

# CPUC Public Agenda 3378 Thursday, May 26, 2016 9:30 a.m. San Francisco, CA



Commissioners: Michael Picker, President Michel Peter Florio Catherine J.K. Sandoval Carla J. Peterman Liane M. Randolph





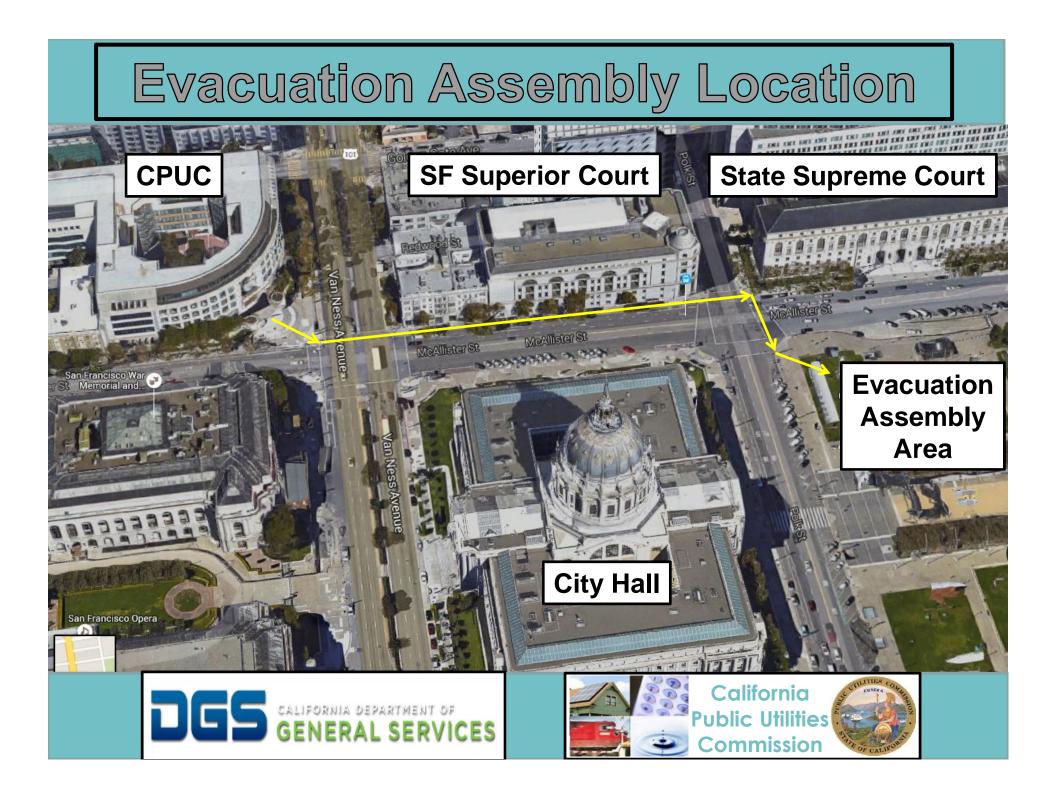
## The Pledge of Allegiance





"I pledge allegiance to the Flag of the United States of America, and to the Republic for which it stands, one nation under God, indivisible, with liberty and justice for all."







# **Public Comment**



- Per Resolution ALJ-252, any member of the public (excluding parties and their representatives) who wishes to address the CPUC about matters before the Commission must sign up with the Public Advisor's Office table before the meeting begins. If an individual has signed up using the electronic system on the Commission's website, they must check in with the Public Advisor's Office on the day of the meeting, by the sign-up deadline.
- Once called, each speaker has up to 3 minutes at the discretion of the Commission President. Depending on the number of speakers, the time limit may be reduced to 1 minute.
- A sign will be posted when 1 minute remains.
- A bell will ring when time has expired.
- At the end of the Public Comment Section, the Commission President will ask if there are any additional individuals who wish to speak. Individuals who wish to speak but did not sign up by the deadline, will be granted a maximum of one minute to make their comments.

#### Public Comment is not permitted on the following items:

- <u>41</u>
- All items on the Closed Session Agenda





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- A sign will be posted when 1 minute remains.
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# **Public Agenda Changes**

Items shown on the Consent Agenda will be taken up and voted on as a group in one of the first items of business of each CPUC meeting.

