

BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF CALIFORNIA



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In the Matter of the Application of  
SOUTHERN CALIFORNIA EDISON  
COMPANY (U338E) for a Permit to  
Construct Electrical Facilities with Voltages  
between 50kV and 200 kV: Valley-Ivyglen  
115 kV Subtransmission Line Project.

Application 07-01-031

And Related Matters.

Application 07-04-028  
Application 09-09-022

**REPLY BRIEF  
OF THE OFFICE OF RATEPAYER ADVOCATES**

**I. INTRODUCTION**

In accordance with Rule 13.11 of the California Public Utilities Commission Rules of Practice and Procedure and the briefing schedule established for the above-captioned proceeding, the Office of Ratepayer Advocates (ORA) hereby submits its reply brief regarding Southern California Edison Company's (SCE) application for a Certificate of Public Convenience and Necessity (CPCN) to construct the Alberhill System Project (Alberhill) and for a Permit to Construct (PTC) the Valley-Ivyglen 115 kV Subtransmission Line Project (VIG).

ORA addresses certain arguments made by SCE in its opening brief regarding its demand forecast methodology. Silence on any issue should not be interpreted as agreement.

**II. SCE'S LOAD FORECAST SHOULD NOT BE RELIED ON TO JUSTIFY  
PROJECT NEED**

**A. SCE's Forecast Ignores the Downward Impact on Load  
Growth of Distributed Energy Resources**

Growth in distributed energy resources (DER), including energy efficiency, demand response, and distributed generation, depresses load growth. The impact of these resources must be factored into SCE's methodology to develop an accurate forecast of demand (or load forecast)

in the Valley South System.<sup>1</sup> While SCE states that it has “already accounted” for these factors in developing its forecasts, SCE acknowledges that in reality, these factors “are not specifically quantified ... because projects and programs that are currently operational are not considered future incremental additions.”<sup>2</sup> Indeed, as Forest Residents Opposing New Transmission Lines (FRONTLINES) notes, SCE discounts 90 percent of all Photovoltaic (PV)-based distributed generation capacity from its forecast.<sup>3</sup> Discounting or ignoring the impact of DER causes SCE’s load forecast to be too high.<sup>4</sup>

In contrast to SCE’s inaccurate load forecast estimates, the California Independent System Operator (CAISO) does account for DER in its load forecasts. For example, in its 2016-2017 Transmission Plan, the CAISO factored in “behind the meter” generation to offset peak demand.<sup>5</sup> Indeed, in both its 2015-2016 and 2016-2017 Transmission Plans, the CAISO canceled numerous transmission projects that it deemed as no longer needed based on assessments of reliability, deliverability and local capacity requirements.<sup>6</sup> Similarly, in a 2016 report, the California Energy Commission addressed the potential for avoided transmission and the benefits of avoided costs resulting from DER deployment.<sup>7</sup> Absent such considerations, SCE’s load forecast overstates the projected electrical demand.<sup>8</sup>

#### **B. SCE’s Load Forecast Is Not Based on Actual Historical Peak Data**

According to SCE, the impacts of DER programs are reflected in the historical peak demand data that SCE has used in its forecast.<sup>2</sup> As explained above, SCE has in fact discounted

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<sup>1</sup> See ORA Opening Brief, p. 2.

<sup>2</sup> SCE Opening Brief, p. 17, Ex. SCE-02, p. 13.

<sup>3</sup> See FRONTLINES Opening Brief, p. 19.

<sup>4</sup> See ORA Opening Brief, pp. 2-3.

<sup>5</sup> See ORA Opening Brief, p. 4.

<sup>6</sup> See ORA Opening Brief, pp. 2-3.

<sup>7</sup> See ORA Opening Brief, p. 3. See also Decision 16-12-064, *Decision Granting Certificate of Public Convenience and Necessity to San Diego Gas & Electric Company to Improve Reliability in Its South Orange County Territory*, issued Dec. 21, 2016, p. 7: “It is accepted practice to utilize load forecasts prepared by the California Energy Commission as the basis of demand analysis.”

