

**BEFORE THE PUBLIC UTILITIES COMMISSION OF THE
STATE OF CALIFORNIA**

Application of Southern California Edison
Company (U338E) for Approval of the
Results of Its 2013 Local Capacity
Requirements Request for Offers for the
Western Los Angeles Basin.

Application 14-11-012

**OPENING BRIEF OF THE
CALIFORNIA INDEPENDENT SYSTEM OPERATOR CORPORATION**

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I. Introduction

In the March 3, 2015 Assigned Commissioner’s Ruling and Scoping Memo (Scoping Memo), the Commissioner established the relevant issues and procedural schedule for Southern California Edison Company’s (SCE’s) application for Approval of the results of its 2013 local capacity requirements (LCR) request for offers (RFO) for the western Los Angeles basin (LA Basin). According to the schedule set forth in the Scoping Memo, the California Independent System Operator (CAISO) filed testimony March 25, 2015 concluding that (1) the results of SCE’s 2013 LCR RFO for the LA Basin enhance the safe and reliable operation of SCE’s electrical service; and (2) the results of SCE’s 2013 LCR RFO for the LA Basin is a reasonable means to meet the 1,900 to 2,500 MW of identified LCR need determined by D.13-02-015 and D.14-03-004.¹ The procedural schedule adopted for this proceeding established June 10, 2015 as the due date for opening briefs. Consistent with this schedule, the CAISO submits its opening brief.

¹ See Scoping Memo, p. 3-4; Exhibit CAISO-1, p. 2.

II. SCE's Selected RFO Results Are an Electrically Effective Means to Partially Meet Local Capacity Requirements in the LA Basin.

A. SCE's Selected RFO Results Are Consistent with the Commission's Decisions in D.13-02-015 and D.14-03-004.

In total, D.13-02-015 and D.14-03-004 authorized SCE to procure 1,900 to 2,500 MW of electric capacity in the Western LA Basin area to meet LCR needs. Of this total, the Commission directed SCE to procure a minimum of 550 MW from preferred resources and at least 50 MW from energy storage resources.² SCE requests approval for approximately 501 MW of preferred resources, approximately 264 MW of which are storage resources.³ The CAISO supports the approval of these preferred resources and the procurement of additional preferred resources to meet the minimum requirements laid out in D.14-03-004.

The Commission's procurement decisions also direct procurement of a minimum of 1,000 MW of gas-fired generation resources and up to an additional 500 MW from any source.⁴ Consistent with this, SCE seeks approval for 1,382 MW of gas-fired generation resources.⁵ These RFO results are consistent with the Commission's decisions and necessary to meet the long-term reliability requirements in the Western LA Basin.

In making a final need determination, the Commission recognized that it would require a concerted effort to meet all of the needs identified in the CAISO's power flow studies.⁶ To that end, the Commission authorized additional procurement from preferred resources, energy storage and gas-fired generation. The Commission also assumed the CAISO would identify transmission solutions to mitigate a portion of the identified LCR

² D.13-02-015, p. 2; D.14-03-004, p. 3.

³ Exhibit SCE-1, p. 3.

⁴ D.14-03-004, p. 3.

⁵ Exhibit SCE-1, p. 3.

⁶ D.14-03-004, p. 53.

need, which the CAISO accomplished in its 2013-2014 transmission plan. In conjunction with the transmission solutions identified by the CAISO, the results of SCE's RFO represent an important step toward resolving reliability needs in the Western LA Basin

B. The Selected RFO Resources Will Partially Mitigate Local Capacity Needs in the LA Basin and San Diego Areas.

To test the ability of the RFO resources to meet identified reliability concerns, the CAISO studied the selected RFO resources in its 2014-2015 transmission plan analysis of the LA Basin and San Diego local capacity areas. This analysis indicates that that SCE's selected RFO resources are necessary, but not sufficient on their own, to meet the local reliability needs in the LA Basin and San Diego areas through 2024.⁷

The CAISO quantified the residual local capacity requirement need by assuming the ability to repurpose existing demand response in the Western LA Basin sub-area to meet CAISO operational requirements. Specifically, the CAISO assumed that existing demand response could be modified to respond to transmission contingency events in less than 20 minutes.⁸ Using this assumption, the CAISO quantified the amount of demand response that must be repurposed to meet 2024 reliability needs. The CAISO found that, to eliminate the residual deficiency, approximately 268 MW of existing demand response in the Western LA Basin would need to be repurposed, in addition to the 198 MW of existing demand response already assumed to be repurposed in the studies.⁹

⁷ Exhibit CAISO-1, p. 4. These findings are based on several important assumptions developed in the 2014-2015 transmission plan including (1) the timely development of CAISO-approved transmission solutions, (2) the procurement, approval and development of the maximum authorized long-term procurement plan resources by San Diego Gas & Electric Company and (3) the development and implementation of Additional Achievable Energy Efficiency and demand response at levels previously approved by the Commission.

