

DOCKETED

Docket Number:	15-RETI-02
Project Title:	Renewable Energy Transmission Initiative 2.0
TN #:	210906
Document Title:	Pacific Gas and Electric Company Comments: On RETI 2.0 Plenary Group Discussion of Resource Valuation
Description:	N/A
Filer:	System
Organization:	Pacific Gas and Electric Company
Submitter Role:	Public
Submission Date:	3/30/2016 3:13:03 PM
Docketed Date:	3/30/2016

Comment Received From: Pacific Gas and Electric Company

Submitted On: 3/30/2016

Docket Number: 15-RETI-02

PG&E Comments on RETI 2.0 Plenary Group Discussion of Resource Valuation

Additional submitted attachment is included below.

March 30, 2016

**POSTED ELECTRONICALLY TO
DOCKET 15-RETI-02**

California Energy Commission
Dockets Office, MS-4
Docket No. 15-RETI-02
1516 Ninth Street
Sacramento, CA 95814-5512

Re: Docket 15-RETI-02: Pacific Gas and Electric Company Comments on Resource Valuation for the Renewable Energy Transmission Initiative 2.0 Process

I. Introduction

Pacific Gas and Electric Company (PG&E) appreciates the opportunity to provide comments on the March 16, 2016, Plenary Group meeting of the Renewable Energy Transmission Initiative (RETI) 2.0 hosted by the California Public Utilities Commission (CPUC), California Energy Commission (CEC), and California Independent System Operator (CAISO). These comments expand on the presentation given by PG&E on March 16 regarding the company's resource planning and valuation processes.

II. PG&E Utilizes Least-Cost Best-Fit Resource Valuation Methodology

PG&E uses a least-cost best-fit methodology for valuing renewable resources. Other utilities described similar procurement methodologies. This method includes a quantitative calculation of the Net Market Value (NMV) for each offer, which is comprised of the benefits (energy, capacity, ancillary service) minus the costs (contract payments, transmission upgrade cost, integration costs, and congestion). PG&E's Portfolio Adjusted Value (PAV) adjusts the NMV for other attributes, such as location, RPS portfolio need, energy firmness, and curtailment.

After the calculation of PAV is complete, PG&E considers project viability, contribution to RPS goals, supplier diversity, and the other qualitative criteria. The PAV does include adjustments for the energy and capacity value based on project location whereby offers from resources in NP15 will tend to have higher PAV and rank better than equivalent offers from other locations, but beyond that PG&E does not have an explicit preference for any specific renewable energy zone in its valuation process.

PG&E acknowledges that RETI is seeking to determine which renewable energy zones and technologies utilities might prefer in their resource valuation now and into the future. However,

similar to what the other IOUs indicated at the recent Plenary Group meeting, PG&E's procurement process generally is, and should continue to be, agnostic to both technology and location. PG&E prefers a technology-neutral competitive solicitation process that ensures LCBF procurement to best provide safe, reliable and affordable power to customers. Location, technology, or size-based mandates generally decrease flexibility in procurement and increase costs to customers to achieve the state's renewable energy goals. Additionally, RPS procurement is done by considering marginal costs and values at the time of bid evaluation during a competitive solicitation, which means that the least-cost best-fit technologies and locations may change over time as resource costs and market values shift.

III. RETI 2.0 Should Inform Existing Statewide Resource Planning Processes

PG&E participates in statewide resource planning processes at the CEC (Integrated Energy Planning Report (IEPR)), CPUC (Long Term Procurement Plan (LTPP) proceeding, the new Integrated Resource Plan (IRP) proceeding, and the Renewables Procurement Standard (RPS) Calculator), and CAISO (Transmission Planning Process (TPP)) that guide the company's internal resource planning. The original RETI process created a variety of data inputs that informed these planning proceedings, including data for the RPS Calculator that serves as an input for generation and transmission planning in the LTPP and TPP. To be most effective, RETI 2.0 should focus on how best to inform the inputs into these existing regulatory proceedings, without creating new planning metrics or scenarios.

PG&E reiterates that RETI 2.0 should use the existing legislatively mandated 50 percent RPS requirement for determining the incremental renewable resources needed. Emerging regulatory processes are investigating how integrated resource planning in the electricity sector can help achieve additional statewide greenhouse gas emission (GHG) reductions by 2030; however, the 50 percent RPS requirement by 2030 is the only existing legislatively mandated renewables requirement, and should be the target used in the RETI process.

IV. Ways in Which RETI 2.0 Can Potentially Inform Existing Planning Proceedings

On March 15, 2016, the CPUC issued draft RPS scenarios for use by the LTPP and TPP planning processes. PG&E filed comments on March 29, 2016¹. In the RPS Calculator proceeding, the CPUC has indicated that they plan to address various issues and gaps in the Calculator in the remainder of 2016 towards the release of version 6.3. PG&E believes that RETI can provide valuable inputs into this process.

Energy-Only: RETI should study how the development of energy-only RPS resources might affect the need for new transmission to meet the 50 percent RPS goal, particularly

¹ Pacific Gas and Electric Company's Comments in Response to Ruling Accepting Into the Record Energy Division Staff Paper on Draft 2026 RPS Portfolios for Generation and Transmission Planning, CPUC Rulemaking 15-02-020 (March 29, 2016).

how cost-effective deployment of energy-only resources can reduce the costs and potential environmental concerns associated with new transmission development.

In-State Wind: At the March 16th workshop, various developers commented that the RPS Calculator vastly overestimates the quantity of in-state wind available for development. RETI could provide updated estimates of in-state wind availability, due to various new restrictions on development in certain areas. The RPS Calculator screens are based on the RETI category 1 and category 2 definitions; RETI stakeholders could work with the CPUC and their consultants to ensure that the latest local, state, and federal legal or technological prohibitions are captured in the RPS Calculator screen. This could be done in the Environmental and Land Use Technical Group.

Transmission Needs for Out-of-state Renewable Energy Development: The SB 350 CAISO regional expansion study estimates that up to 3000 MW of RPS-eligible resources could be imported from out-of-state resources using existing transmission. More research is needed in this area, and RETI could study this issue in the upcoming months as part of its renewable development scenarios, including the data behind the assumptions made in the SB 350 studies.

V. Conclusion

We appreciate this opportunity to comment on the topic of resource valuation for RETI 2.0 and look forward to continued participation in this effort.

Sincerely,

/s/

Nathan Bengtsson