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Duke America Transmission Company's Comments on the 2015 Draft IEPR

Additional submitted attachment is included below.

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California Energy Commission
Dockets Office, MS-4
Re: Docket No.15-IEPR-01
1516 Ninth Street
Sacramento, CA 95814-5512
Via e-Comment

Re: Duke American Transmission Company's Comments on the 2015 Draft Integrated Energy Policy Report

Dear Commissioners,

Duke American Transmission Company ("DATC") appreciates the opportunity to provide these comments on the Energy Commission's 2015 Draft Integrated Energy Policy Report ("Draft IEPR"). DATC commends the Commission and its staff for producing a Draft IEPR that is comprehensive, accurate and sets forth policies that will produce tangible benefits for years to come. The quality of the Draft IEPR also demonstrates the Commission's commitment to taking stakeholder input seriously and giving the hearing record diligent and careful consideration. Having invested considerable effort in submitting comments at workshops and in writing during this year's IEPR process, DATC very much appreciates that its comments were given such careful consideration.

The Draft IEPR acknowledges that adequate and appropriate transmission is a key element in achieving many of the state's renewable energy and carbon reduction goals. In particular, the Draft IEPR's description of and support for landscape-scale planning when applied to transmission projects is on point. DATC agrees that coordinating transmission planning with careful consideration of environmental and land-use issues, and renewable project planning and procurement "maximizes the probability that transmission planning decisions will elicit appropriate transmission projects that can be permitted in a timely manner."[1]

The Draft IEPR also provides an excellent, comprehensive overview of the complex web of state-level and West-wide transmission planning efforts that are involved when considering preferred transmission investments. The Draft IEPR includes descriptions of the Western Electricity Coordinating Council's ("WECC") development of regional environmental metrics

[1] 2015 Draft Integrated Energy Policy Report, hereinafter "Draft," at 88.

and the Transmission Expansion Planning Policy Committee; the joint-federal agency effort to identify transmission corridors in the *West-Wide Energy Corridor Programmatic Environmental Impact Statement*; the Energy Commission's Renewable Energy Initiative ("REIT") stakeholder processes and the Commission's joint effort with the California Public Utility Commission to revise the RPS Calculator, which projects various potential renewable generation scenarios; the California Independent System Operator's ("CAISO") annual Transmission Planning Processes ("TPP"); and the San Joaquin Solar convening[2] and other local-level planning efforts.

DATC further supports the Draft IEPR policy that transmission planning needs to be "streamlined and coordinated to ensure siting, permitting, and construction of the most appropriate transmission projects to connect renewable resources while ensuring proper consideration of land-use and environmental issues."[3]

The Draft IEPR provides a thorough review of policies and goals that should inform and influence transmission planning and approvals. In particular, DATC agrees with the Draft IEPR's conclusions regarding the need to access a broad region of renewable resources. "Geographic diversity in the renewables portfolio can help achieve the 50 percent renewable goal by 2030. Strategic transmission investments are needed to link our extensive renewable resources to load centers throughout the grid." [4] Additionally, "a 50 percent RPS by 2030 requirement will entail development of renewable projects and associated transmission additions."[5] The Draft IEPR also notes that "[p]lanned generation associated with several multistate transmission projects could provide seasonal and geographical diversity that could complement California's renewable generation."[6]

Despite the acknowledged importance of accessing renewable generation over a larger geographic area, the Chapter 3 recommendations lack recognition of this necessary strategy. While the Draft IEPR supports the development of regional transmission markets to enhance access to a more diverse region of renewables, and rightly so, regional diversity of renewable resources cannot be achieved by markets alone. New transmission investment will be necessary. Accordingly, DATC encourages the Commission to add to its Chapter 3 recommendations a statement that the Commission promotes and supports the development of new transmission where it enhances the regional diversity of California's renewable generation portfolio.

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[2] In regard to the discussion of the stakeholder effort to plan solar development in the San Joaquin Valley, DATC has one minor comment. The terminology used in the discussion of this stakeholder process in the Strategic Transmission Investment Planning chapter, Chapter 3, should incorporate the phrase "San Joaquin Solar convening." This is the commonly used term for this effort, and is already used in the Draft IEPR's discussion of preferred areas for distributed generation and utility-scale renewable development. Including this phrase in Chapter 3 will avoid confusion over whether the same San Joaquin renewable planning effort is being discussed.

[3] Draft at 97.

[4] Draft at 3.

[5] Draft at 108.

[6] Draft at 107; see also the Draft's summary of a regional grid at 81-82.

Finally, DATC strongly supports the draft's unequivocal endorsement of the Garamendi Principles and the policy of right-sizing transmission lines. In particular, DATC agrees that "[g]iven the limited availability [of] corridors for new transmission lines, and the expectation that corridors will be even more limited in the future, the state should assume right-sizing new transmission facilities is the best option."[7] The Draft IEPR accurately summarizes the broad consensus in favor of right-sizing as an appropriate planning tool among parties representing agricultural, environmental, renewable energy and transmission development interests. While the Draft IEPR directs the Commission to further consider what is encompassed in the concept of right-sizing in the 2016 IEPR update, at a minimum it can be agreed now that right-sizing involves approving transmission projects sized beyond the current or near-term transmission needs of a particular corridor to accommodate reasonably anticipated transmission capacity needs in the future.[8] DATC welcomes further consideration of right-sizing policies in the 2016 IEPR Update, and also expects these questions to be raised in the RETI 2.0 process, a process in which DATC will be actively participating.