⁸ Exhibit CAISO-2, Exhibit 1, p. 149.

⁹ Exhibit CAISO-2, p. 4-5. The CAISO's 2014-2015 transmission plan noted that the residual deficiency could be addressed by either procurement of additional resources up to the Commission-authorized levels or by the repurposing of existing demand response programs. See Exhibit CAISO-2, Exhibit 1, p. 147.

The selected RFO resources are a critical component in meeting the long-term reliability needs identified in D.13-02-015 and D.14-03-004. The CAISO notes that it has conducted additional analysis on back-up transmission solutions to maintain local reliability in the event existing demand response cannot be repurposed or AAEE does not materialize as forecast.¹⁰ To avoid these transmission alternatives, the Commission should approve the resources presented in this proceeding and continue to facilitate development of preferred resources to meet residual local capacity needs in the LA Basin and San Diego areas.

III. SCE's Consultations with the CAISO Were Consistent with Commission Direction and Resulted in the Procurement of Resources that Meet Local and System Operational Needs.

The CAISO worked with SCE to confirm that the location and characteristics of the procured RFO resources would meet the local capacity needs. During the pendency of the RFO process, SCE provided the CAISO with numerous conceptual procurement scenarios with varying preferred resource characteristics. The CAISO studied a representative sample of those scenarios to determine whether the conceptual portfolios would meet the local capacity needs. The CAISO discussed the results of those studies with SCE showing which conceptual portfolios would meet the local capacity needs and which conceptual portfolios would not.

The CAISO also informed SCE that demand response and non-dispatchable resources must have a fixed operational period of four hours for qualified capacity valuation calculations set by the Commission.¹¹ Resources that do not meet the

¹⁰ Exhibit CAISO-2, Exhibit 1, p. 150.

¹¹ See the Commission's 2015 Filing Guide for System, Local and Flexible Resource Adequacy (RA) Compliance Filings, issued September 9, 2015. <http://www.cpuc.ca.gov/NR/rdonlyres/70C64A46-89DE-4D90-83AB-93FD840B4251/0/Final2015RAGuide.docx>.

Commission's minimum standards for qualifying capacity are not capable of receiving system resource adequacy credit. These consultations were conducted according to the Commission's directive in the Track 1 long-term procurement plan decision to "meet the identified reliability constraint identified by the CAISO" and "use the most up-to-date effectiveness ratings.

Consistent with CAISO's transmission planning process, the CAISO also noted that demand response resources reasonably need to be able to respond within 20 minutes following notification to be effective for local capacity needs. The 20-minute maximum response time is based on NERC requirements in positioning a system post-contingency to be prepared for the next contingency.¹² NERC standards call for the system to be repositioned within 30 minutes of the initial event,¹³ and time must also be allowed for transmission operator decisions and communication.

SCE consulted with the CAISO to ensure that the selected RFO resources would meet local and system resource adequacy criteria, which, in turn, are based on state and federal requirements. As a result of the consultations, the CAISO was able to ensure that the selected RFO resources do in fact meet system needs. The consultation was consistent with the Commission's directive in D.13-02-015.

IV. Conclusion and Recommendation

The CAISO's local capacity requirement analyses show that the procured RFO resources will help maintain the reliable operation of SCE's electrical service and that the results are consistent with the procurement authorizations in D.13-02-015 and D.14-03-004. In addition, SCE's consultations with the CAISO during the RFO process were

¹² Exhibit CAISO-2, Exhibit 1, p. 149.

¹³ See NERC standards TOP-004 and TOP-007.

consistent with the Commission's directives and necessary to ensure that the selected resources met identified capacity needs. Based on this, the Commission is recommended to approve the results of SCE's 2013 RFO for the Western LA Basin.

Respectfully submitted

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