

DOCKETED

Docket Number:	12-AFC-03
Project Title:	Redondo Beach Energy Project
TN #:	202874
Document Title:	Redondo Beach Energy Project Status Report Numbe 9
Description:	Status Report
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Submitter Role:	Applicant Representative
Submission Date:	8/1/2014 3:00:39 PM
Docketed Date:	8/1/2014

STATE OF CALIFORNIA

ENERGY RESOURCES CONSERVATION AND DEVELOPMENT COMMISSION

In the Matter of:)
)
Application for Certification for the) Docket No. 12-AFC-03
Redondo Beach Energy Project)

**REDONDO BEACH ENERGY PROJECT
STATUS REPORT # 9**

Pursuant to the Committee Order to File Status Conference Statements (“July 29th Order”) issued on July 29, 2014, AES Southland Development, LLC (the “Applicant”) hereby files this status report to inform the Committee on the progress of the Redondo Beach Energy Project (“RBEP” or “Project”) Application for Certification (“AFC”) proceeding. The July 29th Order asks that parties address two issues: (1) the impact of the proposed initiative measure on the continued processing of the AFC and (2) whether the Project should be suspended during the pendency of the initiative measure. The Applicant’s responses are provided below.

STATUS OF THE PROCEEDING

On July 28, 2014, Commission Staff published the Preliminary Staff Assessment (“PSA”) for the Project. The Applicant is reviewing the PSA, and will prepare and submit comments on or before August 27, 2014.

As reported in the PSA, on July 23, 2014, the parent company of RBEP filed a notice of intent to begin gathering signatures to qualify an initiative measure for the local ballot that would “establish, as an alternative to a generating plant at the [RBEP site], a new land use plan for the [site] and to provide a feasible economic path for the elimination of power generation and industrial uses at the [site].”¹ The filing of the notice of intent was the result of AES’s efforts to consider the land use concerns raised by the City of Redondo Beach (“City”) and to address potential alternative uses of the RBEP site.

¹ Notice of Intent to Circulate Petition, Initiative Measure to be Submitted Directly to the Votes, Section 2(A)(5).

RESPONSE TO COMMITTEE QUESTIONS

1. As a Matter of Law, The Proposed Initiative Should Have No Impact On The Processing Of The AFC.

The Applicant has been proceeding on parallel paths by pursuing the AFC with due diligence and, consistent with the Commission's regular admonitions for Applicants to communicate with local communities and governments, exploring alternative uses for the RBEP site.

In and of itself, the proposed initiative measure should have no impact on the processing of the AFC. The initiative process is a local land use process separate from the Commission's certification proceedings under the Warren Alquist Act. Just as the March 5, 2013 municipal election vote on a proposed initiative to rezone the land use designation of the RBEP site and the proposed local moratorium on powerplants within the coastal zone did not impact the processing of the AFC, the proposed initiative would not as a matter of law impact the processing of the AFC.

There are, of course, practical considerations which should be discussed at the Status Conference.

2. As a Practical Matter, Whether the Applicant Should Request A Suspension During the Pendency of the Initiative Measure Is Dependent on A Number of Factors, Many Beyond the Applicant's Control, That the Applicant Would Like to Discuss at the Status Conference.

The Applicant has no interest in spending the parties' time and resources unnecessarily. Having invested since November of 2012 considerable resources in fees and efforts to move through the certification process, the possibility of requesting a suspension is a weighty decision that cannot be hurried.

Based on the facts as they are today, the Applicant remains committed to permitting the Redondo Beach Energy Project, but welcomes the opportunity to discuss with the Committee and the parties the factors that would affect a decision by the Applicant to seek a suspension of the proceeding.

Consistent with the Commission's usual direction for Applicants to communicate with local communities and governments, the Applicant is pleased with its recent

progress in evaluating potential alternative uses for the RBEP site, which culminated in the recent notice of intent filed with the City to qualify an initiative measure for the ballot. Such progress is necessarily marked with considerable uncertainty, beyond the control of the Applicant, the City, and the Commission, regarding both the success of the initiative and energy planning and generation procurement in Southern California.

Southern California's energy future has been subject to unforeseen vacillations, the unexpected permanent closure of the San Onofre Nuclear Generating Station ("SONGS") as the most recent and dramatic example. What will be Southern California's energy future two years from now? Or five years forward? Will preferred resources and energy efficiency preclude the need for new generation in five years? Would anyone have predicted the permanent closure of SONGS five years ago? These uncertainties, beyond the Applicant's control, must be factored into the decision making process. There are also resource planning efforts in Southern California that coupled with the State's policy objectives of greenhouse gas (GHG) reductions, increased use of Renewable Portfolio Standard (RPS) qualifying renewable generation, and electric system reliably present increasing complex decisions, all of which the Applicant believes are appropriate for discussion with the Committee and the parties at the Status Conference.

The Applicant also has before the Commission applications for the Huntington Beach Energy Project (which awaits a PMPD) and the Alamitos Energy Center (which is still in the early Discovery phase). All of the AES projects are valuable for their resource adequacy and reliability benefits, given their locations electrically in the Southern California grid, which is why the Applicant has been diligently pursuing all three AFCs. However, as the Chair correctly noted at the RBEP Informational Hearing, neither the Commission nor the Applicant controls the planning and procurement processes: "[T]he Public Utilities Commission under state law, in their procurement process they do a long-term procurement plan and they do an assessment of need when they decide whether to approve a contract with a project. And so that's the agency that does a need assessment."²

² Transcript Record, RBEP Informational Hearing, pp. 140-141. Available at: http://docketpublic.energy.ca.gov/PublicDocuments/12-AFC-03/TN201090_20131031T140922_Transcript_of_10113_Informational_Hearing.pdf

For the reasons discussed above, the Applicant is in the position of needing to proceed on parallel paths with the certification of the Project and the initiative process. The Applicant will, of course, immediately notify the Committee and the parties as new information becomes available.

Thank you for the opportunity to file this Status Report. We welcome the opportunity to discuss these issues with the parties and the Committee at the Status Conference.

August 1, 2014

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