- Items on Today's Consent Agenda are: <u>1, 4, 5, 6, 7, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 29, 30, 31, 32, 33.</u>
- Any Commissioner, with consent of the other Commissioners, may request an item from the Regular Agenda be moved to the Consent Agenda prior to the meeting.
- **<u>No Item</u>** from the Regular Agenda has been added to the Consent Agenda.
- Any Commissioner may request an item be removed from the Consent Agenda for discussion on the Regular Agenda prior to the meeting.
- **<u>No Item</u>** has been moved to the Regular Agenda.
- Items 28, 41 has been withdrawn.
- The following items have been held to future Commission Meetings:

Held to 6/9/16: <u>2, 8, 27, 35, 35a, 37, 40, 42, 43, 44, 45, 46, 47, 48.</u> Held to 6/23/16: <u>3, 39.</u>





# **Regular Agenda**

- Each item on the Regular Agenda (and its alternate if any) will be introduced by the assigned Commissioner or CPUC staff and discussed before it is moved for a vote.
- For each agenda item, a summary of the proposed action is included on the agenda; the CPUC's final decision may, however, differ from that proposed.
- The complete text of every Proposed Decision or Draft Resolution is available for download on the CPUC's website: <u>www.cpuc.ca.gov</u>.
- Late changes to agenda items are available on the Escutia Table.





## **Regular Agenda – Energy Orders**

Item # 34 [14591] – Approving, in Part, Results of Southern California Edison Company's Local Capacity Requirements Request for Offers for Moorpark Sub-Area Pursuant to Decision 13-02-015

A14-11-016

Ratesetting

**Comr Florio - Judge DeAngelis** 

#### **PROPOSED OUTCOME :**

- Approves the results of the request for offers (RFO) conducted by Southern California Edison Company (SCE) pursuant to Decision (D.) 13-02-015 issued in Rulemaking 12-03-014 with certain exceptions.
- Determines that further consideration of the Puente Project contract should occur after the environmental review by the California Energy Commission.
- Denies, without prejudice, the Ellwood contract and the related storage contract which were presented in this proceeding for approval although the Ellwood contract was not part of the need determination in D.13-02-015.
- With these exceptions, SCE has reasonably complied with the requirement in D.13-02-015 to hold an RFO for the Moorpark sub-area. SCE shall, however, continue to procure via any procurement mechanisms to meet, at least, the minimum procurement amounts adopted in D.13-02-015.
- This proceeding remains open for further consideration of procurement in the Moorpark sub-area, including the Puente Project.

### **SAFETY CONSIDERATIONS :**

• Additional safety consideration may be identified in the review by the California Energy Commission in CEC Docket 15-AFC-01 (Application for Certification of Puente Project by NRG Energy Center Oxnard, LLC.)

### ESTIMATED COST :

• Actual costs of the power purchase contracts are confidential at this time.





## Item # 34a [14592] – Commissioner Florio's Alternate to Item 14591

A14-11-016

#### Ratesetting

**Comr Florio** 

#### **PROPOSED OUTCOME :**

- Approves the results of the request for offers (RFO) conducted by Southern California Edison Company (SCE) pursuant to Decision (D.) 13-02-015 issued in Rulemaking 12-03-014 with one exceptions.
- Determines that further consideration of the Puente Project contract should occur after the environmental review by the California Energy Commission.
- Approves the Ellwood contract and the related storage contract, presented outside of the D.13-02-015 need determination.
- With these exceptions, SCE has reasonably complied with the requirement in D.13-02-015 to hold an RFO for the Moorpark sub-area.
- This proceeding remains open for further consideration of procurement in the Moorpark sub-area, including the Puente Project.

#### **SAFETY CONSIDERATIONS :**

• Additional safety consideration may be identified in the review by the California Energy Commission in CEC Docket 15-AFC-01 (Application for Certification of Puente Project by NRG Energy Center Oxnard, LLC.)

#### ESTIMATED COST :

• Actual costs of the power purchase contracts are confidential at this time.





### Item # 34b [14659] – Commissioner Peterman's Alternate to Item 14591

A14-11-016

Ratesetting

**Comr Peterman** 

### **PROPOSED OUTCOME :**

- Approves NRG Energy Center Oxnard, LLC (NRG), Puente Project contract.
- Defers a decision on Southern California Edison Company's Ellwood refurbishment contract to a subsequent decision in this docket.

### **SAFETY CONSIDERATIONS :**

 Additional safety consideration may be identified in the review by the California Energy Commission in CEC Docket 15-AFC-01 (Application for Certification of Puente Project by NRG Energy Center Oxnard, LLC.)

### **ESTIMATED COST :**

• Actual costs of the power purchase contracts are confidential at this time.





### Item # 36 [14721] – Compensation to Small Business Utility Advocates

A13-11-003

Application of Southern California Edison Company for Authority to, among other things, increase its Authorized Revenues for Electric Service in 2015, and to reflect that increase in Rates.

### Ratesetting

**Comr Peterman - Judge Dudney** 

### **PROPOSED OUTCOME:**

 Denies compensation to Small Business Utility Advocates related to Decision (D.) 15-11-021. Small Business Utility Advocates did not timely file the request for compensation. D.15 11 021 authorized Southern California Edison Company General Rate Case revenue requirement for 2015-2017. Small Business Utility Advocates' requested \$36,005.60.

