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California Energy Commission

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 Sacramento, California 95814

Sent via email

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Re: Docket No. 13-IEP-1D – Electricity Infrastructure Issues

Dear Commissioners:

NAIOP SoCal appreciates this opportunity to provide initial comments upon the Preliminary Reliability Plan for the LA Basin and San Diego. By way of introduction, NAIOP, the Commercial Real Estate Development Association, is the leading organization for developers, owners and related professionals in office, industrial and mixed use real estate with members in the US, Canada and Mexico. The NAIOP SoCal Chapter serves Los Angeles and Orange Counties and with nearly 1,000 members it is the second largest Chapter in the United States, and is the leading commercial real estate organization in Southern California.

NAIOP SoCal has had the opportunity to review the Preliminary Plan and did observe the recent September 9, 2013 hearing. It is clear there is still a need for extensive analysis and working with stakeholders on the very complex, important issues of the supply and reliability of electricity for Southern California. We strongly agree with the statement in the Plan that the closure of the San Onofre Nuclear Generating Station (SONGS) and of the impacts of the Once Through Cooling (OTC) regulations “creates unprecedented challenges for maintaining reliable electric service to consumers in the southern region of California.” As the Plan also notes, we are faced with “more than a shortage of electricity. It also creates a shortage of voltage support”. How these unprecedented challenges are addressed is critical to the quality of life and economy of Southern California and beyond.

While we appreciate all the effort that has already occurred to develop the Preliminary Plan, NAIOP SoCal believes there needs to be ongoing study of other potential alternatives. Furthermore, a detailed vetting of any and all alternatives will be necessary to overcome the daunting task ahead of us. As all opportunities are analyzed, the reliability issue must be the top priority. Creating solutions that possibly address the supply issue cannot be pursued at the expense of reliability. The need for a dependable supply of electricity cannot be overstated.

The members of NAIOP nationwide and the SoCal Chapter have been working to develop realistic and fiscally viable ways to conserve and utilize renewable energy sources in our buildings. And we will continue to do so. Yet, as the plan

Angela Azizian, GE Capital Real Estate
 Bryan Bentrott, Master Development Corporation
 Beth Calder, CBRE
 James V. Camp, LNR Property, LLC
 Ronda Clark, Jones Lang LaSalle
 Drew Emmel, Allen Matkins
 Scott Farb, CohnReznick
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 Kevin Ivey, KPRS Construction Services, Inc.
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 Stan Wendzel, BioRealty, Inc.
 David W. Wensley, Cox, Castle & Nicholson LLP
 Gregory J. West, Johnson Capital

NAIOP SoCAL EXECUTIVE STAFF

 Cynthia G. Fusco, Executive Director
 Vickie Talley, Director of Legislative Affairs

indicates, “[s]olar photovoltaic systems, wind energy, battery storage, energy conservation, and demand response do not provide” voltage support. Reliability. Conventional generation is going to have to be a large part of the reliability solution. This is why we are especially concerned with the apparent reliance in the Preliminary Plan on meeting about 50% of the needs through “preferred resources”.

While that may be a lofty goal, throughout this process there must be a very honest appraisal of how realistic is the 50% concept. Is it really achievable, and at what expense? This analysis of our electricity challenges must include an equally honest socioeconomic analysis of the cost of all the options being considered. Since wind and solar power are only useful sources if there is wind and the sun is shining, extensive redundancy measures will be needed to achieve the needed reliability. Additionally, any plan that uses conservation and/or renewable energy sources must include various off-ramps and trigger mechanisms to cover the potential the use of conservation and renewables is not sufficient. NAIOP SoCal believes that not achieving the 50% preferred resources goal is a very real possibility that needs to have a solid option plan in place, especially in light of the many challenges the energy companies are already facing with the current 33% renewable requirement and the serious cost problems that have arisen in Europe.

Another area of concern is what is the real load growth for the Southern California area. The LA Basin and San Diego are nearly half of the States’ population and an extremely large part of its economy. With nearly 40% of all the nation’s imports, worth over \$300 billion annually, going through this area, among other matters, the requirement of reliable electricity in the southern region clearly will affect the rest of the State and the Nation. And we are growing. By 2035 our population is expected to grow by over six million people, the equivalent of adding two Chicagos to the region. Furthermore, we are faced with what some see as nearly impossible to meet Federal air quality standards. This has led the Southern California Air Quality Management District (SCAQMD) to be advocating zero emissions technology for the entire transportation fleet; cars, trucks, trains, etc. This would add tremendously to the load growth in the region. Exactly how much over the projected 400 MW of load growth zero emissions technologies would have must be carefully analyzed and determined. NAIOP SoCal is very certain the push for zero emissions technology will drastically increase, maybe even double, the supply of electricity needed in Southern California. We would then need the accompanying infrastructure improvements to the grid to assure the reliability of the electrical supply. Both are daunting tasks.

From the materials we have reviewed and information we have heard, it is unclear what the next steps are in this process to achieve a realistic, fiscally viable plan for meeting the electrical needs of Southern California. NAIOP SoCal wants to be part of creating a truly workable solution to the problem. We again thank you for this opportunity to comment on the plan, and look forward to working with you on this critical issue.

Sincerely,

A handwritten signature in black ink that reads "Kevin Ivey". The signature is written in a cursive, flowing style.

Kevin Ivey
Chair, Legislative Affairs Committee