

## DOCKETED

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<b>Project Title:</b>	Renewable Energy Transmission Initiative 2.0
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*Comment Received From: Timothy J. Haines*

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*Docket Number: 15-RETI-02*

**Renewable Energy Transmission Initiative (RETI) 2.0 Plenary Group Preliminary Work Plan**

*Additional submitted attachment is included below.*

January 7, 2016

RETI 2.0 Management Team  
c/o Brian Turner  
Deputy Executive Director  
Policy and External Relations  
California Public Utilities Commission  
505 Van Ness Ave, Room 5222  
San Francisco, CA 94102

**Re: Renewable Energy Transmission Initiative (RETI) 2.0 Plenary  
Group Preliminary Work Plan**

Dear RETI 2.0 Management Team:

The State Water Contractors (SWC) thank the RETI 2.0 Management Team for seeking comments on the “Plenary Group Preliminary Work Plan” presented on December 18, 2015 (Proposed Plan). The SWC<sup>1</sup> is a non-profit, mutual benefit corporation organized under the laws of the State of California, comprised of 27 public agencies holding contracts to purchase water delivered by the State Water Resources Development System, otherwise known as the State Water Project (SWP), which is owned and operated by the California Department of Water Resources (DWR). SWC’s public agency members are the beneficial users of the SWP, which provides water for drinking, commercial, industrial, and agricultural purposes to a population of more than 25 million people and to over 750,000 acres of farmland throughout the San Francisco Bay-Area, the Central Valley of California, and Southern California. The primary purpose of the SWP is to store and deliver water to the SWP contractors, who pay all of the costs incurred by the SWP.

<sup>1</sup> The SWC members are: Alameda County Flood Control & Water Conservation District, Zone 7; Alameda County Water District; Antelope Valley-East Kern Water Agency; Casitas Municipal Water District on behalf of the Ventura County Flood Control District; Castaic Lake Water Agency; Central Coast Water Authority on behalf of the Santa Barbara County Flood Control & Water Conservation District; City of Yuba City; Coachella Valley Water District; County of Kings; Crestline-Lake Arrowhead Water Agency; Desert Water Agency; Dudley Ridge Water District; Empire-West Side Irrigation District; Kern County Water Agency; Littlerock Creek Irrigation District; The Metropolitan Water District of Southern California; Mojave Water Agency; Napa County Flood Control & Water Conservation District; Oak Flat Water District; Palmdale Water District; San Bernardino Valley Municipal Water District; San Gabriel Valley Municipal Water District; San Geronimo Pass Water Agency; San Luis Obispo Co. Flood Control & Water Conservation District; Santa Clara Valley Water District; Solano County Water Agency; and Tulare Lake Basin Water Storage District.



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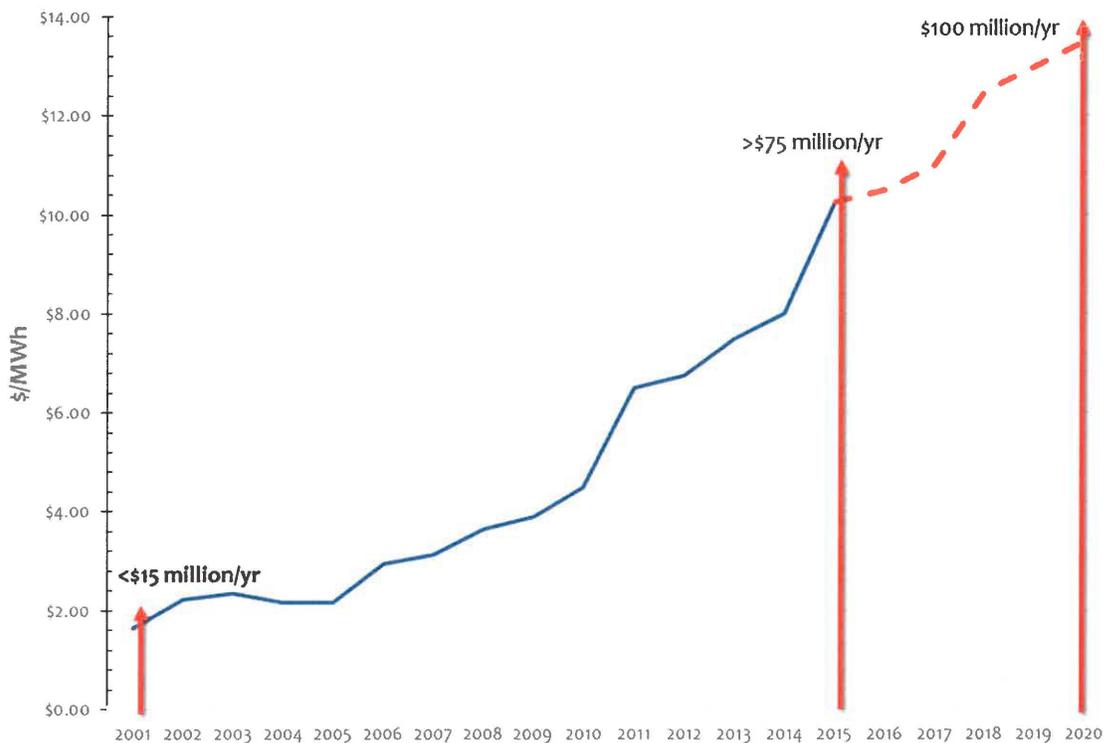
**Phillip Miller**  
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**General Manager**  
Terry L. Erlewine

