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BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking to Consider Refinements to and Further Development of the Commission's Resource Adequacy Requirements Program.

Rulemaking 05-12-013
(Filed December 15, 2005)

Order Instituting Rulemaking to Integrate Procurement Policies and Consider Long-Term Procurement Plans.

Rulemaking 06-02-013
(Filed February 16, 2006)

ASSIGNED COMMISSIONER'S RULING ADDRESSING ELECTRIC RELIABILITY NEEDS IN SOUTHERN CALIFORNIA FOR SUMMER 2007

1. Summary

In the captioned dockets and in other pending proceedings, this Commission is working with partners including the California Independent System Operator (CAISO), the California Energy Commission (CEC), regulated entities, and other stakeholders to develop and enhance the electric infrastructure so that it meets California's growing need for reliable, cost-effective, and environmentally sound electric service. Significant progress has been achieved since the electric market disruptions of 2000-2001, and the procedural steps needed to maintain this progress are well under way.

In light of recent events, I find it is necessary to take additional action. The heat storm that hit California in July 2006, and the surprising growth in electricity demand throughout the state that had become evident even before the heat storm, have exposed certain vulnerabilities in the electric generation and

transmission infrastructure that require immediate attention to assure reliability in 2007, particularly in parts of southern California. Accordingly, as set forth in more detail below, I direct Southern California Edison Company (SCE) to expand its Air Conditioning Cycling Program (ACCP, also referred to as Summer Discount Plans) to target an additional 300 megawatts (MW) of program capacity for the summer 2007 season. In addition, SCE should pursue the development and installation of up to 250 MW of black-start, dispatchable generation capacity within its service territory for summer 2007 operation. In connection with this added generation capacity, I invite SCE to file an advice letter to establish a memorandum account in which it would record the acquisition and installation costs.

2. Background

In the captioned rulemaking dockets and in predecessor proceedings initiated in the wake of the energy crisis of 2000-2001, this Commission has established policies for procurement of electric generation by investor-owned utilities (IOUs) and by other load-serving entities (LSEs) subject to the Commission's jurisdiction.¹ Throughout these proceedings, a fundamental goal of the Commission has been assuring that Californians served by these LSEs receive reliable electric service through cost-effective, environmentally sound, sustainable, and competitive procurement of electric generation capacity. Key elements of this procurement regime include the following:

¹ The Commission has found that the service territories of the three largest electric IOUs in California account for approximately 80% of California's electricity usage.

- The California Energy Action Plan (EAP II), which establishes a preferred loading order of resources, beginning with energy efficiency and demand response.
- Review and approval of the IOUs' Long Term Procurement Plans (LTPPs) in conjunction with the CEC's demand forecast.
- Establishment of Resource Adequacy (RA) procurement obligations whereby each jurisdictional LSE must acquire the resources needed to serve its own customer load plus a 15%-17% planning reserve margin.

3. Discussion

I am confident that the adopted procurement regime, described above, is successfully meeting California's electric system needs and will continue to do so. I recognize, however, that the LTPP and RA programs are still under development and that the adopted program elements have not been in place for sufficient time to bear full fruit. Despite the Commission's ongoing efforts to assure that adequate operating resources are made available to the CAISO at the times and places the CAISO needs those resources for electric grid operations, it is critical that we continually monitor system developments and be prepared to act as necessary.

Last month's heat storm, and the evident and surprising growth in demand that had occurred even before the heat storm, give rise to the need for further action. The CAISO's assessment for the summer of 2006 indicated that it could handle a demand in excess of 48,000 MW, close to what demand was forecasted to be under extreme temperatures that materialize once every

10 years, with limited to no impact on firm load customers.² However, the CAISO reports, the peak demand during that heat wave was 51,000 MW, well above any of the scenarios it had assumed in its assessment.³ As the CAISO notes, that was over 12% higher than last year's record, 6% higher than the worst case scenario the CAISO analyzed in its assessment, and 38% higher than the peak demand of the crisis year 2001; it represents the demand forecasted not to appear until five years from now.⁴ Across the CAISO's service area, weighted average temperatures ranged between 106 and 110 degrees Fahrenheit on various days, something California and the West have not experienced in recent history; these temperatures were higher than anything recorded in the 30-year history of the temperature models used by the CAISO.⁵ Also, staff informs me, the demand forecasts used to plan for resource needs in California may not have fully incorporated the impacts of recent population growth in the warmer inland areas of California.

