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April 30, 2008

California Energy Commission
Docket Office
1516 Ninth Street, MS-4
Sacramento, CA 95814-5512

Attention: **Docket 08-IEP-1 – 2009 IEPR Scope**

Dear Docket Office:

Southern California Edison Company appreciates the opportunity to submit comments to the 2008 IEPR Scope Workshop held April 28th, 2008.

Should you have any questions, please do not hesitate to contact me at (916) 441-2369.

Sincerely,

/s/ Manuel Alvarez
Manuel Alvarez
Manager, Regulatory Policy & Affairs

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Scoping Workshop for the 2008 Update and 2009 Integrated Energy Policy Report (IEPR)

April 28th, 2008

Southern California Edison generally agrees with the Proposed Scope of the IEPR

- **We would like to suggest some additional details to add to the proposed scope**
  - Achieving 33% Renewables
  - Energy Efficiency Accounting in the Demand Forecast
  - Electricity Procurement Practices
  - GHG Implications
- **We would also like to recommend some additional areas for consideration for 2009**
  - Effect of Aging Distribution Infrastructure on Reliability
  - Land Use Planning

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Achieving 33% Renewables

- **RPS requirements should be applied to all California load serving entities (LSE)**
- **Analysis should be performed to assess how quickly increased renewables can realistically be achieved**
  - The permitting of renewable projects and the related transmission facilities is a cause of delays because of environmental issues
  - Allowing the use of unbundled renewable energy credits (REC's) for RPS compliance and relaxing in-state delivery requirements could accelerate achievement of the goal
  - Tie annual procurement targets (above 20 percent) to the availability of transmission projects needed to make renewable energy deliverable
- **The impact of large amounts of renewables on grid operations are not completely understood. Coordinate with studies from other entities**
  - Local impacts of adding large amounts of renewables should be studied and is not currently included in other study plans
  - Support programs identifying the costs, technical requirements, stability, and operational impacts of adding higher volumes of renewable resources (specifically intermittent resources) to the power grid, such as
    - CAISO – Integration of Renewable Resources Program (IRRP)
    - SCE – Renewable Integration & Advancement Project (RIA)

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Demand Forecast and Energy Efficiency Accounting

- **Energy Efficiency (EE) Accounting in the Demand Forecast**
  - Investigate analytical options to assess the interaction between EE and demand forecasting
    - Options include full or partial integration of end use demand and energy efficiency forecasting models, and various scenario analysis tools
    - These approaches will be complicated but offer significant promise to accurately and transparently address the EE accounting issue
    - EE forecasting models and scenario analysis tools already exist and have been used in the EE OIR (R.06-04-010)

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Electricity Procurement Practices

- **Portfolio Analysis**
  - We support the coordination efforts between the CPUC and the CEC
  - Selected goals should be the focus of a 20 year analysis period (i.e. GHG targets, cost targets)
    - The method used to meet the goals should be left open
    - The analysis period should not begin before 2012 and continue through 2031 with the later years being done in 5 year increments

- **Use of a Social Discount Rate**
  - Gaining consensus on the value of a single appropriate discount rate is likely to be a difficult process
  - We recommend using a discount rate which is appropriate for the customers for whom SCE makes capital investments (a ratepayer discount rate)
  - Investment decisions should take capital costs and project risk into consideration
  - Utility cost of capital is a reasonable proxy for a ratepayer discount rate
  - Using a utility cost of capital better aligns the discount rate with the costs our customers pay for the investments we make
  - Inappropriately low discount rates falsely inflate benefits and increase the potential for stranded costs

- **GHG Implications**
  - In the detailed modeling phase, consider the opportunity to include other available technologies (Clean Hydrogen Power Generation, Solar Photovoltaic, or other low emission generation sources)
  - Consider the cost impact of regulatory programs designed to achieve AB 32 emission goals

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Aging Distribution System and Land Use Planning

- **Effect of Aging Distribution Infrastructure on Reliability**
  - System reliability is at risk without an aggressive replacement plan. Any plan for delivery of renewables or other new resources is also at risk without resolution of this issue.

- **Land Use Planning**
  - Local jurisdictions should be brought into the energy planning process to reduce conflicts in permitting and corridor planning
    - As referenced in the California State Association of Counties (CSAC) Energy Policy Guidelines Chapter 4 Section 2
      - "Counties also support promoting the timely development of new infrastructure, such as new electric transmission, needed to facilitate renewable energy development."
      - "While CSAC supports a statewide assessment and planning for future transmission needs, we oppose transmission corridor" designations that ignore the local land use decision-making process."
      - "Counties support streamlining the approval and environmental review process for new power plants…"

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