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 (Filed March 22, 2012)

COMMENTS OF PATHFINDER RENEWABLE WIND ENERGY LLC AND ZEPHYR POWER TRANSMISSION LLC ON REVISED STANDARDIZED PLANNING SCENARIOS

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COMMENTS OF PATHFINDER RENEWABLE WIND ENERGY LLC AND ZEPHYR POWER TRANSMISSION LLC ON REVISED STANDARDIZED PLANNING SCENARIOS

Pathfinder Renewable Wind Energy, LLC ("Pathfinder") and Zephyr Power Transmission, LLC ("Zephyr") submit the following comments on the revised Standardized Planning Scenarios attached to the September 25, 2012 Assigned Commissioner Ruling in this proceeding.

I. INTRODUCTION

Pathfinder is in the process of developing a large-scale wind generation project that will be located in southeastern Wyoming. The project will be interconnected to the California Independent System Operator ("CAISO") balancing authority area at the Eldorado Substation via a high-voltage direct current ("HVDC") transmission line being developed by Zephyr.

Both Pathfinder and Zephyr have been actively involved in Track 2 of this proceeding, and participated in the August 24, 2012 staff workshop on the draft planning scenarios. Pathfinder and Zephyr appreciate the efforts made to revise the planning standards to address concerns raised in the workshop, and in technical comments submitted by the parties thereafter concerning the RPS Calculator.

At the workshop, staff noted that the purpose of the planning scenarios was to "inform policy makers by providing information on a *broad range of future scenarios*." Pathfinder and Zephyr remain concerned, despite the revisions already made to the planning scenarios, that the scenarios, especially those chosen as a priority for modeling, fail to encompass a "broad range" of likely future scenarios. By failing to study a broad range of future scenarios, as staff suggested, the Commission runs the risk of failing to identify the most cost effective infrastructure to meet California's energy needs and to achieve California's environmental goals, including greenhouse gas reduction.

II. The Planning Scenarios Reflect a Narrow Range of Future Scenarios

The Guiding Principles for the 2012 LTPP that were adopted by the June 27 Assigned Commission Ruling, note that portfolios should be unique from each other. Further, as noted in the Revised Scenarios, the scenarios should inform "[w]hat mix of resources minimizes cost to customers over the planning horizon." Pathfinder and Zephyr are concerned that the narrow range of scenarios adopted, and outdated assumptions contained in the RPS Calculator, fail to explore the full range of realistic future scenarios.

Among the concerns that were expressed at the August 24 workshop was the fact that the high load scenario actually had lower projected load than the base scenario. The Revised Scenarios drop this scenario, and instead provide a new stress peak case sensitivity that is identical to the base scenario but assumes a 1-in-5 peak weather year, as opposed to the 1-in-2 peak weather year used in the base scenario. Although this new sensitivity would study the effects of higher load, it is currently the second tier priority for modeling. The scenario with the highest projected load is the replicating TPP scenario, which uses the mid-range load forecast,

and a 1-in-5 peak weather year, but little to no impact from demand side management, energy efficiency or combined heat and power.

All of the scenarios in the first tier priority for modeling adopt the mid range load forecast, and three of the four adopt either a mid or high range forecast for incremental energy efficiency and incremental PV. The effect of these choices heavily weighs the scenarios toward study of the mid to low range of projected demand. Pathfinder and Zephyr suggest that the Commission consider whether the proposed scenarios should be modified to consider at least one additional scenario reflecting higher forecast demand.

Pathfinder and Zephyr are also concerned that the proposed scenarios fail to adequately study a future that includes renewable penetration greater than the current 33% renewable portfolio standard ("RPS"). As Pathfinder and Zephyr have pointed out in earlier comments in this proceeding, California's Global Warming Solutions Act requires renewable procurement significantly greater than the current 33% RPS, especially with potential nuclear retirements, if the required levels of greenhouse gas reductions are to be met. The only proposed scenario that addresses a higher RPS is the high distributed generation/high demand side management/40% RPS by 2030 scenario. That scenario is in the second tier of modeling priority. Further, it assumes a high distributed generation future that the revised scenarios concede would require a change in current policy. Pathfinder and Zephyr suggest that a scenario studying a greater percentage of renewable generation needs to be a first tier modeling priority, given the need to meet California's existing greenhouse gas reduction policies.

Pathfinder and Zephyr are also concerned that no scenario would consider the potential for significant imports of RPS-eligible energy from out-of-state. This is due to a number of factors, including assumptions concerning import capacity that would retain existing import

limits across the planning period, and outdated assumptions concerning the capacity of Wyoming wind resources, and the cost to develop transmission from those resources that are contained in the current RPS cCalculator.

There are significant benefits to Wyoming wind that are not recognized in the current scenarios, including higher capacity factors and lower cost than wind resources located within California, as well as the advantages provided by relying upon a diversity of wind resources that would mitigate intermittency and reduce integration costs. However, the static view of renewable supply estimates generated by the RPS Calculator has the effect of wedding the Commission to a limited number of generation supply options. Limiting supply options will in turn hamper the ability of the Commission to select a supply scenario that minimizes the delivered cost of power.

As Pathfinder and Zephyr have noted in the past, generation costs make up a far more significant portion of a customer's bill than do transmission costs. Planning for a robust transmission system that preserves options for generation supply will ensure that least cost generation can be accessed in a wide variety of scenarios. However, in order to fully study options for a more robust transmission system, the Commission must consider a greater diversity of potential supply scenarios.

Furthermore, the most time-consuming aspect of transmission development is planning and permitting. In contrast, construction of a transmission project can be completed relatively rapidly. Yet a significant portion of the costs in transmission development are incurred at construction, not at planning and permitting. Thus, planning and permitting a more robust transmission system preserves options that can ensure access to least cost generation, and would still allow for the transmission system to be scaled back as necessary in the future, while

avoiding the cost and other impacts of construction, if certain portions of the planned transmission system prove to be unnecessary. In contrast, expanding transmission development at a later date can take significant time due to the planning and permitting lead times needed. The Commission should therefore consider a more expansive range of potential renewable supply options, including relying on out-of-state generation to meet a significant portion of renewable need, to ensure that it preserves the options necessary to obtain the lowest cost of delivered power.

III. Conclusion

Zephyr and Pathfinder request that the Commission consider modifying the proposed scenarios to address the deficiencies discussed above, to ensure that they provide a broad range of future scenarios to inform policy makers both at this Commission and at CAISO.

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