The good news for California is that the right policies were put in place in recent years, and all parties pulled together during the recent heat storm with the result that the CAISO was able to meet the resulting reliability challenge. Looking ahead to next summer, however, I am persuaded that additional steps should be taken now to assure reliability. While there is no way at this time to determine whether the unusually high temperatures experienced this summer in

² See Prepared Statement of Yakout Mansour, President and Chief Executive Officer of CAISO, before the California State Senate Committee Governmental Organizations, dated August 9, 2006. The statement is available at the CAISO's website.

³ *Id.*

⁴ *Id.*

⁵ *Id.*

California and much of the nation are the product of global climate change trends, it is prudent to go forward with the expectation that a repeat of this summer's experience, and/or a continuation of the unexpectedly high growth in overall demand, are possible in 2007. The CAISO advises that the situation is particularly severe in southern California.⁶ Recognizing that time does not allow for development of large new projects between now and next summer, the CAISO recommends that the Commission take steps to direct IOUs to develop

... a combination of quick-start generation and demand response opportunities that can be developed over the next six to twelve months to increase available supply at the peak hours and enhance grid reliability.⁷

Accordingly, in response to critical near-term needs in southern California that have been recently identified by the CAISO, I take the following actions.

First, consistent with the preference to be accorded to demand response programs under EAP II, I direct SCE to target an additional 300 MW of ACCP program capacity for the summer 2007 season. SCE is directed to determine if shifting existing demand response funds can cover the costs of the additional 300 MWs or if additional funds (incremental to those previously approved in D.06-03-024) are necessary. SCE is directed to provide this information to the Commission via the process outlined in A.05-06-006, *et al.*⁸

⁶ See letter from Yakout Mansour, President and Chief Executive Officer of CAISO, dated August 9, 2006. A copy of the letter is attached to this ruling.

⁷ *Id.*

⁸ On August 9, 2006 I issued an Assigned Commissioner Ruling in A.05-06-006, *et al.*, directing the IOUs to submit proposals August 30, 2006 to expand their existing demand response programs.

Second, I direct SCE to pursue new utility-owned generation that can be online in time for summer 2007. I take this action out of concern that SCE's current, ongoing Request for Offer (RFO) process may not be completed in time for summer 2007 needs. As I noted earlier, competitive IOU procurement processes are key elements of the Commission's procurement regime. As it goes forward with its RFO, SCE should not reduce the amount of capacity it contracts for through the RFO due to development of generation specified in this ruling. Additionally, SCE should promptly evaluate any offers of resources similar to those covered in this ruling that may be online by August 1, 2007. Should SCE consider any such offers potentially viable, it should make best efforts to reach agreement with the bidders and file a request for contract approval with the Commission by November 15, 2006. The Commission will target action on any such requests not later than January, 2007. Offers considered by SCE but not deemed August 1-capable, and offers SCE is unable to reach agreement on before November 15, 2006, should continue to follow the schedules and procedures laid out in the RFO. I would expect contracts filed by SCE pursuant to this section to contain financial guarantees of operation on or before August 1, 2007.

To avoid undue impacts on the ongoing RFO process, SCE should pursue development of not more than five non-RFO generation units. Such units should be black-start capable and dispatchable, and should bring collateral benefits to SCE's transmission and distribution system as well as the CAISO grid.

It does not appear possible for SCE to develop and for the Commission to consider proposals for ratemaking treatment of the costs of developing and installing the utility-owned generation described above prior to the time such generation would be installed. Accordingly, I invite SCE to file an advice letter to establish a memorandum account to record the acquisition and installation

costs of such generation facilities. Because of the urgent need for capacity for summer 2007 and the unusual steps being taken in this ruling, SCE may choose in its later rate application to request, and the Commission may wish to consider, for resources built pursuant to this ruling, different ratemaking treatment than that established in D.06-07-029 for utility-owned resources.