### SAFETY CONSIDERATIONS:

• None as a result of this decision.

### **ESTIMATED COST:**

• There are no costs associated with this decision.





### Item # 36a [14850] – Commissioner Florio's Alternate to Item 14721

A13-11-003

Application of Southern California Edison Company for Authority to, among other things, increase its Authorized Revenues for Electric Service in 2015, and to reflect that increase in Rates.

**Comr Florio** 

PROPOSED OUTCOME:

 Awards Small Business Utility Advocates \$34,182.75 for substantial contribution to Decision (D.)15-11-021. D.15-11-021 authorized Southern California Edison's (SCE) General Rate Case revenue requirement for 2015-2017. Small Business Utility Advocates requested \$36,005.60.

### SAFETY CONSIDERATIONS:

 Substantial contribution by intervenors, as found here, enhances the Commission's regulation and oversight of public utilities, which under Pub. Util. Code § 451 must "promote the safety, health, comfort, and convenience of its patrons, employees, and the public."

### **ESTIMATED COST:**

• \$34,182.75, plus interest, to be paid by the ratepayers of SCE.





### **Regular Agenda – Energy Resolutions and Written Reports**

### Item # 38 [14895] – Authorizing Expedited Procurement of Storage Resources to Ensure Electric Reliability in the Los Angeles Basin Due to Limited Operations of Aliso Canyon Gas Storage Facility

Res E-4791

#### **PROPOSED OUTCOME:**

- Requires Southern California Edison Company (SCE) to hold an expedited competitive energy storage procurement solicitation to help alleviate an outage risk during the upcoming summer and winter of 2016-2017.
- Requires SCE to file one or more Tier 3 Advice Letters to seek approval of storage contracts selected in the solicitation.

### SAFETY CONSIDERATIONS:

- This Resolution supports the Governor's Emergency Proclamation to protect public safety by ensuring the continued reliability of natural gas and electric supplies while there is a moratorium on gas injections at Aliso Canyon.
- SCE shall ensure any contracts entered into provide that sellers shall operate the energy storage facilities in accordance with prudent and safe electrical practices.

#### ESTIMATED COST:

 This Resolution is expected to result in additional contracts which could lead to increased ratepayer costs. Actual costs of the contracts are unknown at this time.





# Item 38 Resolution E-4791



Commission Motion Authorizing expedited procurement of storage resources to ensure electric reliability in the Los Angeles Basin due to limited operations of Aliso Canyon Gas Storage Facility

## **Energy Division**

May 26, 2016



# **Emergency Proclamation**

- Governor declared emergency on January 6, 2016 in LA County due to prolonged duration of natural gas leak at Aliso Canyon.
- Paragraph 10:

"The California Public Utilities Commission and the California Energy Commission, in coordination with the California Independent System Operator, shall take all actions necessary to ensure the continued reliability of natural gas and electricity supplies in the coming months during the moratorium on gas injections into the Aliso Canyon Storage Facility."





# **Energy Storage**

....because they can be fast-responding, firm, and dispatchable. Energy storage resources can be potentially constructed, interconnected, and deployed on a short timeline.





# **Resolution Actions**

- 1. SCE to hold a **new expedited** competitive energy storage procurement solicitation to alleviate an outage risk due to limited gas supplies.
- 2. SCE authorized to file one or more Tier 3 Advice Letters to seek approval of storage contracts, and also applications for any utility-owned facilities.
- 3. SCE shall take all reasonable steps to expedite the interconnection processes to allow a utility-owned or a third-party owned storage resource to connect to the grid.
- SCE shall record procurement costs for all "in-front-of-themeter" (IFOM) storage system procured in the solicitation authorized by this Resolution in its Cost Allocation Mechanism





# Revisions to Draft Resolution Based on Comments

- Mitigating Electric Reliability Issues South of Path 26 expanding procurement beyond LA Basin.
- On-line dates for storage projects must come online by 12/31/2016
- Modifying the resolution to Include SDG&E leverage existing RFO
- Interconnection Process continue to coordinate
- Project Ownership
- **Project Configuration and Storage types** RA requirement & IFOM
- Cost recovery CAM
- **Bid Evaluation** be price-competitive with previous solicitations





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# **Commissioners' Reports**















# **Management Reports**







# Regular Agenda – Management Reports and Resolutions

Item # 49 [14900]

## **Presentation on Stewardship Council Updates**



Pacific Forest and Watershed Lands Stewardship Council

California Public Utilities Commission

Biannual Report May 26, 2016



# Stewardship Council Mission

- To protect and enhance PG&E's watershed lands and uses
- To invest in efforts to improve the lives of young Californians through connections with the outdoors





# PG&E's Land Conservation Commitment

As part of a 2003 Settlement Agreement, PG&E agreed to permanently protect approximately 140,000 acres of its watershed lands located primarily in the Sierra Nevada and Cascade mountain ranges and conserve these lands for a broad range of public benefits.

