Q8: What are those recommendations?**

14 **A8:** The Energy Commission recommends that until such time as the CPUC formally
15 revises the established targets for energy efficiency, the CPUC should limit the
16 procurement of non-designated capacity by PG&E to amounts consistent with the levels
17 of uncommitted energy efficiency set forth in D.04-06-090. If and when CPUC
18 establishes new targets, it is recommended that the procurement limits for non-
19 designated capacity be adjusted accordingly at that time.

20
21 **Q9: Does the *Transmittal Report* indicate a level of renewable resource**
22 **procurement for PG&E?**

23 **A9-:** Yes.

24
25 **Q10: What is that level of renewable resource procurement?**

1 **A10:** The level of renewable procurement indicated in the *Transmittal Report* is 28% of
2 PG&E's energy needs, based on its filing in the 2005 IEPR.¹ As stated in the
3 *Transmittal Report*:

4
5 "The Energy Commission has decided to use the generic renewable energy and
6 capacity values developed by PG&E for the accelerated renewables case within
7 the preferred renewables identified in the range of need table. . . . [T]he Energy
8 Commission considers the generic renewable resources identified by PG&E in its
9 accelerated renewables case, which all parties agreed would be technically
10 achievable (though at uncertain costs), provide a useful benchmark."²

11
12 "[T]he Energy Commission is including in the preferred resources category
13 renewable resources consistent with the accelerated goal of 33 percent
14 renewables by 2020 that the Energy Commission recommended for PG&E in the
15 *2004 Energy Report Update*."³

16 "[PG&E's] accelerated renewables case is built from its preferred case and
17 reaches 28 percent by 2016."⁴

18
19 **Q11: Does PG&E's procurement plan include levels of renewable energy**
20 **consistent with the recommendations of the *Transmittal Report*?**

21 **A11:** No. PG&E assumes renewable energy procurement at levels below the trajectory
22 that would result in meeting the 33 percent by 2020 target in three of their four
23

24
25 ¹ *Transmittal Report*, at pages 97-102.

² *Transmittal Report*, at page 99.

³ *Transmittal Report*, at page 102.

⁴ *Transmittal Report*, at page 97.

1 scenarios; only in Scenario 4 was this path realized.⁵ Based on a 2016 target of 28
2 percent and a capacity factor of fifty percent, the assumed shortfalls in 2016 ranged
3 from 481 MW (Scenario 3) to 1,074 MW (Scenario 1).
4

5 **Q12: Does the Energy Commission have any recommendations about whether**
6 **CPUC should take any action in response to PG&E's assumptions regarding the**
7 **procurement of renewable energy in its 2006 LTPP?**

8 **A12:** Yes.
9

10 **Q13: What are those recommendations?**

11 **A1.3:** The Energy Commission recommends that in this proceeding, the CPUC should
12 base PG&E's procurement limits for non-designated resources at a level in this cycle
13 that will allow for the procurement of the accelerated level of renewable resources
14 indicated in the Transmittal Report.
15

16 **Q14: Are any other assumptions made by PG&E in its LTPP that are relevant to a**
17 **range of need determination ?**

18 **A14:** Yes.
19

20 **Q15: What are those assumptions?**

21 **A15:** PG&E makes the assumption that 3000 MW of energy generated in NP26 will be
22 exported to SP15 at the time of the NP26 peak⁶. In my opinion, the available data
23

24 ⁵ See PREPARED DIRECT TESTIMONY OF HEATHER RAITT ON BEHALF OF THE CALIFORNIA
25 ENERGY COMMISSION REGARDING THE ISSUE OF Renewable Energy Procurement Strategy as
addressed IN THE LONG-TERM PROCUREMENT PLAN OF Pacific Gas & Electric (PG&E), at page
Answer 9, filed concurrently herewith.

⁶ Pacific Gas & Electric Company 2007-2016 Long-term Procurement Plan, Tables Vol. 1, IVE 1 – 4.

1 indicates that this assumption overstates the projected export of energy, and thus
2 overstates the amount of new capacity needed to meet NP26 needs. PG&E obtained
3 that value from the Energy Commission's 2006 Summer Outlook⁷, however its use in
4 this context is inappropriate. This is because the 3000 MW figure from the 2006
5 Summer Outlook reflects the Energy Commission's estimate of energy flows between
6 north and south *at the time of the statewide peak in 2006*. However, the statewide peak
7 is actually expected to occur when loads in SP26 are peaking and NP26 loads are
8 below their annual peak levels. In my opinion; southward flows at the time of the NP26
9 peak are likely to be *less than* 3000 MW. This is illustrated by the fact that the actual
10 amount of energy flowing from north to south at the time of the NP26 peaks (July 24 –
11 25) in 2006 was only 400 MW – 600 MW. Moreover, the zonal supply/demand balance
12 in 2006 facilitated north-south flows, because SP26 is short of capacity in comparison to
13 NP26. The Energy Commission expects this to gradually change over the next ten
14 years, reducing the expected north-south flow on peak in the process.

15
16 **Q16: Does the Energy Commission have any recommendations about whether**
17 **the CPUC should direct PG&E to amend its treatment of range of need in its**
18 **LTPP?**

19 **A16: Yes.**
20

21 **Q17: What are those recommendations?**

22 **A17:** The Energy Commission recommends that the CPUC should request that PG&E
23 provide an assessment of the expected north-south flows at the time of the NP26 peak
24
25

⁷ Id. at page IV-56.

1 from the CEC and the CA ISO prior to making any determination of the need for new
2 capacity in NP26 in order to meet zonal reliability needs.

3
4 **Q18: Does PG&E's supplemental filing of February 2, 2007 in the LTPP**
5 **proceeding have any bearing on this testimony?**

6 **A18:** Yes. In that filing, PG&E asks to submit a revised preferred plan that will meet
7 targets established by the CPUC for energy efficiency and demand response in other
8 proceedings. Whether or not this is done, the Energy Commission restates its concern
9 that procurement levels for non-designated resources established in this planning cycle
10 not be set so as to preclude meeting targets for preferred resources over the 2007 –
11 2016 timeframe, and so as not to preclude doing so in a cost-efficient manner.

12
13 **Q19: Does this conclude your testimony?**

14 **A19:** Yes.
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Docket Optical System - Fwd: Re: Can you docket the staff testimony in the CPUC's LTPP here at the Commission under 06-IEP-

From: David Vidaver
To: Docket Optical System
Date: 6/19/2007 4:26 PM
Subject: Fwd: Re: Can you docket the staff testimony in the CPUC's LTPP here at the Commission under 06-IEP-
CC: Michael Doughton
Attachments: Michael Doughton

DOS,

Can you Please docket the attached electronic files in 06-IEP-1J?

thanks.