BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking to Integrate and Refine Procurement Policies and Consider Long-Term Procurement Plans.	Rulemaking 12-03-014

REPLY COMMENTS OF THE LARGE-SCALE SOLAR ASSOCIATION ("LSA") ON STANDARDIZED PLANNING SCENARIOS

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I. INTRODUCTION

The Large-scale Solar Association ("LSA") submits these reply comments in accordance with the Revised Assigned Commissioner's Ruling Setting Forth Standardized Planning Scenarios For Comment issued on September 25, 2012 ("Sept. 25th ACR" or "ACR") and the Commission's Rules of Practice and Procedure. LSA addresses the scenario modeling priorities, the development of a high (e.g., 55%) Renewable Portfolio Standard (RPS) portfolio scenario, the RPS portfolio assumptions and the import assumptions.

II. DISCUSSION

A. The Set of First Tier Modeling Priorities Should Include A High Managed Load Scenario Comparable to the Replicating TPP Scenario.

In its opening comments, LSA expressed support for the modeling priorities assigned to the revised scenarios in the ACR, including particularly the high priority given to the "Replicating TPP" Scenario.[1] LSA recommended giving high priority to the Replicating TPP Scenario because it served the twin purposes of enabling both examination of a high managed load case and development of renewable generation portfolios specifically for use in the California Independent System Operator's ("CAISO") Transmission Planning Process ("TPP").

[1] Comments of the Large-Scale Solar Association ("LSA") In Response to the Assigned Commissioner's Ruling Setting Forth Standardized Planning Scenarios For Comment dated Oct. 5, 2012 ("LSA Opening Comments").

Other parties questioned the rationale as well as the assumptions underlying the Replicating TPP Scenario. LSA does not oppose adjustment of the assumptions but believes that the first priority tier for modeling must include a scenario that allows both robust consideration of a high load case and development of renewable portfolios specifically for use in the CAISO TPP.

One of the basic goals of this proceeding is to ensure adequate system reliability during the planning horizon.[2] To achieve this goal, the scenarios need to encompass a meaningful range of managed load forecasts. Using medium and high values for supply-side resources in all the cases as some parties propose will yield a set of scenarios without meaningful net load variation, as shown in the initial proposed scenarios in which the "high", "medium" and "low" load forecast sensitivities had no material differences. The purpose of the scenarios is simply to provide the basis for a meaningful exploration of potential futures which can inform policy choices. Since the selection of scenarios is not itself tantamount to the selection of preferred futures, the loading order does not compel the use of high values for preferred resources in all of the scenarios. Moreover, one of the guiding principles for the 2012 LTPP is that "[r]esource portfolios should be substantially unique from each other."[3]

Another goal of this proceeding is to develop "scenarios [that] will form the basis for the Commission's submittal to the ISO for the 2013-2104 Transmission Planning Process."[4] As the Assigned Commissioner's Ruling On Standardized Planning Assumptions issued on June 27, 2012 states, the "TPP process relies, at least in part, on the RPS Portfolio Supply assumption to inform the California ISO's consideration of 'policy driven' transmission and the related allocation of deliverability to new supply-side resources."[5] In its opening comments, the CAISO acknowledges the proceeding goal to "develop renewable generation portfolios that the ISO uses to determine whether transmission additions or upgrades will be needed to meet the state's 33% RPS goals," although the CAISO questions how other scenario assumptions fit in its transmission planning process.[6] In LSA's view, it is the recommended renewable generation

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[2] Scoping Memo and Ruling Of Assigned Commissioner and Administrative Law Judge dated May 17, 2012, ("Scoping Memo"), p. 1.
[3] Assigned Commissioner's Ruling On Standardized Planning Assumptions issued June 27, 2012 ("June 27th ACR"), Attachment, p. 7.
[4] Scoping Memo, p. 9.
[5] June 27th ACR, Attachment, p. 5.
[6] Comments of the California Independent System Operator Corporation on Standardized Planning Assumptions and Study Scenarios dated Oct. 5, 2012, ("CAISO Opening Comments"), p. 2.

portfolios, not the remaining scenario assumptions, which constitute the key hand-off from the Commission to the CAISO's TPP under the May 2010 Memorandum of Understanding between the Commission and the CAISO.[7] However, other scenario assumptions, particularly those concerning load and supply-side resources, influence the size and composition of the renewable portfolios. Accordingly, LSA believes it is important that at least one of the scenarios reflect load and supply-side resource assumptions approximating those the CAISO considers in its TPP.

