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SWPG Comments on March 16, 2016 RETI 2 Plenary Workshop

Please see uploaded file.

Additional submitted attachment is included below.

Date: March 30, 2016

To: California Energy Commission

Docket No. 15-RETI-02

March 16, 2016 Renewable Energy Transmission Initiative 2.0 Plenary Group Preliminary Work Meeting

From: David Getts, SouthWestern Power Group

The SouthWestern Power Group (SWPG) is an independent developer of utility-scale generation and transmission in the Desert Southwest. SWPG is developing a 515 mile 500 kV interstate transmission project, known as SunZia that will be capable of delivering up to 3,000 MW of renewable energy to AZ, NM, and CA markets via the Palo Verde hub as early as 2020.

SWPG offers the following comments following the Plenary Group's March 16, 2016 working group meeting.

Our comments can be summarized primarily as a request for the agencies to continue the pursuit of optimal transmission solutions. The RETI 2.0 seems sincerely committed to exploring the best location for renewable resources, thereby, unveiling information that will help to inform the optimal mix of transmission resources. SunZia, having dedicated itself to transporting low cost, high quality wind energy from New Mexico to California for many years appreciates this commitment very much.

However, having participated in the March 16, 2016 Plenary workshop, we make two observations.

1. It may take a heightened level of diligence to fully vet regional alternatives. We make this observation because despite the agencies' best intentions, much of the detailed information that was shared in the March workshop pertained to in-state potential and in-state resources and land use. SunZia has experienced a similar phenomenon with the CPUC's RPS calculator efforts and the follow-on efforts at the CAISO for transmission planning. While the CPUC and the CAISO intend to support the best resource and transmission solutions, it continues to be a challenge for such *California-centered* agencies to avail themselves of sufficient decision-making information and algorithms sufficiently informed by *out-of-state* realities. It reminds us of the fable that has morphed in details over the years, but is often relayed similarly to how it appeared in this 1942 version of *Mutt and Jeff*.¹

¹ 1942 June 3, Florence Morning News, Mutt and Jeff Comic Strip, Page 7, Florence, South Carolina. (Newspaper Archive) courtesy of Quote Investigator (<http://quoteinvestigator.com/2013/04/11/better-light/>)



Quite simply, it may take a largely disproportionate effort with RETI 2.0 in considering the level of quality of out-of-state information and the treatment of out-of-state alternatives.

Interestingly though, focusing effort on out-of-state information gathering and sharing may be the most needed task of the agencies at this time – even despite our collective disadvantage at tackling such challenges - with SB350 focusing the agencies on regional expansion and with many takers seemingly independently interested in joining with the CAISO. Getting ahead of planning with regional opportunities outside of California will require that the RETI 2.0 group put extra effort into continuing its focus on equally-informed choices both inside and outside of California. SWPG is not suggesting that the same examinations be applied within California and to other states. (For example California land use standards require a higher standard of care for land use in California.) Rather SWPG simply encourages the agencies to continue pursuit of good out-of-state information that will inform the planning processes.

2. SWPG is somewhat concerned about the recommendation in RETI 2.0 that presumes that current contracting is an appropriate predictor of future resource development and optimal contracting solutions. SWPG has been participating in the CAISO and CPUC stakeholder processes for several years and has experienced existing institutional inertia for contract continuation, whereby, the status quo has been historically maintained. For example, renewable resources under contract are captured as provided for in the existing, CPUC approved portfolios, but new and innovative resources have to compete for remaining renewable demand. Transmission solutions at the CAISO that may enable new and different solutions are not considered given the absence of contracting for those new and different resources. The cycle continues to repeat itself.

We believe that RETI 2.0 is trying to understand the best future resources solutions and transmission strategies in order to meet future needs. Yet, if RETI 2.0 looks to resources that are now being contracted for, it will only result in a perpetuation of past solutions and will potentially exclude new solutions that may otherwise be optimal. Again with respect to this opportunity, we hope that RETI 2.0 can avoid similar “chicken and egg” barriers

such that California doesn't necessarily perpetuate past development behavior that may no longer be optimal. And, in this specific instance, we challenge the recommendation that current contracting is a sufficient indicator of future contracting.

SWPG would be pleased to further discuss either or both of these issues. We appreciate the ongoing work of the agencies on the RETI 2.0 effort as well as all of the stakeholders who have presented very useful information.