The SWC submit these comments to help the Management Team ensure the SWP can continue to meet its water delivery mission while helping the state achieve its carbon reduction objectives.

The SWP provides a blueprint to producing and using significant amounts of carbon free power at a reasonable cost. It is well established that the SWP is the single largest end user of electric energy in the state. A less known fact is it relies on one of the cleanest power supplies to move water because the SWP is also one of the largest producers of carbon free power. In fact, even in 2030 the SWP power supply will be cleaner than all the major electric utilities relying on 50% renewables.

However, and as we noted during the December 18 Plenary Session, the SWC have experienced steady increases in our transmission costs. The buildout of transmission to where the wind blows and the sun shines has contributed significantly to the increases. Our costs have risen from about \$15 million to \$75 million and are expected to exceed \$100 million in a few years. The Management Team need look no further than the most recent transmission revenue requirements proposals by PG&E and SCE at FERC. Each utility proposed increases that would have increased our transmission costs by more than \$5 million per year. Again, the irony of this is the SWC are paying for transmission the electric utilities need to reduce their carbon footprint to levels that will remain higher than that of the SWP.



Our challenges of transmission cost increases at FERC are targeted and focused. We strive to show support for state energy policy thereby limiting our challenges to strictly the utility business practices that increase their bottom line without reducing carbon. In that our narrowly focused efforts at FERC have been effective in reducing the proposed rate increases by the utilities, we know more savings can be achieved before proposals make their way to FERC. Our view is RETI 2.0 provides the means to contain future renewable transmission rate increases. The SWC commit

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to work with the Management Team to contain costs at the front end of the renewable transmission rate making process consistent with our constructive efforts in the backend at FERC.

During the December 18 Plenary Session, the Management Team stated that keeping customer costs low is an underlying assumption. The SWC applaud that view point. To that end and to make sure there is no misunderstanding, we feel it is critical that the Objectives of RETI explicitly include an obligation to identify and propose the least cost combination of renewable transmission projects.

In order to achieve that objective, the SWC urges the Plenary Group, Transmission Technical Input Group, and the Environmental Land Use Technical Group to reach out actively to consumers, such as SWC, and other consumer groups for our insights. This will augment the input these groups provide the Management Team.

As to the Questions for Stakeholders, the SWC believe placing too much emphasis on cost and value of future renewable resources may overly complicate the RETI 2.0 process. That is because it prejudices CPUC oversight of utility procurements, CAISO market operations and CEC assessment of energy consumption trends. The metric the SWC feel the Management Team should apply to the renewable transmission scenarios is least cost of the transmission scenarios. Leave it to the CPUC, CAISO and CEC to consider renewable resource value propositions.

The State Water Contractors pay the costs of the largest electric end user in the state that moves water with one of the cleanest power supplies. We have demonstrated our support for state carbon reduction goals. We look forward to working with the Management Team to help identify the most feasible, least cost renewable transmission projects as a member of the RETI 2.0 Plenary Group.

Sincerely,



Timothy J. Haines  
Deputy General Manager  
State Water Contractors

cc: California Energy Commission RETI 2.0 via the e-comment feature