LSA also endorses the goal of creating better alignment between the Commission and CAISO planning processes, including greater consistency among the scenarios and assumptions, consistent with the CAISO tariff.[8] The CAISO's opening comments suggest that it either does not share this goal or does not believe it should be pursued in this LTPP. However, the CAISO also states that it "continues to work closely with the Commission and the CEC to develop renewable generation portfolios that the ISO uses to determine whether transmission additions or upgrades will be needed to meet the state's 33% RPS goals."[9] In LSA's view, this proceeding should be the forum in which the Commission-recommended renewable generation portfolios are developed, just as the Scoping Memo determined.

The CAISO and other parties suggest alternative ways to construct a high managed load scenario that retains the high load levels of the Replicating TPP Scenario but relies on a different set of underlying assumptions. LSA does not oppose this approach if it results in a scenario that can meaningfully represent a high managed load case and specifically inform the RPS portfolios the Commission recommends for use in the CAISO TPP.

B. The Adopted Scenarios Should Include A High RPS Portfolio Consistent with California GHG Goals.

The revised scenarios presented in the Sept. 25th ACR included one featuring a 40% RPS portfolio based on the High DG/High DSM Scenario. LSA supported this scenario, but urged that it be based on the Base Scenario to provide more meaningful results and a better basis for comparison. Other parties urged that the 40% renewables scenario be increased to 55% in order

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[7] *See* Memorandum of Understanding Between The California public Utilities Commission (CPUC) And The California Independent System Operator (ISO) Regarding The Revised ISO Transmission Planning Process dated May 13, 2010, available at http://www.caiso.com/2799/2799bf542ee60.pdf.

[8] June 27th ACR, Attachment pp. 5-6; Sept. 25th ACR, Attachment, p. 10, n. 13.

[9] CAISO Opening Comments, p. 6.

to better approximate the state's greenhouse gas ("GHG") reduction goals.[10] Since one of the key drivers for setting RPS portfolio goals that exceed 33% is achievement of California's GHG goals, LSA agrees that it makes sense to develop such a scenario with these goals in mind. The Scoping Memo listed identification of cost-effective resource strategies for achieving GHG goals as an issue for this LTPP, and a scenario should be designed to address this vital question.[11]

C. The Renewable Portfolios Should Reflect Commercial Interest and Commitments.

In its opening comments on the revised standardized planning scenarios, the City and County of San Francisco ("CCSF") repeats the attack it made on the renewable portfolio assumptions in its prior comments on the standardized planning assumptions.[12] CCSF again urges that the renewable portfolios be developed based on cost, not commercial interest, and that the discounted core include only projects having both a Commission-approved power purchase agreement and an approved environmental permit.[13] No other party submitted opening comments that shared CCSF's recommendations. The June 27th ACR adopting standardized planning assumptions disregarded CCSF's attack, and instead directed development of renewable supply portfolios that reflect current commercial interest since "there is limited flexibility for significantly altering the 33% RPS procurement direction within a ten year forward timeframe, even accounting for contract failure."[14]

The passage of time has only reinforced the validity of the June 27th ACR's observation that existing commercial commitments leave little room for developing meaningful alternatives to a renewable portfolio reflecting those commitments, as shown in the utilities' RPS procurement plans submitted in the RPS proceeding, R. 11-05-005.[15] Contrary to CCSF's assertions, the discounted core criteria are already too stringent, in that they (1) handicap

