

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

In the Matter of the Application of San Diego Gas &
Electric Company (U 902 E) for a Certificate of Public
Convenience and Necessity for the Sunrise Powerlink
Transmission Project.

Application 06-08-010
(Filed August 4, 2006)

**UCAN AMENDED COMMENTS ON THE REVISIONS TO THE
GRUENEICH ALTERNATE DECISION**

On November 25th, UCAN submitted initial comments to Commissioner Grueneich's revised version of Section 19 of her AD. Based upon subsequent filings by parties (including ex parte notices), UCAN now timely submits this errata and amendment to its Comments on the revised Section 19. Both sets of comments have been filed on or before December 1st and therefore comply with the Commissioner's directive to parties.

1. Errata to the November 25th comments

On p. 2 of UCAN's previous comments filed on 11/25, in the first of five bullets after "UCAN notes," the phrase "is for SDG&E's renewable procurement" should read "for forecasted new Imperial Valley renewable generation."

2. Governor's Executive Order

As various parties have already pointed out in comments, Governor Schwarzenegger has issued an Executive Order calling for a 33% RPS target. The Governor's Order is relevant to Section 19's call for SDG&E to demonstrate that SDG&E confirm the development of thousands of gwh of new renewable generation developed due to Sunrise. Failure to confirm this would imperil the attainment of the 33% RPS target and violate the Order.

The actual language of the Order is instructive. On page 1, the Order calls for state agencies to "take all appropriate actions to implement this [33% by 2020] target in *all* regulatory proceedings." Commissioner Grueneich's 8000 gwh/year pre-condition in revised Section 19 appears to be an implementation of the Governor's directive to take "appropriate action to implement this target" UCAN's proposed revision of Section 19 to have a target closer to 14,700 gwh/year is an even more appropriate action, given that the record in this case shows 14,700 gwh/year of new Imperial Valley IV renewables (by 2015!) as the level associated with meeting a 33% target in 2020.¹

UCAN submits that the CPUC has an affirmative duty under the Governor's Executive Order to include stringent compliance conditions requiring SDG&E to use Sunrise for renewable. To do otherwise runs the risk of the CAISO and others assuming that fewer non-Imperial Valley renewable resources are needed because the Sunrise line will lead to 2800 Mw of new renewables in the Imperial Valley, then the IV renewables not materializing, and then the 33% RPS target not being met. SDG&E has amply demonstrated its commitment to getting Sunrise built. Conditioning Sunrise approval on a demonstration of the reality of the assumptions underlying that approval will make SDG&E extend that commitment to getting new renewable generation built in the Imperial Valley, consistent with the Governor's Executive Order.

3. SDG&E's reply comments confirm the reasonableness of UCAN's call to amend the 8000 gwh/year figure in revised Section 19 to 14,000 gwh/year or more

SDG&E's reply comments asserted that "by 2015 Sunrise would facilitate the development of 900 MW of solar thermal and 1,000 MW of geothermal resources, resulting in an additional 9,900 GWh of renewable generation from the Imperial Valley."² SDG&E's comments neglected to mention that the 9900 gwh/year it touts is on top of 4800 gwh/year from not-yet-built IV renewables that will be deliverable without Sunrise.³ SDG&E's reply comments, and the page of CAISO testimony that its

¹ Ex. I-2, Table 4.7, sum of 9.9 TWh/year for "Imperial – Sunrise" and 4.8 TWh/year for "Imperial Path 42. 9.9 + 4.8 = 14.7 Twh/year. 14.7 Twh/year = 14,700 gwh/year.

² SDG&E, 11/25 reply comments, p. 3, citing Orans, Ex. I-2, Table 4.7 at 65; and also AD at 67-70 and Table 2.

³ Orans, Ex. I-2, Table 4.7 at 65, "Imperial Path 42" line.

cites, confirm that SDG&E and the CAISO both are relying upon some 14,700 gwh/year of new Imperial Valley renewable resources to be part of meeting a 33% RPS standard if Sunrise is approved. So based upon SDG&E's own arguments, the 8000 gwh/year standard proposed in Commissioner's Grueneich's revised Section 19 is too low. If the Revised Section 19 is going to be adopted by the Commission, the 8,000 gwh per year figure should be amended to about 14,700 gwh per year to be consistent with the record and the representations of SDG&E and the CAISO.

4. Sunrise approval conditions should also include commitments from IID that it will build necessary interconnections to the CAISO.