CPUC approved an expenditure of \$70 million in ratepayer funds for the planning and implementation of PG&E's Land Conservation Commitment.

# Stewardship Council

# Permanent Protection of PG&E Watershed Lands

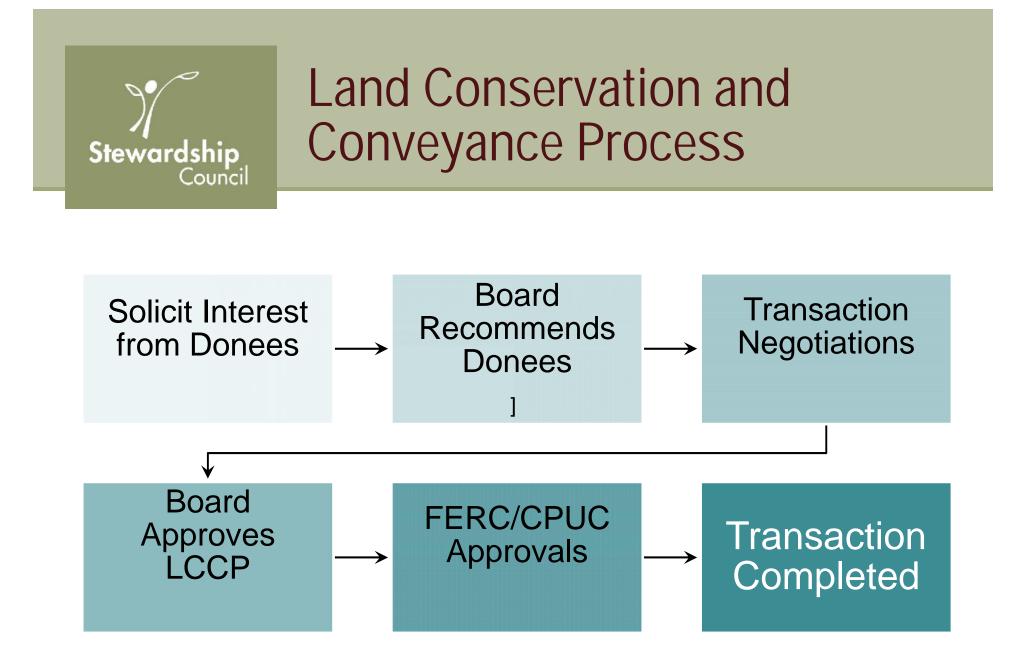
## Permanent protection and/or enhancement of the Beneficial Public Values will be achieved through:

- The donation of a significant amount of watershed lands to qualified entities with PG&E retaining lands needed for hydroelectric operations
- The establishment of conservation easements
- The promotion of new collaborative partnerships
- The funding of a variety of enhancement projects



# Stewardship Council Roles

- To oversee the planning and implementation of PG&E's Land Conservation Commitment and ensure the land transactions comply with the requirements of the PG&E Settlement Agreement
- To make recommendations of qualified entities to hold the conservation easements and receive fee donations
- To award grants for enhancement projects on PG&E's Watershed Lands





The Stewardship Council considers public participation to be an important and key aspect of the land planning and land transfer process, and engages stakeholders throughout the process.



- The Stewardship Council board has recommended that over 35,000 acres of Watershed Lands be donated to 17 organizations (public agencies, conservation non-profits, and three tribal entities).
- 12 qualified organizations have been selected to hold conservation easements over the Watershed Lands



# Progress To Date

- Stewardship Council's recommendations of prospective fee and conservation easement holders are nearly complete
- Negotiations underway on more than 60 transactions
- Board has adopted 29 Land Conservation and Conveyance Plans (LCCPs) describing how the recommended fee donations and conservation easement transactions comply with PG&E's Settlement Agreement and protect and enhance the Watershed Lands



**Regulatory Approvals** 

- FERC has approved eight of the nine applications filed by PG&E for establishment of conservation easements on lands within FERC license project boundaries
- PG&E has submitted seventeen Advice Letters to the CPUC; one was withdrawn; twelve have been approved.



