

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 13-12-010

REPLY COMMENTS OF THE UTILITY REFORM NETWORK
ON WORKSHOP PLANNING ASSUMPTIONS FOR USE IN THE 2014 LONG
TERM PROCUREMENT PLAN PROCEEDING AND
THE CAISO 2014-2015 TRANSMISSION PLANNING PROCESS



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Pursuant to Administrative Law Judge Gamson's email Ruling of December 19, 2013 (Ruling), TURN offers the following reply comments regarding the materials presented at the December 18, 2013 workshop in R.12-03-014, the 2012 Long-Term Procurement Plan (LTPP) docket.¹ TURN's reply comments are focused on three topics raised by some other parties' comments filed January 8.

**I. THE COMMISSION'S ANALYSIS OF SCENARIOS SHOULD ONLY
CONSIDER CURRENT SYSTEM CONDITIONS AND TIGHTLY-DEFINED
SETS OF ASSUMED FUTURE SYSTEM CONDITIONS**

Numerous parties suggested that Energy Division's (ED's) proposed scenarios be changed to assume that certain additional resources and loads would or would not exist, and that such changes be included either in the proposed scenarios or entirely new scenarios.² Such recommendations were seemingly based on commenters' preferred policy outcomes, commenters' proprietary interests, and sometimes both. In their comments, several environmental advocates³ generally pointed to the state's goal of greatly reducing Greenhouse Gas (GHG) emissions by 2050 and suggested that

¹ Per the Ruling, these comments are being filed in the newly-established 2014 LTPP docket, R.13-12-010.

² TURN is herein summarizing parties' positions in a very aggregate manner. This summary is not intended as a restatement of any individual party's comments.

³ Specifically, the Clean Coalition, the Natural Resources Defense Council, the Protect Our Communities Foundation, the Union of Concerned Scientists / Sierra Club, the Environmental Defense Fund (EDF) and the California Environmental Justice Alliance generally made such arguments. Not all of these parties made every specific point summarized in this sentence. Other environmental advocates cited below also addressed more specific assumptions.

scenarios reflect larger quantities of renewable resources,⁴ Demand Response (DR),⁵ Energy Efficiency (EE), and storage envisioned by CPUC Decision 13-10-040.⁶ Other parties advocated for inclusion of large pumped storage projects,⁷ out-of-CAISO renewables,⁸ electric vehicles,⁹ and the potential load impacts driven by suggested changes to retail rate design.¹⁰ TURN supports many of these parties' long-term objectives.

TURN observes, however, that if all parties' solutions to meeting future system needs were included as assumptions in a single scenario, the current large capacity surplus would continue through 2024 and likely beyond. Though there may not be need for any additional new investments by 2024, TURN does not wish to *assume* that all the resources suggested by various parties will necessarily emerge as proposed over the next decade. More generally, despite its support for the state's environmental goals, TURN does not view the specification of scenarios for the 2014 LTPP as the appropriate place to develop fully the state's long-term strategic vision. As discussed below, the scenarios will instead serve the more modest, intermediate purpose of supporting the state's goals by maintaining reliability as the grid evolves.

Further, inclusion of resources as assumptions in LTPP modeling scenarios does nothing to ensure that such resources will develop, promote their deployment or provide confidence that the related state procurement goals will actually be achieved. The evolution of the CAISO grid will be driven by binding Commission procurement directives in the LTPP and specific dockets addressing renewables, DR, EE, and storage

⁴ Comments of The Vote Solar Initiative (Vote Solar) and the Center for Energy Efficiency and Renewable Technologies.

⁵ Comments of EnerNOC and the California Large Energy Consumers Association.

⁶ Comments of Vote Solar and the Office of Ratepayer Advocates (ORA).

⁷ Comments of the California Energy Storage Alliance, Brookfield Renewable Energy Partners, Eagle Crest Energy and Nevada Hydro Company.

⁸ Comments of Duke American Transmission Company and the Imperial Irrigation District.

⁹ Comments of the Clean Coalition and Vote Solar.

¹⁰ EDF comments.

along with the response of vendors and purchasing LSEs to procurements. Theoretical customer responses to yet-to-be determined rate design changes and possible additional DR and EE programs are all unknowns. All these factors make it quite speculative to assume that certain resources with presumed operating characteristics will be present in specific quantities ten or more years from now.

TURN instead believes the modeling scenarios should be constructed for the modest purpose of helping the Commission assess whether there is any reliability need that will only be met by requiring the specific procurement of various types of new resources in the years through 2024. Needs in following years will be addressed by future LTPPs and do not need major attention in this docket.¹¹ TURN thus does not believe that the scenarios beyond 2024 will matter much to the primary determinations at issue in this LTPP.¹²

In addition, for its results to be authenticated and useful, modeling must start with scenarios that are based largely on a “business as usual” (BAU) case. Each additional scenario should then developed by making consistent sets of changes to the BAU case to reflect the achievement or occurrence of each such scenario.¹³ Additional “scenarios-to-scenarios” can then postulated be adding additional sets of changes if desired.

Further, the specification and choice of scenarios must acknowledge the limits on parties’ ability to perform the modeling and analyses that will inform the Commission’s need findings. In recent LTPPs, the CAISO and utilities have been challenged to analyze more than a few scenarios, whether they have been analyzing renewable

¹¹ For example, needs through 2026 will be revisited in the 2016 LTPP two years hence.

