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August 20, 2009

California Energy Commission  
Docket Office, MS-4  
Re: Docket No. 09-IEP-1B  
1516 Ninth Street  
Sacramento, CA 95814-5512  
docket@energy.state.ca.us

**DOCKET**

**09-IEP-1B**

**DATE** 8/20/2009

**RECD.** 8/20/2009

Re: California Energy Commission (Energy Commission)  
Docket No. 09-IEP-1B: Written Workshop Comments of  
Southern California Edison Company (SCE) on Publicly  
Owned Utilities (POU) Resource Plans

To Whom It May Concern:

SCE appreciates the opportunity to make comments concerning the August 6, 2009 Staff Workshop on Resource Adequacy (RA) and Electricity Resource Plans for POUs. Based on the workshop presentation materials provided by Jim Woodward of the Energy Commission staff, it appears promising that the trend for POUs is improving in the areas of resource adequacy and commitment to achieving a greater percentage of energy from renewables. That being said, all load-serving entities (LSEs) including POUs, Investor-Owned Utilities (IOUs), Electric Service Providers (ESPs), and Community Choice Aggregators (CCAs) must be held to the same set of rules and counting conventions to measure those achievements.

### **Counting Conventions**

A number of unanswered questions make it difficult to know whether or not the POUs' progress is comparable to that required of and being achieved by the IOUs.

The standards appear to be different:

1. Not all POUs use the same 15-17% planning reserve margin that is applicable to the IOUs.<sup>1</sup> All POUs should contribute fairly to maintaining adequate reserve capacity for the state.
2. The counting conventions differ for Renewable Portfolio Standard (RPS) between IOUs and POUs. SCE has long advocated that this counting convention should be standardized. For example, in some cases, POUs count large hydro units toward meeting their RPS goals.<sup>2</sup> On the contrary, the IOUs have no opportunity to count large hydro in meeting their RPS goals.

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<sup>1</sup> See D.04-10-035 & D.04-01-050 (Establishing a planning reserve margin of 15-17% for CPUC-jurisdictional entities.)

<sup>2</sup> See Renewables Portfolio Standard Eligibility Guidebook (December 19, 2007).

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3. Some POUs include a full accounting of their biomass resources in meeting their RPS goals, even though they may be combined with fossil fuels and therefore not eligible to count fully.<sup>3</sup> In addition, some POUs use renewable energy credits (RECs) to comply with RPS requirements, while IOUs are not authorized to use RECs to comply with RPS requirements.

Similarly, it is unclear whether the POUs use the same or similar net qualifying capacity counting conventions as the California Independent System Operator (CAISO) and the California Public Utilities Commission (CPUC) require the IOUs to follow in accounting for how the IOUs' resource portfolios satisfy the IOUs' resource adequacy requirements. For example, the CAISO and CPUC net qualifying capacity counting conventions allow only a fraction of installed capacity of intermittent resources, such as wind and solar, to count towards IOUs' resource adequacy requirements. The Energy Commission should play a key role in standardizing the resource adequacy rules and counting conventions for the POUs, so that the POUs' resources can play a fair and equal role in ensuring that a sufficient reliable and dependable electricity supply exists for the entire state.

SCE recommends that the Energy Commission make every effort to identify these differences and present an apples-to-apples comparison in the 2009 Integrated Energy Policy Report (IEPR).

### **Long-term Planning Goals**

With respect to the long-term resource planning goals, the Energy Commission staff materials are not clear how the POUs are integrating wind and other renewables into the POUs' portfolios and who will pay for those integration costs as well as the cost of new transmission necessary to deliver the renewable energy to load centers. There is also a lack of clarity on how POUs will create sufficient incentives to meet the State's policy objective of increasing combined heat and power facilities, as well as planning to meet a higher 33% RPS by 2020. Further, it is unclear how the POUs will procure generation to meet longer-term resource adequacy. In particular, it is unclear whether the POUs will build new generation or rely on purchases of capacity. As the IOUs' longer-term resource adequacy program continues to evolve, the Energy Commission can and should play a useful role in encouraging POUs to adopt longer-term planning practices similar to those which the CPUC will require for the IOUs.

In conclusion, the Energy Commission can and should address the POUs' plans to meet state energy policy goals, including the application of standardized counting conventions and development of an appropriate long-term planning framework. Thank you once again for the opportunity to be a collaborative part of the IEPR process.

If you have any questions or need additional information about these written comments, please contact me at 916-441-2369.

Very truly yours,

/s/ Manuel Alvarez

Manuel Alvarez

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<sup>3</sup> Id.