A Sierra Club Fact Check: SDG&E's $1.5+ Billion Dollar Power Plant Scheme

SDG&E is proposing to contract for 450 megawatts (MW) of new peaking power plants, including the 100 MW "Quail Brush" and 300 MW "Pio Pico" projects. SDG&E states this capacity is needed to address a projected gap in local capacity on hot days and to ramp quickly to "fill in the gaps" for intermittent solar and wind output. Here are the facts that debunk SDG&E's claims:

- **SDG&E's peak demand growth has been relatively static** for seven years, swinging somewhat above and below 4,500 MW. Peak demand has varied from 4,601 MW in 2007 to 4,643 MW in 2010 to 4,619 MW in 2012. In other years the peak demand has been well below 4,600 MW. For example, peak demand in 2006 was 4,469 MW. Peak demand in 2011 was 4,354 MW. Claims by SDG&E that peak demand is rising and new peaker plants are needed for the hottest days are wrong.

- **SDG&E has excess power generation reserves without San Onofre.** SDG&E is required to maintain some reserve supplies to assure grid reliability at peak demand. The requirement is 15 to 17 percent. SDG&E had reserves of about 24 percent during the hottest hour of the year on September 14, 2012 without San Onofre. Moreover, 1,920 MW of new gas-fired capacity that can be shared with SDG&E's territory will be added by Aug. 1, 2013 in the LA Basin, including Walnut Creek (500 MW), El Segundo (570 MW), and Centinel (850 MW). The City of Anaheim also added 200 MW of gas-fired generation at the end of 2011.

- **SDG&E has power generation in Baja that was excluded from this proceeding.** On December 14, 2012 the Federal Energy Regulatory Commission ("FERC") issued its Order Approving Stipulation and Consent Agreement ("Order"). Specifically, the Order repeatedly cites CAISO's and SDG&E's representation that the approximately 500 MW La Rosita II power plant can be employed to satisfy the area's local capacity requirement (LCR). Yet during this proceeding, SDG&E excluded La Rosita II from its LCR calculations. The LCR need determinations in both the Proposed Decision and Alternative Proposed Decision are consequently inaccurate.

- **SDG&E's assertion that the peaker plants are needed to integrate renewable energy is false**. The proposed decision by Commissioner Ferron states this: "We cannot, on this record, find that the PPTAs [power purchase tolling agreements] are needed to support renewable resources integration."

- **SDG&E is attempting to force the retirement of fully functional local power plants** to create a need for the new peaker plants. The existing plants include NRG's 964 MW Encina Power Plant (Carlsbad), and nearly 200 MW of existing NRG peaker gas turbines. Encina can retrofit cooling towers to meet once through cooling requirements at 1/10th the cost of a new peaker plant. The 200 MW of NRG peaker gas turbines can be kept available if SDG&E simply extends the lease, as SDG&E is the property owner.

- **Local rooftop and parking lot solar combined with energy efficiency and a smart grid is the obvious alternative to new peaking power generation.** San Diego County has a rooftop and parking lot solar potential of approximately 7,000 MW, far more than the peak demand in SDG&E territory. Right now there is solar on 15,000 rooftops and parking lots in our county, making us number one in the nation. By 2020 we will have ten times as much local solar power because of rapidly falling manufacturing costs and the boom in leasing rooftop systems.

- **Peaking power plants do not create anywhere near the permanent job growth of rooftop and parking lot solar.** Quail Brush and Pio Pico would create less than 25 permanent jobs. The state of California estimates about 150 permanent jobs are created for each 100 MW of local solar added (Air Resources Board, June 2010). The San Diego region already has hundreds of jobs tied to local solar.

- **Peaking power plants are not a deal for SDG&E customers**. The initial capital cost of Quail Brush would be $150 million. The amortized cost over 20 years, in current dollars, would be ~**$600 million** according to the California Energy Commission. Pio Pico would cost over **$1 billion** over 20 years**.** The cost of these plants, which would be **paid by utility customers**, will translate into higher electricity bills.

The Sierra Club San Diego Chapter's *Run with the Sun* campaign prepared this fact sheet. We are happy to provide the sources for our facts. You may reach us via www.runwithsun.org.

What We Want the CPUC Commissioners to Hear

- We do not support approval of any new natural gas plants because they are dirty energy that ramp up climate change and harm public health. They are not welcome in San Diego now or ever.

- We are already on a successful path of energy efficiency, conservation, and local solar—just like the state mandated "loading order" for procuring power requires before adding more dirty energy to the mix. Approval of any new natural gas plants does not respect the loading order that the PUC is supposed to uphold.

- SDG&E has abundant power generation reserves without San Onofre. During the hottest hour of the year on September 14, 2012 SDG&E had reserves of about 24 percent without San Onofre. Moreover, new power plants with nearly 2,000 MW of capacity that can be shared with SDG&E are coming online this summer in the LA Basin. The lights will stay on without San Onofre—fear mongering about it is shameful.

- We do not want to pay the twenty-year price tag of over one and a half billion dollars for unneeded part-time power plants. You are supposed to protect utility customers not utility companies.

Please Direct the Press to One of our Spokespersons

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