# Land Transactions Completed

- Four donations of fee title have been completed
- Eight conservation easements and two conservation covenants have been recorded, which will protect the Beneficial Public Values of the properties in perpetuity



# Plan for Remaining Work

- More than 50 LCCPs to be adopted by Stewardship Council board in next 2-3 years.
- PG&E's will submit 50 or more Section 851 advice letters to CPUC
- Final set of advice letters anticipated to be filed in 2018
- All transactions anticipated to be completed by mid-2019
- Stewardship Council will cease to operate when work is completed



# Grants for Watershed Land Enhancements

- In 2012, Stewardship Council launched a grant program for enhancement projects on PG&E watershed lands
- Grants support physical enhancements, research, surveys, studies, and enhanced land management
- Eligible grantees are fee title recipients and conservation partners



Status of Environmental Enhancement Program

- 18 enhancement projects approved
- \$4.8 million awarded or allocated for projects with costs ranging from \$14,000 to \$1.4 million
- Habitat restoration, cultural resource protection, recreational improvements, forestry research to enhance beneficial public values of forested lands
- 10 additional project proposals in development



# Hat Creek Enhancement Project

- Sponsors: Cal Trout, Pit River Tribe, Lomakatsi Restoration
- Habitat restoration, cultural resource protection, recreational improvement, and youth involvement





# Youth Investment Program





# Connecting underserved California youth to the outdoors

- Park investments
- Support for outdoor programs
- Total PG&E ratepayer funding commitment of \$30 million

# Youth Investment Program 2006-2015

Collectively, the Stewardship Council and the non-profit we created (Youth Outside) have awarded approximately \$16 million in grants for youth programs or park and other infrastructure projects serving over 300,000 youth in the PG&E service area

**Stewardship** 

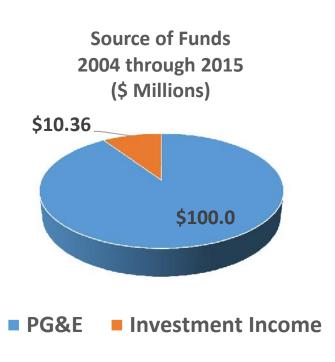
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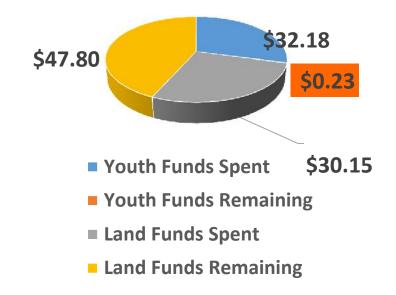
- In 2013, the Stewardship Council transferred the remaining net assets of its youth investment program to Youth Outside to continue our legacy of funding outdoor education programs.
- Youth Outside expends our funds and new funds it generates for grantmaking and for initiatives to reduce the barriers to connecting underserved youth to the outdoors.



## Funding Snapshot: \$100 Million from PG&E

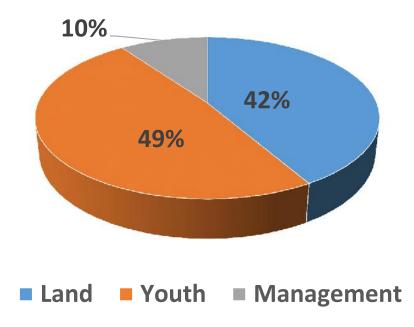








**Total Expense Allocation - 2004 through 2015** 



# Stewardship Council

# 2015 Budget to Actual as of December 31, 2015

Category	2015 Budget	2015 Actuals	Variance
General and Administrative	1,965,234	1,689,402	275,832
Contractual Services	1,448,250	477,146	971,104
Land Program Grants	7,713,900	3,839,728	3,874,172
Capital Expenditures	7,000	4,064	2,936
Total	11,134,384	6,010,340	5,124,044

Land Program grants are projected to increase significantly in 2016 due to anticipated increase in pace of transactions.



# 2016 Budget Plan

Category	Land Total	Youth Total	OH Total	Annual Total
Admin/Office Operations	325,901	1,628	95,927	423,456
Board/Public Meetings	42,072	304	9,424	51,800
Wages and Benefits	1,069,188	8,224	447,215	1,524,627
Contracted Services	1,161,504	0	58,500	1,220,004
Grant Awards	6,948,400	0	0	6,948,400
Capital Expenditures	12,200	0	2,400	14,600
Total Expenditures	9,559,265	10,156	613,466	10,182,887



### Site Visit – PG&E Watershed Lands





# PG&E Watershed Lands





#### Regular Agenda – Management Reports and Resolutions

Item # 49 [14900]

#### **Presentation on Stewardship Council Updates**





#### Regular Agenda – Management Reports and Resolutions

Item # 50 [14820]

Report and Discussion by Safety and Enforcement Division on Recent Safety Program Activities





#### Safety & Enforcement Division - Gas Safety Summary of Audits Conducted in 2015



#### Dennis Lee, P.E. Program and Project Supervisor, Safety and Enforcement Division

#### **California Public Utilities Commission**



May 26, 2016



- In 2015, conducted topic-specific Standard Gas Inspections:
  - Corrosion monitoring (2015)
  - Valves and regulators (2016)
  - Patrolling and leak surveys (2017)





- Corrosion Monitoring Maintaining a corrosion prevention system called cathodic protection to prevent corrosion on gas pipelines
- Corrosion can damage gas pipelines





- Specialized Gas Inspections:
  - Operation, Maintenance, & Emergency Plans
  - Operator Qualification Program
  - Integrity Management Program
  - Control Room Management
  - Damage Prevention Program
  - etc.