¹² TURN is not saying that post-2024 assumptions are irrelevant to such decisions – just that given the effort that will be required to model 2024 to see if there are any reliability challenges under some basic scenarios will not allow much analysis of the system beyond 2024.

¹³ ED’s scenarios appear to have been developed in this manner.

integration need or local capacity needs. TURN believes the same challenges will limit the number of scenarios and sensitivities that can be effectively analyzed in this LTPP.

TURN believes that LTPP modeling scenarios should be modestly constructed. The Trajectory scenario should be rooted first in the system as it exists today including reasonably-known and likely “BAU” changes. The most important additional scenarios should be based on major changes to system conditions that may be reasonably extrapolated from current policies or potential reasonable system conditions. For example, the High scenario may be an easy-to-construct and good stress test for the results of the Trajectory scenario. However, given the rapid changes the state’s environmental goals pose for the state’s electric grid, TURN believes that modeling a very aggressive preferred resources scenario would be useful; the scenario labeled as the Expanded Preferred Resources (EPR) scenario appears to meet this criterion.¹⁴

TURN further suggests that the choice for analysis of scenarios or sensitivities beyond these initial three, if such analyses are feasible, may be deferred until the first three scenarios’ preliminary results are reviewed. Such results should provide guidance as to the next best scenarios for further analysis. For example, if results suggest there are no significant reliability issues under the EPR scenario, modeling of an even more aggressive “Greater EPR” scenario might be merited. And if results suggest significant reliability issues under the EPR scenario, a “Lesser EPR” scenario that is closer to the Trajectory scenario might merit analysis.

TURN supports the state’s environmental objectives and is not contesting parties’ long-term visions for a greener grid. Rather, TURN is suggesting that the analysis of need that will be conducted in 2014 be based on a more flexible, less certain view of how the

¹⁴ These recommendations are consistent with ORA’s “top three” scenario list. See ORA’s Comments, pages 1-2. TURN is not taking positions on the remainder of ORA’s comments or other parties’ suggestions to change these three scenarios’ specific assumptions.

state's objectives will be met over the coming decades, and that procurement of environmentally-preferred resources continue in other appropriate forums. According to the Rulemaking itself, one such forum will be this LTPP in 2015.¹⁵

II. THE COMMISSION SHOULD CONSIDER MORE CAREFULLY THE IMPLICATIONS OF TRANSMISSION ASSUMPTIONS IN ITS SCENARIO DEVELOPMENT

As stated above, TURN does not think the selection of scenarios for the system reliability modeling considered in the 2014 LTPP will drive the long-term development of the various types of resources that meet or manage load. However, some parties' comments give TURN concern that the LTPP scenarios may lead to development of transmission projects that are not necessary and impose unnecessary costs on customers. As TURN understands these concerns, such an outcome could occur because the CAISO uses the LTPP scenario assumptions to perform its transmission planning studies even though the scenarios have had relatively little public vetting compared to their potential transmission cost implications.

This possible consequence of the scenario development process was raised by the City and County of San Francisco (CCSF), the Bay Area Municipal Transmission Group (BAMx) and the California Wind Energy Association (CalWEA). Without necessarily endorsing the specific criticisms or proposed remedies these parties raised in their comments, TURN believes the Commission should take steps to ensure its efforts to prepare reasonable analytic scenarios for purposes of generation planning do not have unintended cost impacts when used for transmission planning. For example, the

¹⁵ OIR 13-12-10, page 10 ("In 2014, Phase 1 will determine overall needs (currently system, local, and flexibility), but not how those needs would be filled. In the early part of 2015, we expect the CAISO will authorize transmission and transmission-related infrastructure projects through its TPP process, which could potentially offset some of the needs determined in Phase 1 of the LTPP. Next, the Commission in Phase 2 of this proceeding will authorize specific resources (generation, demand-side programs, etc.) near the end of 2015 to fill any remaining needs.")

Commission should review the potential for this negative impact in this LTPP cycle and, if appropriate, attempt in its cooperative arrangements with the CAISO to minimize transmission investment that may not be necessary. In 2015, the Commission should also verify the cost-effectiveness of transmission projects the CAISO may propose to meet various needs. TURN further recommends the Commission revisit this aspect of its scenario development process in future LTPPs.

III. COMMUNITY CHOICE AGGREGATORS' LOADS AND RESOURCES MUST BE CONSIDERED WHEN ANALYZING SYSTEM RELIABILITY

Two advocates for Community Choice Aggregators (CCAs) – Marin Clean Energy (MCE) and the Protect Our Communities Foundation (POC) – argue that CCAs' loads should be subtracted from the system reliability analyses to be performed in this LTPP. The Commission should reject these recommendations. All Load-Serving Entities' loads and resources are managed on an integrated basis by a single system operator, the CAISO. The analysis of the CAISO's system resource needs can only be performed if *all* the loads and resources within its footprint are considered.¹⁶ This analytic imperative is similar in principle to the necessity to conduct transmission modeling based on all LSEs' loads and resources - a necessity that MCE recognizes.¹⁷ MCE's and POC's requests that CCA loads be excluded from forthcoming modeling of CAISO loads and resources should thus be rejected.

TURN appreciates the opportunity to provide these comments.

¹⁶ In fact, the CAISO's renewable integration modeling includes Publicly-Owned Utility loads and resources within the CAISO that – unlike CCA loads – are not even CPUC-jurisdictional.

¹⁷ MCE Opening Comments, pages 4-5.

Respectfully submitted,

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