In this ruling I have focused on actions that are to be undertaken by SCE in light of the CAISO's stated concern about reliability in southern California. As a precaution to assure reliability throughout the service territories of all of the IOUs, I will direct Pacific Gas and Electric Company and San Diego Gas & Electric Company to submit reports in the LTPP proceeding addressing the need for similar actions in their territories, particularly with respect to air conditioning cycling.

This ruling is being issued in R.05-12-013 and R.06-02-013 because of the related subject matter; however, these proceedings are not consolidated.

IT IS RULED that:

1. In order to address and resolve potential resource inadequacies that could affect reliability in southern California in the summer of 2007, Southern California Edison Company (SCE) is directed to take necessary steps to expand its demand response programs and to develop black-start, dispatchable resources in accordance with the foregoing discussion.

2. Not later than 15 days from the date of this ruling, Pacific Gas and Electric Company and San Diego Gas & Electric Company shall file reports in Rulemaking 06-02-013 addressing the need for actions in their territories similar to those addressed in this ruling with respect to SCE, particularly with respect to air conditioning cycling.

R.05-12-013, R.06-02-013 MP1/MSW/sid

3. In addition to the service lists in the captioned dockets, a copy of this ruling shall also be served on the service list in Application (A.) 05-06-006, A.05-06-008, and A.05-06-017.

Dated August 15, 2006, at San Francisco, California.

/s/ MICHAEL R. PEEVEY

Michael R. Peevey
Assigned Commissioner



View Point 1 Before



View Point 1 After



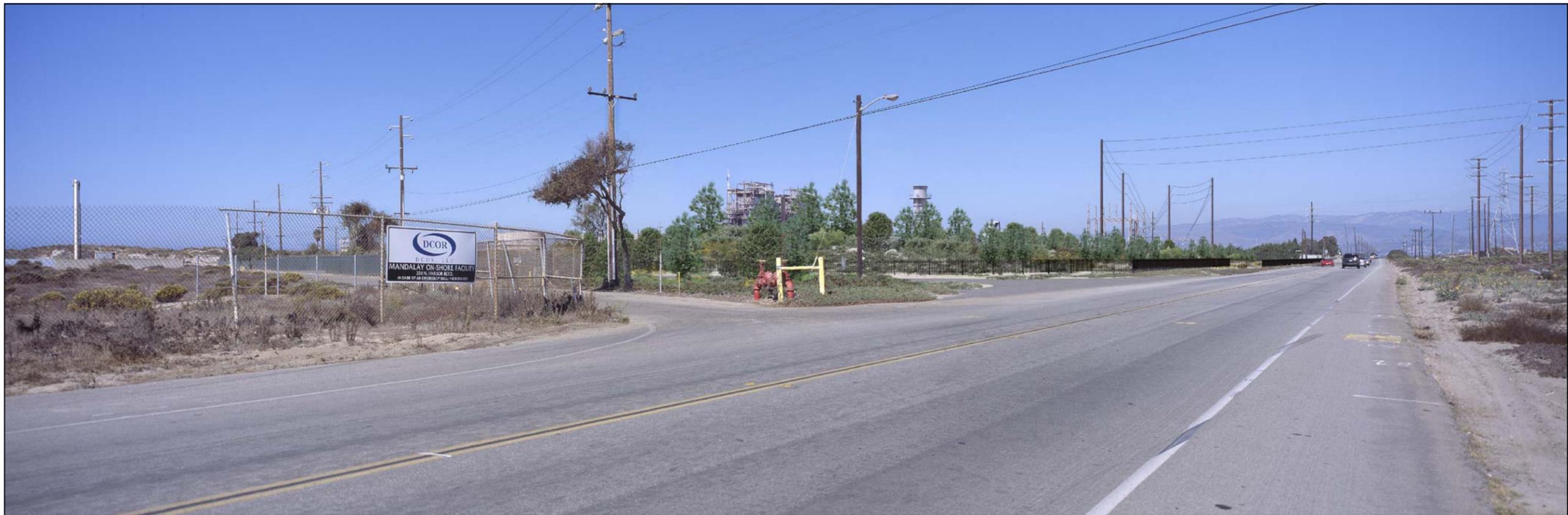
View Point 2 Before



View Point 2 After



View Point 3 Before



View Point 3 After



- VP-18
- VP-17
- VP-16
- VP-15
- VP-14
- VP-13
- VP-11
- VP-10
- VP-9
- VP-8
- VP-7
- VP-6
- VP-5
- VP-4
- VP-3
- VP-2
- VP-1