- In 2015, conducted over 70 standard and specialized inspections of gas operators
- Gas operators: PG&E, Sempra (SoCal Gas & SDG&E), Southwest Gas, Alpine Natural Gas, West Coast Gas, SCE, etc.





- Found over 60 probable violations:
  - Operators not following procedures
  - Exceeding the inspection intervals
  - Not remediating deficient cathodic protection areas in a timely manner





- Service Line / Distribution Main Inspections:
  - Conducted over 65 inspections in 2015
  - Replacements, new installations, abandonments, re-locations, etc.





#### Regular Agenda – Management Reports and Resolutions

Item # 50 [14820]

Report and Discussion by Safety and Enforcement Division on Recent Safety Program Activities





#### Regular Agenda – Management Reports and Resolutions

Item # 51 [14821]

#### **Management Report on Administrative Activities**





# Review of California Electric Utility Reliability 2006-2015





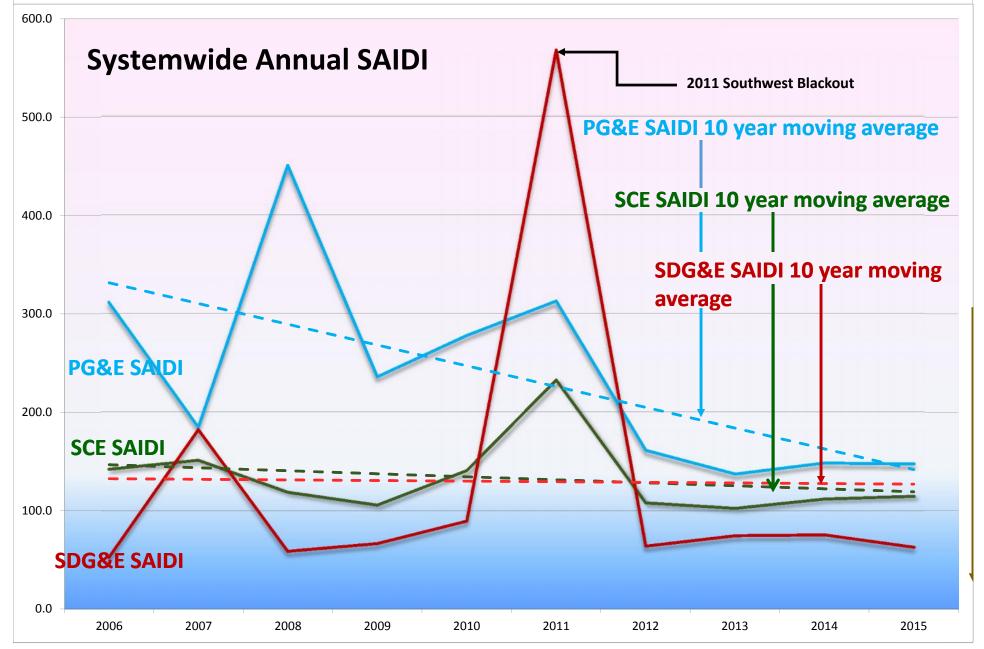


- Annual Reporting by Electric Utility Using National Reporting Standards
  IEEE 1366-2012, first adopted by electric industry in mid-2000s
- Duration of Outages (SAIDI)
- Frequency of Outages (SAIFI)
- Average Duration of Outages (CAIDI)
- Number of Momentary Outages (MAIFI)