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[10] *See, e.g.,* Comments of Sierra Club California and Union of Concerned Scientists on the Revised Scenarios for Use in Rulemaking 12-03-014 dated Oct. 5, 2012, pp. 4-5.
[11] Scoping Memo, p. 9.
[12] Comments of the City and County of San Francisco dated May 31, 2012.
[13] LSA responded in detail to CCSF's arguments in its prior comments. *See* Reply Comments Of The Large-Scale Solar Association ("LSA") On The Energy Division Straw Proposal On Standardized Planning Standards dated June 11, 2012, pp 6-7.
[14] June 27th ACR, Attachment, p. 20.
[15] *See, e.g.,* Southern California Edison Company's (U 338-E) First Amended 2012 Renewables Portfolio Standard Procurement Plan, Public Version, dated August 15, 2012 ("August 15th Amended RPS Plan") in which SCE stated it intends not to hold a 2012 RPS solicitation because of lack of need in the first and second compliance periods. LSA has urged that SCE nonetheless be required to conduct such a solicitation in order to take advantage of projects which can benefit from the current Investment Tax Credit.

commercial projects with later on-line dates which could not reasonably be expected to have already filed applications for their major environmental permits, particularly as those permits typically have a limited time for development and are difficult to extend; and (2) include projects requiring new transmission only if 67% of the energy delivered on the new transmission line is from discounted core projects. Moreover, the "cost-constrained" portfolio which CCSF urges rests on cost assumptions embedded in the Resource Calculator which have not been updated or reviewed in this proceeding.. While LSA shares CCSF's belief that this proceeding needs to take a closer look at scenario costs, LSA does not believe that the aging and quite possibly out-dated cost assumptions embedded in the Calculator provide a reasonable basis for developing renewable portfolios in which generic projects with hypothetical costs displace projects in active commercial development.

The opening comments submitted by Abengoa Solar provide a case example of the problems flowing from renewable portfolios which substitute generic projects for commercial projects, as would result from CCSF's recommendations to use a cost-constrained portfolio, to adopt more stringent discounted core criteria, and to ignore the CAISO's approved transmission plan.[16] LSA concurs with the Green Power Institute characterization of the Calculator as "large, highly complex, and minimally documented"[17] and is concerned that it yields at best only a rough approximation of likely renewable project development. LSA believes that approximation could be improved by dropping or at least relaxing the 67% transmission hurdle, and by including a "sensitivity case with ISO approved transmission that is not yet CPUC approved" as suggested in the June 27th ACR, p. 16. These changes would create a more realistic look at a 33% RPS portfolio build-out than the alternative reality that CCSF's proposed changes would generate.

D. The Import Assumptions Should Be Revised.

Several parties including LSA questioned the revised import assumption presented in the Sept. 25th ACR. The CAISO recommended use of 12,400 MW based on the maximum historical actual simultaneous observed imports, while Pacific Gas and Electric Company ("PG&E") recommended 10,350 MW, based on the California Energy Commission's net interchange

[16] Comments of Abengoa Solar, Inc., In Response to the Revised Assigned Commissioner's Ruling Setting Forth Standardized Planning Scenarios for Comment dated Oct. 5, 2012.

[17] Comments of the Green Power Institute on the Planning Scenarios For the 2012 LTPPS dated Oct. 5, 2012, p. 5.

estimate.[18] PG&E's recommendation takes into account prospective changes to import conditions, while the CAISO's import estimate is based only on historical data. LSA believes that PG&E's approach is preferable, but either recommendation would result in an improved import assumption.

III. CONCLUSION

LSA appreciates the opportunity to submit these reply comments. In them, LSA recommends that the Commission 1) adopt a high priority scenario that allows both robust consideration of a high load case and development of renewable portfolios specifically for use in the CAISO TPP; 2) consider an RPS portfolio reflecting California's GHG goals; 3) reject CCSF's recommendations to create RPS portfolios detached from commercial realities and instead use assumptions which will better approximate likely renewable development; and 4) further revise the import assumptions.

Respectfully submitted,

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[18] CAISO Opening Comments, pp.9-10; Comments Of Pacific Gas And Electric Company (U 39 E) On The Energy Division Draft Scenarios dated Oct. 5, 2012, p. 2.