UCAN proposes that the Commissioner consider a supplement to Section 19 which would require SDG&E to identify what CAISO-IID transmission reinforcements will be necessary to deliver to the CAISO, and provide a demonstration of a commitment by a transmission provider to pay for and build the required reinforcements if the resources identified to meet the Section 19 annual new Imperial Valley renewable energy production requirement (be it 8,000 gwh/year or 14,000 gwh/year or some other number adopted by the Commission) include more than 3500 gwh per year of new renewable generation that must be wheeled through the IID system to reach the CAISO.

The CAISO has assumed in its modeling that over 14,000 gwh of new Imperial Valley renewable generation will be built and delivered to loads if Sunrise is approved. But just building Sunrise is not enough to deliver that much new renewable generation. Interconnections will also be necessary to deliver generator output to the interconnected grid, and to deliver generator output from the IID system to the CAISO. Deliveries from generators to the grid are addressed through interconnection procedures, and UCAN is not addressing them here. But when the "grid" in question is the IID grid, which is outside the CAISO control area, delivery to the grid is not enough.

The CAISO and SDG&E have acknowledged this dilemma. In response, each of them assumed that new geothermal developments interconnected to the IID grid will also

trigger new IID system improvements to strengthen the IID-CAISO interconnection.⁴ Without those interconnections, there is no basis in the evidentiary record the Commission to conclude that new geothermal projects (or any other projects initially connected to IID) will be able to deliver to the CAISO grid at the Imperial Valley substation. Thus, a mere showing of commitments to build and generate 14,000 gwh/year of renewable energy per year (or 8,000 gwh/year as in the current version of Section 19) provides no assurance that Sunrise will carry any of it, or that CAISO customers will receive any of it.

The current record includes a commitment by IID to expand its ability to deliver renewable generation to the Imperial Valley substation by 400 Mw,⁵ which corresponds to some 3500 gwh/year.⁶ That is substantially less than either the 8000 gwh/year requirement in the revised Section 19 or the 14,000+ gwh/year recommended by UCAN.

It is for this reason that UCAN proposes that Section 19 require SDG&E to identify what CAISO-IID transmission reinforcements will be necessary to deliver to the CAISO, and must provide a demonstration of a commitment by a transmission provider to pay for and build the required reinforcements. During the Sunrise proceeding, IID identified a concern that a northern Sunrise route could cause IID transmission assets to be stranded. The Commission needs to be equally concerned that a southern Sunrise route without IID transmission expansion could result in much of the Sunrise investment being stranded.....unless the Commission is prepared for Sunrise to serve as a fossil-fuel conduit in contravention of the Governor's executive order.

5. SDG&E ex parte objections to revised Section 19

In ex parte notices sent to the parties on the late afternoon of November 25th, SDG&E reported upon ex parte meetings held on November 20th with Commissioner advisors. In the notices, SDG&E describes the 8000 gwh/year condition contained in revised Section 19 as unacceptably onerous because it would make SDG&E meet 54% of

⁴ See, e.g., Ex. SD-6, Chapter IV, Appendix IV, p. IV-37, Table 27, showing a variety of assumed IID system additions including 40 miles of new/upgraded 230 kV lines from Highline to El Centro to Imperial Valley.

⁵ IID comments on revised Section 19, p. 3, citing Ex. ID-3, p. 5.

⁶ $400 \text{ Mw} \times 8760 \text{ hrs/year} \times 1 \text{ gwh/1000 Mwh} = 3504 \text{ gwh/year}$.

its load with renewables. This statement is blatantly wrong. SDG&E's complaint is irrelevant because it presumes that SDG&E would be responsible for purchasing all of the 8,000 gwh/year, which Section 19 clearly does not do. Moreover, SDG&E's complaint that Sunrise will cause it to be too reliant on renewables contradicts its claims elsewhere in the record (and to the public) that Sunrise is desirable because it will trigger massive renewable development. The Commission should disregard SDG&E's ex parte arguments, and rely on the record. If SDG&E expects lots of new renewables due to Sunrise, and the economic viability of Sunrise depends on them as well, then revised Section 19 is correct in requiring SDG&E to honor its pledge and the CAISO's renewable projections.

UCAN suspects that SDG&E is tacitly complaining that Imperial Valley renewables are not really cost-effective after all, and so it doesn't want a lot of them.⁷ If that is the case, the Commissioners are justified in pausing to consider the cost implications; Sunrise isn't cost-effective then Commission should reject **it**.