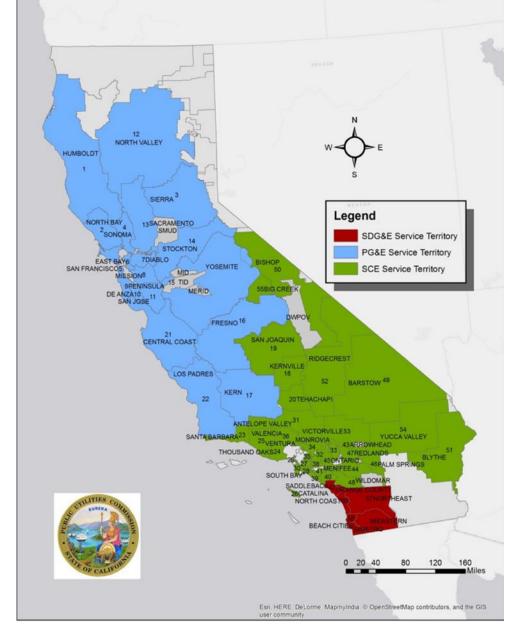


#### IOU Systemwide Historic Trends



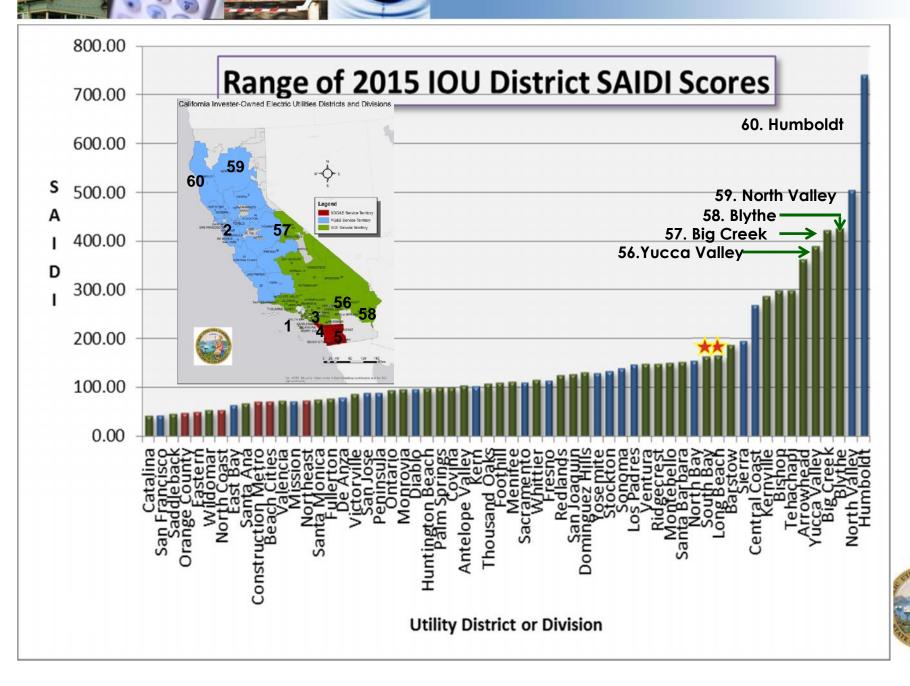
# IOU District Map

California Invester-Owned Electric Utilities Districts and Divisions



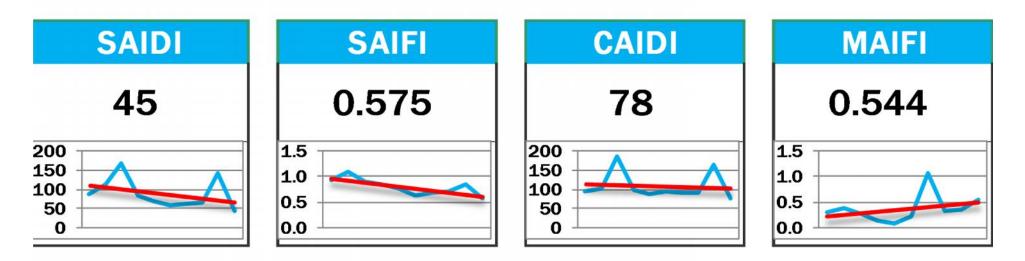


**Distribution of District SAIDI Scores** 





#### **PG&E Bay Area - San Francisco Division**

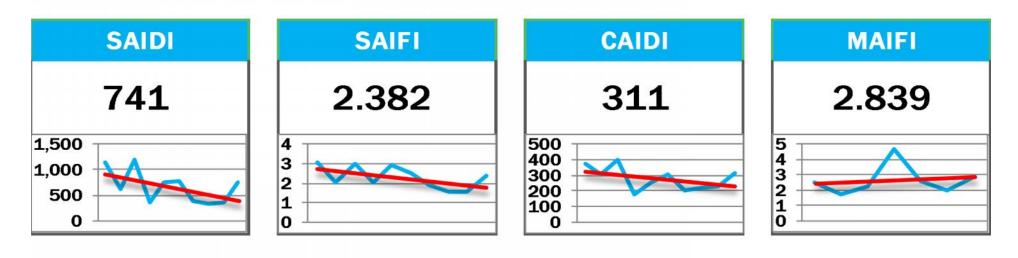


#### METRICS HISTORY

METRIC	2015	2014		% CHANGE
SAIDI	44.7	141.7	₽	-68%
SAIFI	0.575	0.858	₽	-33%
CAIDI	77.74	165.15	₽	-53%
MAIFI	0.544	0.353	ᠿ	54%