Image NASA

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Google

lat 34.211014° lon -119.251407°

elev 23 ft

Nov 2004

Eye alt 15088 ft





VP-01 - before



VP-01 - after



VP-05 - before



VP-05 - after



VP-06 - before



VP-06 - after



VP-07 - before



VP-07 - after



VP-09 - before



VP-09 - after



VP-13 - before



VP-13 - after



February 17, 2009

Mr. Cassidy Teufel
California Coastal Commission
45 Fremont Street, Suite 2000
San Francisco, CA
94105-2219

Re: Appeal No. A-4-OXN-07-096 (Southern California Edison Company, McGrath Beach "Peaker" Power Plant)

Dear Mr. Teufel:

Enclosed is a revised landscaping plan with narrative for the proposed project and updated visual simulations from Harbor Boulevard to replace those previously sent to you dated February 4, 2009. The revised plan incorporates native trees approved by U.S. Fish and Wildlife Service staff, which more effectively screens the facility from the east while dissuading corvids and other predatory birds from perching. We believe this change responds to the Commission's stated desire to reduce the visual impact of the facility to the maximum extent possible, while still protecting endangered bird species. All simulations and the landscape plan are also provided as digital files on the enclosed CD.

Please call or e-mail me if you should have any questions.

Sincerely,

David W. Kay
Manager of Environmental Projects

Enclosures

EXHIBIT NO. 4 Application A-4-OXN-07-096 So. Cal. Edison

**McGRATH BEACH PEAKER
LANDSCAPING AND RESTORATION PLAN
February 20, 2009**

LANDSCAPING GOALS

The goals of the site landscaping plan are to: (1) create a visual barrier to screen the peaker development from motorists traveling on Harbor Boulevard east of the project site and from residents in the Northshore housing development; (2) restore vegetation in areas temporarily disturbed during construction; (3) plant new vegetation to offset any permanently removed during construction, (4) prevent non-native vegetation from reestablishing in restored/planted areas, and (5) remove invasive iceplant from the 37 acres of SCE owned land east of Harbor Blvd. All will be achieved through the use of California native plant species that are compatible with and presently occur in local plant communities.

Peaker Site

The proposed peaker site landscape plan is included as Attachment A. It has been reviewed by the biologist that conducted the restoration activities for the adjacent Mandalay Beach property to ensure its compatibility. It also employs a plant palette approved by U.S. Fish and Wildlife Service (USFWS) staff through verbal consultation.

The landscape plan calls for removing the existing chain link fence along Harbor Blvd. and replacing it with a shorter decorative fence to prevent public access. A new chain link fence will be installed behind the landscaped area to limit access to the peaker equipment site. In order to provide maximum screening of the project, a six foot high berm will be constructed and densely planted with a selection of locally-occurring California native ground covers, shrubs, and trees.

Tree species were selected in consultation with USFWS and possess dense foliage that does not provide nesting or roosting habitat for bird species that might prey on locally occurring nesting colonies of rare birds, such as California least tern and western snowy plover. Both of these species nest on the coastal strand on the west side of the dune field that parallels the coast, to the west of the project site. There was concern that planting trees that could provide additional habitat for corvids (ravens and crows) and raptors (i.e., hawks, falcons, etc.) could result in a negative impact on the nesting success of the species of concern. This plan was developed to address this concern.

The existing plantings on the southern edge of the SCE site consist of invasive exotic species that will be eradicated to prevent their spread into natural habitats within the adjacent Mandalay State Beach property. Current plantings include approximately 5,200 square feet (40 ft. by 130 ft.) of Hottentot fig (*Carpobrotus edulis*), myoporum (*Myoporum laetum*) and blue gum trees (Eucalyptus species) on the southeast corner of the property, which continues to the west along the southern property line.

Gas and Transmission Line Temporary Impact Sites

In addition to the peaker site landscaped area, in areas east of Harbor Boulevard where temporary construction disturbance occurs, a non-irrigated native hydroseed mix shall be developed and applied

just prior to the rainy season to re-establish native vegetation and decrease the spread of non-native exotics. The total area temporarily impacted by construction will be less than 0.83 acre.

