

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA**

Order Instituting Rulemaking to Continue)
Implementation and Administration of California) R.11-05-005
Renewables Portfolio Standard Program.)
_____)

**REPLY COMMENTS OF THE IMPERIAL IRRIGATION DISTRICT
ON PROPOSED 2013 RPS PROCUREMENT PLANS**

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In accordance with the *Assigned Commissioner’s Ruling Identifying Issues and Schedule of Review for 2013 Renewables Portfolio Standard Procurement Plans Pursuant to Public Utilities Code Sections 399.11 et seq. and Requesting Comments on a New Proposal* (“ACR”), dated May 10, 2013, the Imperial Irrigation District (“IID”) respectfully submits these reply comments.

I. INTRODUCTION

IID strongly supports the development of renewable generation in California. Consistent with this support, IID has been a participant in the Commission’s proceeding implementing the new requirements of Senate Bill (“SB”) 2 of the First Extraordinary Session of 2011 (“SB1X-2”). IID’s primary concern is that projects located in the Imperial Valley be properly considered in the Investor Owned Utility (“IOU”) procurement process.

In response to the Proposed 2012 Procurement Plans, IID filed Comments requesting that the Commission adopt “remedial measures” to be included in the IOUs’ Procurement Plans that would promote and advance beneficial renewable development in the Imperial Valley.¹

Specifically, IID recommended that the Commission adopt the following remedial measures:

¹ Opening Comments of Imperial Irrigation District on RPS Procurement Plans and New Proposals, June 27, 2012, at 11-12.

- (1.) Require the IOUs to automatically shortlist all proposals for IID-interconnected projects received in future solicitations so that the projects receive special consideration;
- (2.) Include a bid evaluation metric in the Least-Cost Best-Fit methodology to give special preference to IID-interconnected projects; and
- (3.) Require each of the IOUs to conduct a special RPS solicitation for IID-interconnected projects, potentially with a guaranteed minimum quantity of capacity earmarked for projects interconnecting to IID.²

In addition to these remedial measures, IID also recommended that the Commission require the IOUs to remove both overt and inherent preferences included in the Draft Procurement Plans for projects interconnected to the California Independent System Operator (“CAISO”).³ Finally, IID’s Comments also recommended that the Commission ensure that base load and flexible resources can properly prepare to compete in the IOUs’ solicitations by requiring the IOUs’ to provide additional quantification of “integration costs” and “ancillary services” values.⁴

In Decision (“D.”) 12-06-011, the Commission adopted the IOUs’ 2012 Procurement Plans. While the Decision declined to adopt IID’s proposed remedial measures, the Decision did direct Pacific Gas and Electric (“PG&E”), Southern California Edison (“SCE”), and San Diego Gas and Electric (“SDG&E”) to “provide a specific assessment of the offers and contracted projects in Imperial Valley region in future RPS Procurement Plans filed with the Commission pursuant to § 399.11 et seq. until directed otherwise.”⁵

During this time, IID has continued its efforts to address any transmission limitations in order to facilitate further development of renewables in the Imperial Valley. IID filed a Participating Transmission Owner Application and has been selected as the Approved Project

² *Id.* at 14.

³ *Id.* at 11-12.

⁴ *Id.* at 12.

⁵ D.12-11-016 at 22.

Sponsor for the Imperial Valley Policy Element.⁶ This policy driven upgrade approved in the CAISO Transmission Planning Process includes a collector station and transmission facility to deliver the Camp Verde solar project to the Imperial Valley Substation. The intent is that the facilities be placed under operational control of the CAISO. This initiative grew out of efforts to resolve permitting of transmission, which sought to cross over critical water delivery facilities. This new approach could help resolve transmission development and permitting issues, as well as commercial concerns of generators who desire to interconnect directly to the CAISO Controlled Grid. It simply makes sense to leverage IID's existing rights of way and other permitting advantages rather than to duplicate permitting efforts with resulting delays and cost increases.

