

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

Application of Southern California Edison Company (U 338-E) for Authorization: (1) to Replace San Onofre Nuclear Generating Station Unit Nos. 2 & 3 (SONGS 2 & 3) Steam Generators; (2) Establish Ratemaking for Cost Recovery; and (3) Address Other Related Steam Generator Replacement Issues.

Application 04-02-026

**COMMENTS OF THE UTILITY REFORM NETWORK ON
THE DRAFT ENVIRONMENTAL IMPACT REPORT**



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May 31, 2005

COMMENTS OF THE UTILITY REFORM NETWORK ON THE DRAFT ENVIRONMENTAL IMPACT REPORT

In response to the April 15, 2005, notice of availability of the Draft Environmental Impact Report (DEIR) on the San Onofre Nuclear Generating Station (SONGS) Steam Generator Replacement Project (SGRP), The Utility Reform Network (TURN) hereby submits comments on the sections addressing replacement generation needs resulting from the "no project" alternative. TURN believes that the DEIR is deficient, fails to properly examine the impacts of alternative resources as required under law, and mischaracterizes both the scope and type of resources that are available to replace SONGS in the event of an early shutdown.

I. THE CHARACTERIZATION OF NEED FOR, AND TYPE OF, REPLACEMENT POWER IN THE EVENT OF THE "NO PROJECT" ALTERNATIVE FAILS TO CONSIDER RELEVANT INFORMATION

The DEIR states that the no project alternative assessment must assume "that, at the very least, 2,150 MW of power generation, the amount of capacity at SONGS, must be replaced through other methods when SONGS shuts down...it is assumed that the likely method of replacing this power generation is through the construction of at least four combined cycle gas turbine power plants."¹ The DEIR also accepts, without question, the presumption that replacement generation must mimic the baseload characteristics of SONGS.

There is no evidence to support the assertion that SCE needs 2,150 MW of baseload generation in the event that SONGS is shuttered. In SCE's application seeking authority to continue investments at the Mohave Generating Station, its own witnesses noted that SCE currently has an excess of baseload capacity and a need for peaking resources,

¹ DEIR, page C-31.

concluding that “we don’t have [capacity] when we need it the most and we have an excess when we don’t need it.”² This view is consistent with TURN’s understanding of SCE’s current resource portfolio, and suggests that the loss of SONGS could lead to the acquisition of some peaking, rather than baseload, resources. The DEIR does not conduct any inquiry into SCE’s blanket assertion of need for baseload replacement power and is therefore deficient in its analysis.

The DEIR also does not consider the possibility that the creation of a core/noncore retail market structure, or the departure of loads resulting from community choice aggregation, could reduce SCE’s capacity and energy needs. If SONGS is subject to early shutdown, and SCE procures 2,150 MW of replacement baseload capacity, a non-trivial amount of these “replacement” resources could prove to be unnecessary for serving bundled retail customer loads. This outcome would leave SCE in the position of selling substantial amounts of excess baseload energy into the market. The DEIR must therefore grapple with the prospect that SCE could actually procure less than 2,150 MW to replace SONGS.

Another omission relates to current activities surrounding SCE’s Mohave Generating Station (MGS). As the Commission is well-aware, MGS is scheduled to close at the end of 2005 and the 885 MW allocated to SCE was excluded from its resource portfolio used in this proceeding to model capacity and energy needs in 2009 and beyond. In D.04-12-016, the Commission directed SCE to conduct an investigation into alternatives to Mohave, including a 1,000 MW solar dish stirling deployment and the construction of an Integrated Gasification Combined Cycle (IGCC) generation facility which could include the use of carbon sequestration to make it a zero-carbon resource.³ Neither a Mohave restart, nor the replacement solar or IGCC resources, were identified as possible SONGS replacements in the DEIR.

² Cross-examination testimony of SCE witness Stuart Hemphill, A.02-05-046, Reporter’s Transcript Vol. 4, 456-57.

³ D.04-12-016, Conclusion of Law #19.

TURN urges revisions to the DEIR that address these uncertainties and alternatives. The need for 2,150 MW of baseload power is not supported by the evidence presented in SCE's filings. Moreover, if the Commission decides to order SCE to refurbish Mohave, require replacement IGCC or solar thermal resources to be constructed, or mandate the pursuit of both options, the procurement of 2,150 MW of baseload resources would prove to be wholly unnecessary and contrary to the interests of SCE's ratepayers. Failure to even acknowledge these facts would leave the DEIR divorced from the realities confronting SCE in the coming years.

II. RENEWABLE RESOURCE OPTIONS ARE NOT SATISFACTORILY ADDRESSED

The DEIR assesses a number of renewable resource alternatives but fails to accurately characterize their suitability and ignores the potential for significant growth in certain technologies (such as solar thermal and photovoltaics) that would reduce SCE's need to replace SONGS. TURN urges revisions to correct these omissions and misperceptions.

As explained in the previous section, the DEIR errs in assuming that SCE can only replace SONGS with baseload generation. The conclusion that wind, solar thermal, and photovoltaics are "not acceptable for baseload applications" is therefore of minor relevance to the assessment. At the very least, the DEIR should note that peak-weighted deliveries from solar technologies will be more valuable to SCE in the future than baseload resources.

Other omissions from this section include the following:

- The section describing solar thermal does not include any description of the dish stirling technology that has been proposed for a 1,000 MW facility to replace or augment the Mohave Generating Station.

- The description of photovoltaic technology describes land use requirements without noting that rooftop space is typically used to host such systems. It is entirely possible to install thousands of MWs of photovoltaics without requiring any new land usage.
- There is no description of the Governor's proposed "million solar roofs" initiative intended to result in 3,000 MW of rooftop photovoltaics in California over the next decade. To the extent that deployments are accelerated due to this program, SCE would have a reduced need for resources to replace SONGS.

Perhaps most importantly, the entire section never attempts to provide any meaningful comparison of the environmental impacts of continued SONGS operations with the consequences of reliance on alternative resources. Because this analysis is missing, it is not possible for the Commission to evaluate whether the "no project" alternative is environmentally preferable. The DEIR must be enhanced and augmented so that the findings can be used for this purpose.

Respectfully submitted,

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Dated: May 31, 2005