The areas disturbed by pipeline and transmission line activities will also be treated to remove existing invasive species and prevent their reestablishment. Areas dominated by weed species that have been graded or trenched will have the vegetation removed and properly disposed of to eliminate seeds, roots, and stems present in the soil. If the plants to be removed are in seed, care will be taken to prevent the seeds from being distributed.

Permanent impact areas are limited to the new manhole/vault cover for the gas pipeline tie-in valve, the footprints of three (3) new wood poles, and the expanded footprint of one (1) existing pole to be replaced with a steel pole employing a larger concrete footing. The total permanent impact area is only about 93 square feet. Since the areas of temporary impact are presently either bare ground or vegetation is substantially non-native or invasive, the reseeding and revegetation of temporary impact areas (<0.83 acres, or approximately 36,000 square feet) will significantly exceed this small permanent impact area. Therefore, no additional areas are proposed be restored to offset the permanent impacts.

Removal of Iceplant on SCE-Owned Land East of Harbor Boulevard

The remaining undeveloped areas of the two SCE-owned parcels east of Harbor Blvd. will be voluntarily enhanced by removal of all invasive iceplant. This will be accomplished by a combination of solarization for large, contiguous areas of iceplant and targeted herbicide spot-treatment of small patches of iceplant mixed with natives. Dead iceplant will be left in place to decompose to prevent wind and water soil erosion while native vegetation naturally re-establishes in these areas. Experience with these methods on other dune restorations demonstrates that slowly decomposing iceplant does not inhibit the establishment of native vegetation compared to manually removing the dead iceplant.

Annual monitoring will ensure that iceplant does not reestablish in any previously cleared areas.

IRRIGATION SYSTEM (PEAKER SITE ONLY)

The irrigation system will be designed to minimize water use while encouraging the establishment of the selected California native species. The best irrigation system for native plants is an overhead sprinkler system that can deliver water droplets that simulates rainfall to the plant root zone and the surrounding soil area to encourage root development. This method also provides the best strategy for keeping the plants leaf surface clean to allow healthy plant respiration and transpiration as well as establishing seeded grasses and small shrubs.

The landscape plan will incorporate a zoned overhead sprinkler system with an ET (“Evapotranspiration”) controller to minimize water use until the plants have been established. The ET controller will ensure climate based irrigation scheduling, so that watering only occurs when needed. It is anticipated that only a small amount of supplemental watering will occur during the dry season to keep the young native shrubs and seedlings alive until they can develop a mature root system capable of retrieving moisture directly from the soil profile. The zoned system will ensure that the proper amount of water is delivered to each species without over watering. The system will deliver more water to the larger root balls of the shrubs and less to the smaller seedlings.

The system will remain in place for 3 to 4 years with the frequency of operation decreasing every year until it can be abandoned. The exact length of installation will depend on the speed at which the plants establish themselves based on the natural precipitation levels.

FERTILIZERS, PESTICIDES AND HERBICIDES

The use of fertilizers, pesticides, and herbicides shall be minimized. Soil test shall be conducted prior to planting to determine the existing soil properties. Organic soil amendment and mulch shall be used in the initial planting procedure to supplement the existing soil to enhance the success of the planting. Mulch shall be guaranteed to be weed-free and shall not contain growth-inhibiting substances. Until the plants are established it may be necessary to apply low rates of natural organic fertilizer. Fertilizer will only be used when authorized by the Landscape Architect based on actual plant condition and soil tests. Only organic fertilizer will be used. Once the native plants have been well established, it is expected that the use of fertilizer will be discontinued.

A broadcast spray of Rodeo or other herbicide(s) suitable for use near wetlands may be used on the proposed Peaker Site landscape area as part of an initial “grow and kill” treatment to control invasive weeds contained in the imported soil. Existing habitats shall be protected against herbicide spray. Non-target plants shall be protected against contamination by spray drift. No herbicide applications shall be allowed when wind speed exceeds 5 MPH.

After the initial planting, herbicides will be used only as needed to eradicate weeds and non-natives if alternate methods are not effective. Herbicides will be applied only as spot treatments, and only directly on the areas where needed. Pesticides will not be used.