There's another problem with SDG&E's ex parte argument, even if its facts were accurate. SDG&E says that Sunrise is going to be around for 58 years.⁸ So Sunrise would position SDG&E to acquire more renewables than it needs at present. With the TREC decision cited in revised Section 19, SDG&E could sell any early-year surplus to SCE and PG&E, since (according to SDG&E and the CAISO) the Imperial Valley renewables will be cheaper than renewables from other places.

The preceding paragraphs have argued that, even if the Commission forced SDG&E to become 54% reliant on renewables, that would not be a reason to reject revised Section 19's conditions. But the truth is that revised Section 19 does no such thing. The 8000 gwh per year test (14,000+ gwh/year if UCAN's proposed change to Section 19 is adopted) is not a requirement for SDG&E purchases. The record in this case is based on CAISO-wide benefits of Sunrise, and the costs of Sunrise will be spread CAISO-wide under the CAISO's TAC.⁹ There is nothing in the revised Section 19

⁷ UCAN's 11/20 comments on the PD and AD addressed this issue previously, showing that, based on the record, Imperial Valley renewables plus Sunrise will cost about \$400 million per year more than forgoing both Sunrise and the associated renewables.

⁸ Ex. SD-143.

⁹ Although the profits on the Sunrise rate base will flow solely to SDG&E shareholders.

limiting the purchasers of the 8000 gwh/year to SDG&E, or even to LSE's within the SDG&E distribution area. Indeed, revised Section 19 specifically discusses an all-party RFO that would allow contracts with SCE and PG&E.

6. An 8000 gwh/year condition would use less than half of the physical capacity of Sunrise

One of the myths perpetuated by SDG&E in its comments (and presumably in its private ex parte meetings) is how Sunrise would increase its firm import capacity by 1000 Mw. However, that number is irrelevant to the ability of Sunrise to import renewables. As far back as Exhibit SD-2 (SDG&E's original 2005 testimony re purpose and need of Sunrise), SDG&E acknowledged that the physical capacity of the Sunrise lines and associated facilities will be 2000 Mw. On p. II-4 it said that the 500 kV line will have a thermal rating of about 2000 Mw and the two Central sub transformers will be rated at 1120 MVA each. On p. II-5 it said that the two 230 kV lines from Central to Sycamore Canyon will be rated at 1000 Mw each. This confirms that the physical transfer capability of Sunrise with all facilities in service will be about 2000 Mw, as UCAN wrote in its comments last week on revised Section 19.

8000 gwh/year corresponds to 913 Mw on a continuous basis.¹⁰ Thus, even if Sunrise's construction led to development of 8000 gwh/year of new Imperial Valley renewable energy that would not have occurred otherwise and even if 100 percent (**all**) of that 8000 gwh/year flowed over Sunrise, it would load Sunrise on average to under 46 percent of its physical capacity.¹¹

7. A 14,700 gwh/year condition would be equivalent to less than 84 percent of the physical capacity of Sunrise.

14,700 gwh/year corresponds to 1678 Mw on a continuous basis.¹² Thus, even if Sunrise approval led to development of 14,700 gwh/year of new Imperial Valley renewable energy that would not have occurred otherwise, and even if 100 percent of that

¹⁰ 8000 gwh/year x 1 year/8760 hours x 1000 Mwh/ 1 gwh = 913.2 Mw.

¹¹ 913 Mw/2000 Mw = 0.4565 = 45.65%.

¹² 14,700 gwh/year x 1 year/8760 hours x 1000 Mwh/ 1 gwh = 1678.1 Mw.

14,700 gwh/year flowed over Sunrise, it would load Sunrise on average to under 84 percent of its physical capacity.¹³ In reality, of course, adding 14,700 gwh per year of new Imperial Valley renewable generation would result in fuller use of otherwise unused capacity on Path 42 (IID-SCE), SWPL (Imperial Valley-Miguel and Imperial Valley-Palo Verde), and Path 44 (Imperial Valley-Mexico and Mexico-Miguel), as well as increased flows over Sunrise, so that the share of the 14,700 gwh/year flowing over Sunrise would be much less than 84 percent of the Sunrise line's physical capacity.

Respectfully submitted,

Dated: December 1, 2008

/s/

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CERTIFICATE OF SERVICE

I hereby certify that I have this day served a copy of the foregoing **UCAN AMENDED COMMENTS ON THE REVISIONS TO THE GRUENEICH ALTERNATE DECISION** on all parties identified in A.06-08-010 on the attached service list by electronic mail and by overnight mail to the assigned Commissioner(s) and Administrative Law Judge(s). Dated at San Diego, California, this 1st day of December, 2008.

/s/

Laura Impastato

¹³ 1678 Mw/2000 Mw = 0.839 = 83.9%.

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