<sup>8</sup> See FRONTLINES Opening Brief, p. 24: “These energy resources ... actually serve to *reduce* peak demand and ... when they are properly factored in, they render CAISO’s forecast and SCE’s forecast similar.”

<sup>2</sup> See Ex. SCE-02, p. 13.

or effectively ignored these resources in its forecast, thereby overstating expected load growth in the Valley South System. Moreover, as discussed below, SCE's numerous adjustments to its "recorded" peak demand data that serve as the starting point for its forecasts result in the projected demand being too high.

While SCE acknowledges the value of using actual, localized data in a load forecast,<sup>10</sup> SCE's own forecast is not based on actual historical values. In its prepared rebuttal testimony, SCE stated that "[o]n the peak day in 2016, SCE's recorded peak demand for the Valley "D" Section was 934 MVA [megavolt-amperes] prior to any adjustments."<sup>11</sup> However, through cross-examination of SCE's witness, it became evident that, in fact, there had been upward adjustments made to the "raw" values recorded by the substation meter that quantified the actual power flow through the Valley South transformers.<sup>12</sup> Thus, SCE's "recorded" peak demand was actually a calculated value "chosen to represent that year for planning purposes"<sup>13</sup> that was derived by making adjustments to the "raw" values.<sup>14</sup> Such adjustments included factoring out PV-based distributed generation which, as discussed above, skews the forecast upwards to overstate the "recorded" peak value. SCE then made further upward adjustments "to reflect the expected value under normal weather peak temperatures" and to reflect a 1-in-5 heat storm.<sup>15</sup> SCE's forecast is made even less reliable by its use of calculated rather than actual, objective data.

### **C. Load Growth in the Valley South System Is Declining**

Further indicating that SCE overstates project need, The Utility Reform Network (TURN) explains that SCE's own load forecasts show declining or flat load growth in the Valley

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<sup>10</sup> See SCE Opening Brief, p. 18: SCE asserts that the CAISO's forecast, which is based on a "top down" planning methodology, is "not representative of actual values that occur in localized and discrete areas."

<sup>11</sup> Ex. SCE-02, pp. 9-10.

<sup>12</sup> See, e.g., vol. 1 Reporter's Transcript (RT) 43:26-45:11, 57:3-19 (SCE/McCabe).

<sup>13</sup> 1 RT 89:19-90:13 (SCE/McCabe).

<sup>14</sup> See 1 RT 57:8-19 (SCE/McCabe): The "raw" values were adjusted to correct data capture error, adjust for abnormal system conditions or events, and factor out demand response and non-dependable generation (such as PV-based distributed generation).

<sup>15</sup> SCE-02, pp. 9-10.

South System.<sup>16</sup> This is consistent with the CAISO's 2016-2017 Transmission Plan, which shows that peak demand is decreasing in Valley South.<sup>17</sup> And current state policies to meet clean energy, clean air, and greenhouse gas reduction goals will continue to have a downward effect on electricity demand in the system.<sup>18</sup>

### III. CONCLUSION

SCE's flawed load forecast methodology does not provide a realistic projection of expected future demand and should not be relied on to support a finding of need for the Alberhill project. For the reasons stated above and in ORA's opening brief, ORA recommends that the Commission deny SCE's request for a CPCN for the Alberhill project and a PTC for the VIG project.

Respectfully submitted,

/s/ MARION PELEO

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<sup>16</sup> See TURN Opening Brief, pp. 21-25. See also TURN Opening Brief, p. 28: "While the CAISO's load forecast has also tended to be high, it has been more closely aligned to the SCE Recorded Load... The most recent CAISO load forecast has anticipated even a greater reduction in the growth to the point of a flat forecast for Valley South ENA and a declining forecast for the rest of the SCE system."

<sup>17</sup> See ORA Opening Brief, p. 4: The CAISO projected that net peak demand in the Valley South System would be 956 megawatts (MW) in 2021 and 950 MW in 2026. See also Ex. FRONT-01, p. 4 (Table 1) and FRONTLINES Opening Brief, p. 13: "...system peak demand will not exceed 950 MW over a 10-year planning horizon."

<sup>18</sup> See ORA Opening Brief, pp. 2-3.