

Current Considerations Related to Local Reliability in Southern California

June 17, 2013

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Near Term Considerations: 2013 Summer Readiness

A number of summer readiness projects, coupled with new generation coming on line from prior solicitations is supporting local reliability for Summer 2013

Transmission

Projects include: (1) installing four 79.2 MVAR 200 kV capacitor banks at three Orange County substations, (2) decoupling the two 230 kV Barre-Ellis into four lines, and (3) converting Huntington Beach Units 3 and 4 to synchronous condensers

New Generation

Approximately 1,775 MW of new generation capacity (Walnut Creek, CPV Sentinel, and El Segundo) will be coming online

Demand Side Resources

Engaging customers and encouraging participation in one or more of the following programs: Summer Discount Plan, automated demand resources technology, Flex Alert, pool pump education and home area network study, third-party thermostat study, Save Power Day, energy efficiency projects, and Energy Leader and institutional and governmental partnership programs

Communications and Outreach

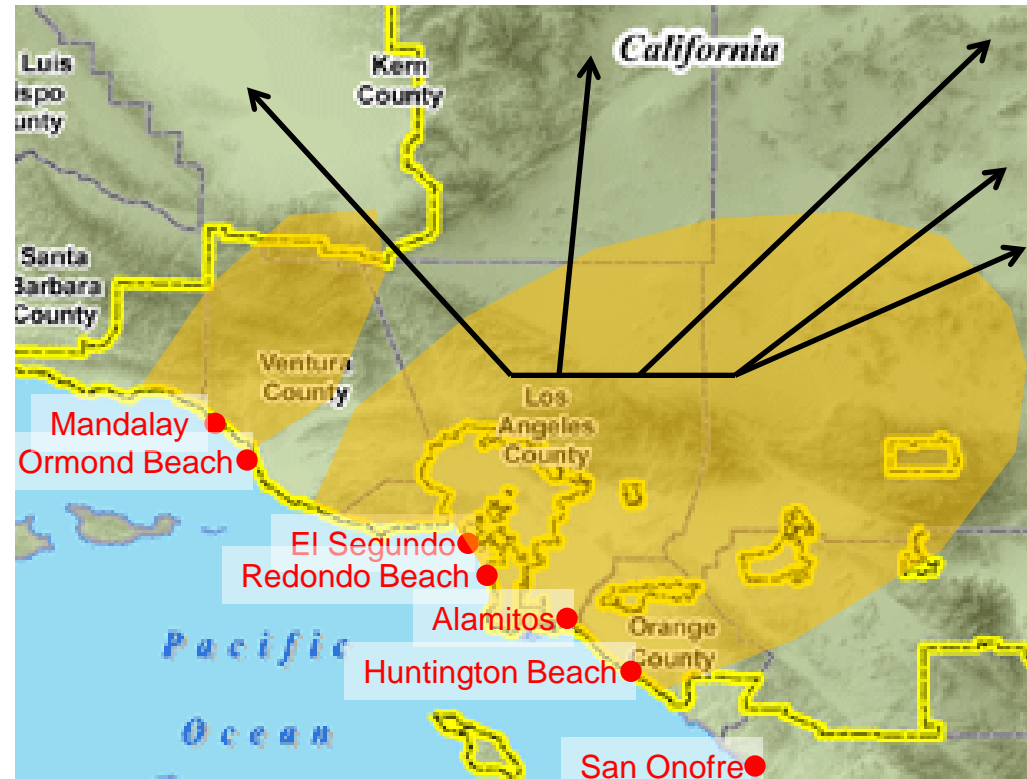
Developing an integrated communications and outreach plan utilizing all media and marketing channels

Reliability Considerations: Coordination

- SCE and SDG&E continue to work jointly on both near and longer term reliability issues
 - Expect to present longer term analyses at August CPUC proceeding
- Reliability and resources are being considered in many forums, including:
 - CPUC's Long Term Procurement Plan
 - CEC's Integrated Energy Policy Report
 - CAISO's Transmission Planning
 - ARB's AB 1318 Report
 - SWRCB's Implementation of CWA 316(b)

Longer Term Considerations: Local Reliability in the LA Area

- **SCE Service Territory Generation Reductions**
 - Fossil OTC retirements 6,592 MW
 - SONGS retirement 2,150 MW
 - Total 8,742 MW
- Recent CAISO studies show a need for 3,000-4,600 MW of “West LA Basin” generation to replace OTC plants and the SONGS retirement
- The local transmission grid (220kV) was built to serve load using coastal generation
- Re-powering at beach sites may face stiff opposition
- As a non-attainment area, AQMD rule 1304 is one of the few sources of emissions offsets for new generation



Longer Term Considerations: Resource Mix

- Aggressive Use of Preferred Resources
 - Use of living pilots to learn how to drive deeper preferred resource penetrations and develop better understanding of efficacy and grid operational impacts
- New and Upgraded Transmission
 - Development or upgrade of lines and substations to better move power, especially renewables, and development of reactive support as needed
- Targeted Generation
 - Construction of fossil generation in targeted locations to support grid reliability and provide a backstop to pursue higher levels of preferred resources

Longer Term Considerations: Any Solution is Multi-Jurisdictional

- Water Permitting (Clean Water Act) – SWRCB OTC Policy
- Reliability Assessment – CAISO
- Power Plant Permitting – CEC, Application for Certification process
- Determination of Need for IOUs – CPUC, Long Term Procurement Plan
- Air Permitting (Clean Air Act) – South Coast AQMD (Rule 1304) and other APCDs
- Coastal Zone Management – CA Coastal Commission
- Local Zoning – Redondo Beach Measure A (Rezone to 60-70% parks and 30-40% commercial/industrial)

SCE will continue to work closely with regulators, policymakers and other stakeholders to ensure the safe delivery of sustainable and reliable electricity