However, for the San Luis Transmission Project ("SLTP"), the project the Draft IEPR uses as the example of a project for which right-sizing is at issue,[9] a decision on project size cannot wait until the conclusion of the RETI 2.0 process, the development of right-sizing policies in the 2016 IEPR update, or the CAISO's 2015-2016 TPP. The SLTP is a 62-mile transmission project that will consume the last remaining existing transmission corridor space between Los Banos and Tracy substations. It is proposed by the Western Area Power Administration ("Western") to serve the approximately 400 megawatt ("MW") water pumping load of the federal Central Valley Project, operated by the U.S. Bureau of Reclamation. The SLTP can meet federal needs at 230 kilovolt ("kV") without "right-sizing" to 500 kV. Building the SLTP at 500 kV, however, would as much as quadruple its transmission capacity (to 1,600 MW) with very little additional environmental impact. If right-sized at 500 kV, the project will be able to serve the transmission likely needed to develop solar in the San Joaquin Valley, which is the anticipated outcome of the San Joaquin Solar convening. Western has stated its intent to make a final project size decision during the Spring of 2016, and once the Western has committed to constructing the project at 230 kV, the opportunity to "right-size" the SLTP will be lost. Thus, DATC encourages the Commission to stand-by the policies supporting right-sizing, as articulated in the Draft IEPR, to work with the CAISO and other agencies in support of right-sizing proposed transmission projects, and to not wait for the outcome of the 2016 IEPR update or other planning processes to do so.

This is appropriate not simply to accommodate the timing of the SLTP decision, but also because the unique factors presented by SLTP are such that it is difficult to imagine "right-sizing policies" emerging from the 2016 IEPR that would not support right-sizing this project. That is because the SLTP combines all of the following factors:

[7] Draft at 114.
[8] See Draft at 112-113.
[9] Draft at 113.

- It will consume the last remaining space in an existing corridor such that future expansion will require development of an entirely new transmission corridor with all of the economic and environmental consequences and permitting challenges attendant to new corridors;
- The corridor in question is a bottleneck in the very backbone of California's high voltage electric grid relied upon for most transmission between northern and southern California and between California and the Western Region;
- The equivalent of the SLTP was identified in past CAISO interconnection studies (Cluster 3) as a critical upgrade necessary to the interconnection of renewable generation in the San Joaquin Valley;
- The goal of the Governor's San Joaquin Valley Solar convening, and a key element in meeting the state's renewable energy and GHG goals, is development of renewable capacity in the San Joaquin Valley; and
- The cost of the additional capacity that would be created by right-sizing the SLTP compares very favorably to other 500 kV transmission projects approved in California.

Stated simply, if the Commission does not seek implementation of the Draft IEPR's policies on right-sizing to the SLTP within the timeframe of federal government's planning process, then the policies risk being a practical nullity with respect to the "poster child" project that the Draft identifies as presenting a "right-sizing" opportunity. While the CAISO has not yet identified a need to right size the SLTP within the horizon of its current planning process, that effort only looks at near-term needs within 10 years and does not consider the state's newly adopted renewable energy and GHG goals. Thus, that process does not meet the test identified in the Draft IEPR for rejecting such a right-sizing opportunity:

> *Given the limited availability corridors for new transmission lines, and the expectation that corridors will be even more limited in the future, the state should assume right-sizing new transmission facilities is the best option. California's GHG policies will likely require significant development of central station renewable generation that is not located near load centers and will require new transmission lines. The corridors required for new transmission facilities in California are limited by urban growth, terrain, and the need to protect the environment. "As a practical matter, this means that any proposal to not right size a transmission project should only be adopted after a careful examination of the long term environmental and economic consequences of such a decision." [Footnote omitted]. The state should seek to maximize the value of the remaining corridors through right-sizing.* [Emphasis added.][10]

[10] Draft at 114.

Thus, to make these laudable Draft IEPR policies meaningful with respect to the most important right-sizing opportunity currently at issue in California, the Commission should amend the policies of Chapter 3 to add the following policy statement:

> *Recognizing that the decision whether to right-size the San Luis Transmission Project must be made prior to adoption of the 2016 IEPR, in addition to developing right-sizing policies in the next IEPR, the Commission will work closely with CAISO and other agencies and stakeholders to ensure that the long-term environmental and economic consequences of not right-sizing the SLTP are fully considered before that opportunity is lost.*

It would be sadly ironic if the Commission's 2016 IEPR were to develop right-sizing policies that would support right-sizing the SLTP shortly after the opportunity to do so is gone. Moreover, it would be a significant failure of public policy (and a violation of the Garamendi Principles) if it then becomes apparent that a new corridor must be found for this same capacity to facilitate achievement of the state's key electricity goals, given that such a new corridor is certain to be considerably more costly, environmentally harmful and difficult to achieve than right-sizing the SLTP. Despite the Commission's laudable efforts to date in this Draft IEPR and elsewhere, DATC sincerely believes that is where California transmission planning is currently headed. The policies of this Draft IEPR, if implemented in a timely and practical manner with regard to the SLTP, would avert such a failure.

DATC again commends the Commission and its staff for producing this excellent Draft IEPR and thanks the Commission for its careful consideration of these comments.

Sincerely,

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