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CDWR's Comments on RETI 2.0

Additional submitted attachment is included below.

California Department of Water Resources State Water Project's Comments On the Renewable Energy Transmission Initiative 2.0

March 30, 2016

The California Department of Water Resources – State Water Project (CDWR-SWP) appreciates the opportunity to provide these preliminary comments on the March 16th workshop on the proposed Renewable Energy Transmission Initiative (RETI) 2.0 process.

CDWR-SWP supports the RETI 2.0 efforts in identifying the transmission infrastructure that will be needed to achieve a 50% renewables target. However, CDWR-SWP would like to emphasize that RETI 2.0 should primarily focus on developing and exploring cost-effective in-state renewables, as well as needed market design changes including wholesale demand response. The RETI team should also consider existing mechanisms such as the California Independent System Operator's (CAISO) Energy Imbalance Market for imports of out-of-state renewables. Furthermore, CDWR-SWP encourages the RETI team to fully utilize existing transmission capacity when modeling future renewable generation energy amounts injected into the grid. Building new transmission projects to allow renewable generators full capacity rights generally results in underutilization of existing transmission lines. This could potentially drive up the CAISO High Voltage Transmission Access Charge rate, which has rapidly increased over the last decade.

In the Energy and Environmental Economics (E3) study, E3 accounted for Curtailment Cost for generation as part of the Net Resource Cost structure. However, CDWR-SWP believes Curtailment Cost is not currently part of the existing CAISO Tariff or the Market structure and requires further stakeholder discussion and input. CDWR-SWP believes the cost and benefit analysis deserves careful consideration, and would like to get more insight into the assumptions used by E3 in modeling the future CAISO market.

In the CAISO's 2015-2016 Transmission Planning Process cycle, the CAISO identified the potential impacts of a 50% renewable portfolio on the transmission elements. CDWR-SWP would like to seek further verification if the RETI team is planning to integrate CAISO's findings in the results of the RETI 2.0 process.

Lastly, CDWR-SWP would like to extend its participation along with other stakeholders in evaluating and determining whether any new transmission project is justified to accommodate the renewables contained in the portfolios.

Please contact John Yarbrough at 916-574-0665 or johnny@water.ca.gov or Aseem Bhatia at 916-574-0674 or abhatia@water.ca.gov with any questions.