IID is also collaborating with SCE and the CAISO on the Joint Path 42 Project, which when SCE and IID efforts are completed, will result in approximately 900 MW of incremental transfer capacity from IID's Balancing Authority to SCE's service territory. IID's portion of the upgrade was approved by its Board of Governors on August 16, 2011. At this time, IID anticipates physical construction will commence October 1, 2013 to be completed by April 30, 2014, and will result in approximately 900 MW of available capacity on the IID transmission system to deliver resources to its boundary with the SCE system.

Additionally, IID has identified four important network upgrades required for the interconnection of renewable generating resources in its Transitional Cluster.⁷ These upgrades include both voltage-level upgrades as well as new construction. The upgrades include the Path 42, Highline-El Centro, El Centro-Imperial Valley ("S line"), and Midway-Bannister. The El

⁶ More information on this project can be found at http://www.caiso.com/Documents/ImperialValleyPolicyElement-ProjectSponsorSelectionReport_Jul11_2013.pdf

⁷ Memorialized in Attachment N to its Open Access Transmission Tariff, IID's Transitional Cluster was IID's generator interconnection reform to move away from serial study processes.

Centro to Highline project replaces existing 161 kV with double circuit 230 kV. The Midway-Bannister project consists of approximately 8 miles of a new 230 kV transmission line between IID's Midway Substation and the proposed Bannister Substation. The El Centro-Imperial Valley project, S line, replaces an existing 230 kV line with a double-circuit 230 kV line between jointly owned IID/SDG&E Imperial Valley Substation to IID's El Centro Switching Station.⁸ Subject to certain factors, IID expects to commence these upgrades in 2014.

II. REPLY COMMENTS

The ACR reiterates the Commission's commitment to developing renewables in the Imperial Valley. The ACR directs

PG&E and SDG&E to report on the Imperial Valley results from the 2012 solicitation and SCE to report on the Imperial Valley results from the 2011 solicitation and provide a recommendation on whether the Commission should adopt remedial measures relative to Imperial Valley for 2013, such as to require the utilities to automatically shortlist all Imperial Valley proposals, include unique Imperial Valley bid evaluation metrics, or a solicitation dedicated to Imperial Valley resources

Several parties responded to this issue in the ACR. In the following sections, IID responds to these Comments.

A. IID Generally Supports the Comments of CEERT.

In response to the IOUs' Procurement Plans, the Center for Energy Efficiency and Renewables Technology ("CEERT") concluded that the "outreach" required by D.12-06-011, was unsuccessful. Instead, CEERT recommends that "[a]t this point, especially given the high value of geothermal resources to meeting the increased need for flexible generation resources, CEERT urges the Commission to reconsider and adopt 'remedial measures' that will appropriately value and further procurement of Imperial Valley renewable resources."⁹

⁹ CEERT Comments at 14.

IID agrees with CEERT that the IOUs' outreach effort have not stimulated sufficient development in the Imperial Valley. Given this failure, it is now reasonable for the Commission to consider and adopt remedial measures.

B. IID Generally Supports the Comments of Tenaska, With Clarification.

Similar to CEERT's Comments, Tenaska Solar Ventures ("Tenaska") asserts that "there are compelling reasons why the Commission should seriously consider providing special consideration for certain RPS projects that are proposed to be sited in the Imperial Valley."¹⁰ Tenaska appropriately points out that a similar locational preference was used by the Commission to successfully stimulate the development of wind resources in Tehachapi.¹¹

IID strongly supports Tenaska's call to provide projects in the Imperial Valley with special consideration. Tenaska's reference to Tehachapi is appropriate because it demonstrates that the Commission has a history of taking such actions, and that a preference for Imperial Valley resources would not be unique or ground-breaking.