PERFORMANCE MONITORING

Monitoring Method: Quantitative monitoring of the peaker landscaped area, restored temporary impact areas and iceplant removal areas will be conducted using the line-intercept method to determine relative cover. Permanent transects will be established once construction is complete and all landscaping and irrigation has been installed. Monitoring will focus on the success of installed plants as well as general qualitative conditions, such as proper functioning of irrigation systems, herbivore, insect or disease problems, plant mortality and reduced vigor, vandalism, erosion, etc. Observations will be made to identify significant factors affecting plant survival and success of weed control. Photographs will be taken from at least one end of each transect to document changes during the monitoring period.

This method will document and quantify the relative abundance and dominance of:

- Planted or hydroseeded native species (except for iceplant removal areas);
- Natural recruitment of other native species; and,
- Weed growth or return of invasives.

Monitoring Schedule: Monitoring will commence following completion of planting. Four monitoring visits will be conducted during the first year after planting, with additional field checks after any large storm events. For years 2 through 5, two visits per year will be conducted, one each in spring and fall. This monitoring frequency provides sufficient oversight to correct minor problems before they become large problems, such as issues with individual plants (insects, herbivores, irrigation, etc), spot erosion, and weed infestations.

PERFORMANCE CRITERIA

The goal of the Peaker Site landscape plan is to create native vegetative cover as described in Table 1 below. Corrective actions may include replanting, weed control, and similar actions.

Table 1 – Landscape Performance Criteria

Monitoring Measure	Year 1	Year 2	Year 3	Years 4-5
Relative Native Cover (including natural recruits)	50%	60%	70%	80%
<10% non-native cover	<10%	<10%	<10%	<10%

The goal of the invasive plant removal program along the disturbed areas of the pipeline and transmission line corridors is to remove the existing non-native vegetation and discourage its re-establishment as described in Table 2.

Table 2 – Pipeline/Transmission Corridor Performance Criteria

Monitoring Measure	Year 1	Year 2	Year 3	Years 4-5
<10% non-native cover	<10%	<10%	<10%	<10%

The goal of the iceplant removal program on the undeveloped SCE land east of Harbor Blvd. is to remove the existing non-native iceplant and discourage its re-establishment as described in Table 3.

Table 3 – Iceplant Removal Performance Criteria

Monitoring Measure	Year 1	Year 2	Year 3	Years 4-5
<10% non-native cover	<10%	<10%	<10%	<10%

MAINTENANCE

Landscape Area Maintenance: The landscaped area will be maintained to assure proper care of the installed plants, including irrigation and on-going removal of invasive non-native plants. Exotic non-native plant species will be controlled for five years. Weeds will be removed by hand to minimize disturbance to the establishing vegetation. Herbicides and mechanical removal will be used only as needed, with spot treatment of herbicides only. The use of chemicals shall be minimized. Weed removal will occur as needed each year, generally most intensively in the early and late spring to eradicate small weed plants before they set seed and develop large roots.

If invasive species have not been reduced to a less than 10 percent cover after the first six to twelve months of exotic plant removal, the frequency and/or intensity of the eradication effort will be increased.

Pipeline and Transmission Line Construction Area Maintenance: The reintroduction of exotic non-native plant species into the areas disturbed by pipeline and transmission line construction activities will be controlled for five years.

If invasive species have not been reduced to a less than 10 percent cover after the first six to twelve months of exotic plant removal, the frequency and/or intensity of the eradication effort will be increased.

REPORTING

As-builts: An “as-built” of the completed work, including photographs, will be submitted to the Executive Director within 30-days of completion of the initial landscaping work.

Annual Reporting: Annual reports will be submitted to the Executive Director beginning the first year after construction of the permitted project. The reports will include an overview of project status, copies of field monitoring forms and photographs, and a Performance Evaluation that compares the status of the landscaping to the performance criteria. Reports will describe any corrective actions recommended by the monitor and conducted by the applicant. If appropriate (e.g., a “one-time” repair), the reports will describe the corrective action taken by the applicant otherwise (e.g., in the case of an on-going modification or repair best undertaken at a different season) the report will present a schedule for taking corrective action.

The first annual report will be submitted within one year of completion of planting at the site. Subsequent annual reports will be submitted by the end of December each year.

Final Report: A final report will be submitted by the end of December of the final monitoring year