#### **PG&E Northern Region - Humboldt Division**

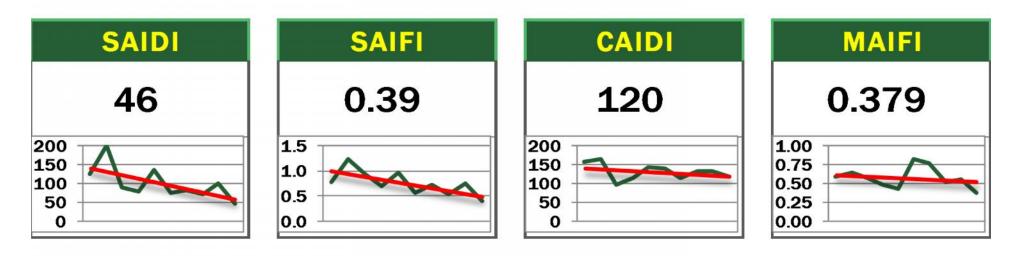


ALL METRICS

METRIC	2015	2014		% CHANGE
SAIDI	741	351	€	111%
SAIFI	2.382	1.528	ᡎ	56%
CAIDI	311.13	229.38	€	36%
MAIFI	2.839	1.940	৫	46%



#### SCE Orange County - Saddleback District

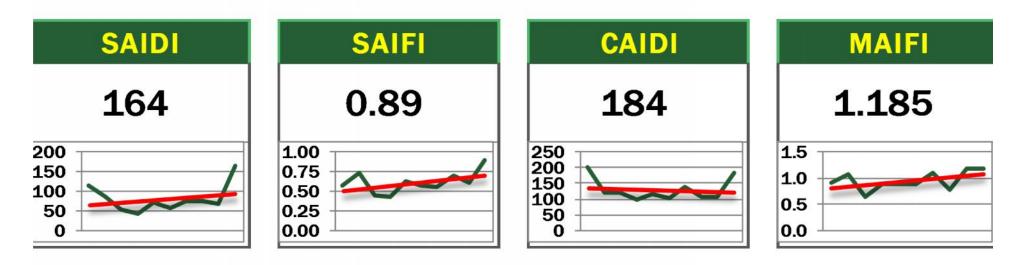


#### METRICS HISTORY

METRIC	2015	2014		% CHANGE
SAIDI	46.03	99.07	Ŷ	-54%
SAIFI	0.39	0.74	Ŷ	-47%
CAIDI	119.54	133.03	4	-10%
MAIFI	0.379	0.556	Ŷ	-32%
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SCE Los Angeles County West - Long Beach District

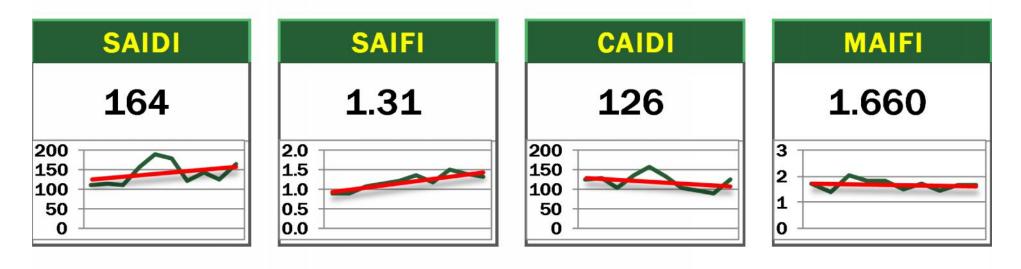


METRICS HISTORY

2015	2014		% CHANGE
164.46	66.23	↑	148%
0.89	0.61	♠	46%
183.90	109.27	↑	68%
1.19	1.168	↑	1%
	164.46 <b>0.89</b> 183.90	164.46   66.23     0.89   0.61     183.90   109.27	164.46   66.23   ↑     0.89   0.61   ↑     183.90   109.27   ↑



#### SCE Los Angeles County West - South Bay District



#### METRICS HISTORY

METRIC	2015	2014		% CHANGE
SAIDI	164.07	125.15	♠	31%
SAIFI	1.31	1.39	Ŷ	-6%
CAIDI	125.70	90.01	♠	40%
MAIFI	1.66	1.650	৫	1%
69				and and a

POPCAL





- Recent investments in distributed energy resources, smart grid technologies, and other innovations have already resulted in impressive returns on investments to Californians.
- Electric reliability has improved over the past 10 years.





#### Regular Agenda – Management Reports and Resolutions

Item # 51 [14821]

#### **Management Report on Administrative Activities**





#### **Management Reports**







#### The CPUC Thanks You For Attending Today's Meeting

#### The Public Meeting is adjourned. The next Public Meeting will be:

# June 9, 2016 at 9:30 a.m. in San Francisco, CA



