

**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  
(Filed December 19, 2013)

**PRE-HEARING COMMENTS OF THE CALIFORNIA WIND ENERGY ASSOCIATION  
ON THE SCOPE OF THE 2014 LONG-TERM PROCUREMENT PLAN PROCEEDING**

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***On behalf of the California Wind  
Energy Association***

February 3, 2014

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**I. INTRODUCTION & SUMMARY OF COMMENTS**

The California Wind Energy Association (CalWEA) appreciates this opportunity to comment on the Preliminary Scoping Memo for the Commission's 2014 long-term procurement planning cycle, pursuant to the December 30, 2013, Order Instituting Rulemaking (OIR).

In summary, CalWEA encourages the Commission to pursue the following objectives in the 2014 LTPP process:

- Place a high priority on the development of a meaningful range of scenarios, taking the time necessary to create scenarios that are sufficiently divergent, so as to produce a robust assessment of reliability needs and to provide the California Independent System Operator (CAISO) with a basis for identifying "least-regrets" policy-related transmission upgrades. This goal cannot be achieved under the current schedule for developing planning assumptions and scenarios;
- The scenarios should not prejudice the need or cost-effectiveness of obtaining reliability services from renewable energy resources; instead, the overall need for reliability resources should be independently determined in Phase 1 of this planning cycle, and the cost-effectiveness of upgrading the transmission system to secure reliability from renewables should be determined in the CAISO's Transmission Planning Process (TPP) and/or in Phase 2 of this planning cycle;

- Coordinate with the Air Resources Board (ARB) to plan for the achievement of targeted greenhouse-gas (GHG) reduction levels within the timeframe of the LTPP, and consider a longer-term timeframe to ensure consistency of near-term planning with long-term GHG goals; and
- Seek to coordinate the planning and analysis that is done across all of the Commission's various energy policies and programs to promote the consistent use of assumptions, values, and analytic tools, with the goal of improving the cost-effectiveness of the Commission's energy policies and procurements.

Regarding the timing of the process, we agree that the local area and system planning process should be split into two phases, with the first phase determining overall local, flexibility and system needs this year, and the second phase authorizing specific resources to meet those needs after the CAISO completes its TPP in early 2015, as new transmission authorizations from the TPP may reduce the resource need.

## II. DISCUSSION

### A. The Commission Should Place a High Priority on Developing a Meaningful Range of Scenarios

To provide a strong foundation for sound decision-making in the LTPP and TPP processes, meaningful results from the LTPP studies will be essential. Meaningful results, in turn, will require studying a diverse set of reasonably possible future energy scenarios. These scenarios should be treated as seriously as the base case. They must be carefully selected to be sufficiently divergent from the base case that the reliability needs identified in the base case are truly tested. Such scenarios are also needed so that the CAISO can determine, with its transmission studies, whether there are "least-regrets" policy-driven upgrades that are robust across all energy futures.<sup>1</sup>

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<sup>1</sup> On December 16, 2010, the Federal Energy Regulatory Commission accepted the CAISO's revised transmission planning process (RTPP) in *California Independent System Operator Corp.*, 133 FERC ¶ 61,224 (2010). Among other things, the RTPP creates a new category of "policy-driven" transmission

Unfortunately, as was made clear in stakeholder comments on the Energy Division's LTPP planning assumptions and scenarios, the draft scenarios fall far short of laying the strong foundation that is needed. Among other important issues, the draft scenarios fail to consider achievement of the state's GHG-reduction goals, as discussed in II.C below. It is not possible to make the necessary corrections on the current schedule. It is essential, therefore, that the Commission make clear, in its Scoping Memo, that it places a high priority on developing a meaningful range of scenarios that benefit from substantial stakeholder consensus, and direct staff to take the time necessary to achieve these goals before LTPP studies commence. Pressing ahead on a weak foundation will lead only to a disputed set of results and the lack of a solid basis for decision-making.

**B. The Scenarios Should Not Prejudge The Need or Cost-Effectiveness of Obtaining Reliability Services From Renewable Energy Resources**

In its Scoping Memo, the Commission should make clear that the LTPP studies should not prejudice the need or cost-effectiveness of obtaining reliability services from renewable energy resources. We raise this issue because the Energy Division's draft scenarios and assumptions do, in fact, implicitly assume both that there is a need for new resources capable of providing reliability services, and that this need is most cost-effectively addressed with renewable resources having full capacity deliverability status.<sup>2</sup> Instead, the overall need for new reliability resources should be independently determined in Phase 1 of this planning cycle, and the cost-effectiveness of upgrading the transmission system to secure reliability from renewables as compared to other options should be determined in the CAISO's Transmission Planning Process (TPP) and/or in Phase 2 of this planning cycle.