Tenaska's Comments go on to provide specific recommendations for the Commission's special consideration:

(1) projects on SDG&E's shortlist that would be located in Imperial County and have a direct interconnection to a CAISO delivery point on SDG&E's Sunrise Power Link transmission line ("Sunrise") would be prioritized above others regardless of the projects' bid ranking prices; and

(2) if such projects do not appear on a utility's initial shortlist, such projects would be automatically shortlisted if they fall within the top 10 lowest bid ranking prices that are not shortlisted, so long as the scale and scope of the potential preferred projects are compatible with what the utility is seeking to procure.¹²

Tenaska's recommendation to limit automatic shortlisting to facilities that are directly connected to the CAISO is overly limiting. As described above, IID is actively pursuing a transmission

¹⁰ Tenaska Comments at 4.

¹¹ *Id.* at 4-5.

¹² *Id.* at 4.

strategy that will ensure that needed transfer capability can be built to deliver to resources to the CAISO Balancing Authority and elsewhere. Further, SB1X-2 does not make any distinction between renewable projects located within the five California Balancing Authorities. Any of the IOUs may procure bundled renewable energy from projects that have a first point of interconnection with the IID Balancing Authority and that procurement would still qualify as Portfolio Content Category 1.¹³ SB1X-2 does not create any preference for resources with a first point of interconnection to the CAISO. Therefore, there is no reason why only those projects in the Imperial Valley with a direct interconnection with the Sunrise Power Link should be shortlisted. Instead, IID supports shortlisting all projects in the Imperial Valley, including those that are directly interconnected to the IID Balancing Authority.

C. IID Supports the Comments of Various Parties Calling for a Further Consideration of Integration Cost Adders.

A larger number of the commenting parties recommend that the Commission consider integration cost adders.¹⁴ IID agrees with these groups that the cost of integrating renewable resources is an important factor that must be considered. The Commission and the CAISO have expended considerable effort on modification to Resource Adequacy rules and the possible establishment of a Flexible Capacity requirement. Flexible Capacity needs of the system are reduced when renewable procurement includes base load or dispatchable resources to meet RPS needs that would otherwise be met with intermittent or non-dispatchable resources. In addition, the failure to include integration costs in renewable procurement decisions could result in flawed price signals that increase total costs to consumers. Consideration of integration costs may be key to enabling geothermal resources to compete squarely with other technologies.

¹³ See Cal. Pub. Util. Code § 399.16(b)(1)(A).

¹⁴ See, e.g., IEP Comments at 3; TURN Comments at 5; CEERT Comments at 12-13; LSA Comments at 6; CalPine Comments at 2-4; CalWEA Comments at 16.

It is notable that a new geothermal resource recently brought on-line in the Imperial Valley is being delivered to meet Arizona's renewable needs, not California's. Further, IID's interconnection queue currently consists of 17 projects with total proposed generation of 1099 MW. The breakdown is 13 solar, 1 geothermal, 1 wind and 2 solar/thermal. While IID would like to see more geothermal generation in its queue, IID can only speculate that the reason for this is that the procurement process makes it difficult for geothermal resources to compete. IID urges the Commission to reexamine this policy and provide appropriate consideration on integration costs in the total delivered costs to consumers.

III. CONCLUSION

IID appreciates the opportunity to provide these reply comments.

Dated: July 22, 2013

Respectfully submitted,

/s/ Tony Braun

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ATTORNEY VERIFICATION RULE 1.11

I am an attorney representing the Imperial Irrigation District, the submitting entity. An officer of the Imperial Irrigation District is absent from the county of Sacramento, California, where I have my office, and I make this verification for this submission on behalf of the Imperial Irrigation District. The statements in the foregoing document are true of my own knowledge, except as to matters which are therein stated on information or belief, and as to those matters I believe them to be true.

I declare under penalty of perjury that the foregoing is true and correct.

Executed on July 22, 2013 at Sacramento, California.

/s/ Tony Braun

Tony Braun
Counsel to the Imperial Irrigation District