In order to achieve system reliability and the state's clean-energy goals most efficiently, it will be essential for the Commission to consider, both in the LTPP and in its other proceedings, the costs and benefits of requiring renewable resources to achieve full capacity

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facilities to meet state and federal policy and directives. CAISO will apply a "least-regrets" approach to identify policy-driven facilities that will minimize the risk of over-building under-utilized transmission capacity.

<sup>2</sup> See the January 8, 2014, Opening Comments of CalWEA, UCS/Sierra Club, City and County of San Francisco, and the Bay Area Municipal Transmission Group in this docket.

deliverability status, compared with other possible means of obtaining reliability services (including acquiring new local capacity resources or upgrading the transmission system). The Commission must also consider whether adequate transmission capacity exists under the CAISO's current operational protocols and reliability standards (without transmission upgrades) to enable the delivery of sufficient clean energy to achieve the state's RPS and GHG-reduction goals. To accomplish this, and to inform policy and procurement decisions, assumptions that prejudge these issues must not be buried within the analysis.

**C. The Commission Should Coordinate with the ARB to Plan for the Achievement of Targeted GHG-Reduction Levels**

While the OIR indicates that the Commission, laudably, seeks to coordinate the 2014 LTPP cycle with the California Energy Commission (CEC) and the CAISO, there is an agency missing from this effort: the ARB. Coordination with the ARB in developing the future energy scenarios to be studied in this LTPP cycle will be essential to ensure that the Commission's planning will enable achievement of gubernatorial executive orders. These orders, which are being planned for by the ARB in its AB 32 Scoping Plan update, will require California to reduce its emissions of greenhouse gases to 80 percent below 1990 levels by 2050 and to achieve certain zero-emission vehicle targets.<sup>3</sup>

The Energy Division's draft assumptions and scenarios for the 2014 LTPP studies fail to reflect any thought towards meeting the 2024 GHG-reduction levels that the ARB has shown will be needed to meet much larger 2030 and 2050 GHG-reduction levels.<sup>4</sup> As a comprehensive study by Lawrence Berkeley National Laboratory has shown, even achieving 40% renewable energy by 2020 or 51% by 2030 will not be sufficient to achieve the state's 2050 GHG-reduction goal.<sup>5</sup>

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<sup>3</sup> Executive Orders S-3-05 and B-16-2012. See <http://www.arb.ca.gov/cc/scopingplan/scopingplan.htm>.

<sup>4</sup> See Figure 6 in the ARB's AB 32 Scoping Plan Update Discussion Draft, October 2013. Available at: <http://www.arb.ca.gov/cc/scopingplan/scopingplan.htm>.

<sup>5</sup> See Jeffery B. Greenblatt, *Estimating Policy-Driven Greenhouse Gas Emissions Trajectories in California: The California Greenhouse Gas Inventory Spreadsheet (GHGIS) Model*, p. 25. Lawrence Berkeley National Laboratory. (November 2013.) Available at: <http://eetd.lbl.gov/sites/all/files/lbnl-6451e.pdf>.

The Commission must correct this major shortcoming in the scenarios by, as called for above, delaying the current schedule to enable coordination with the ARB to plan for the achievement of targeted GHG-reduction levels within the timeframe of the LTPP. Further, the Commission and the ARB will need to consider a longer-term timeframe to ensure the consistency of planning for the relatively near-term (2024) with long-term (2030 and 2050) GHG goals.

**D. The Commission Should Seek to Coordinate Planning and Analysis Across Its Various Energy Policies and Programs**

In addition to seeking to coordinate the 2014 LTPP cycle with other state agencies, the Commission needs to promote coordination within its own agency, with the goal of improving the consistency and cost-effectiveness of the Commission's own policies and programs and the procurements made under its jurisdiction.

Currently, such coordination is lacking and there is no consistent use of assumptions, values, or analytic tools across the Commission's various programs. For example, the "least-cost, best-fit" bid evaluation model used in the RPS procurement process places significant near-term value on resources that provide resource adequacy (RA) benefits to the utilities, while, at the same time, the LTPP studies are showing that there is no need for system capacity. Similarly, completely different methodologies are used to determine the cost-effectiveness of storage technologies than are used in RPS and LTPP planning and procurement.

If different values and methods are used in the Commission's various proceedings, the results from these different "silos" will be disjointed and produce inefficiencies. As the LTPP is the Commission's "umbrella" proceeding (OIR at p. 14), the Commission should use this proceeding as a forum for considering how, to the extent practicable, it can promote consistency across its various procurement programs, including the LTPP, RA, RPS and sub-RPS programs, energy efficiency, demand-response, and storage programs.

**III. CONCLUSION**

For the foregoing reasons, we urge the Commission's consideration of the above four issues in the 2014 LTPP cycle.

February 3, 2014

Respectfully submitted,

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