

## DOCKETED

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## **Bay Area Municipal Transmission Group's Comments on the Renewable Energy Transmission Initiative 2.0 Plenary Report**

Please accept the Bay Area Municipal Transmission Group's (BAMx) comments on the Renewable Energy Transmission Initiative 2.0 (RETI 2.0) Plenary Group Draft Report, dated December 16, 2016 and subsequent presentation that was made at the California Energy Commission (CEC) meeting and webinar on January 3, 2017.

*Additional submitted attachment is included below.*

## **Bay Area Municipal Transmission Group's Comments on the Renewable Energy Transmission Initiative 2.0 Plenary Report**

**January 10, 2017**

The Bay Area Municipal Transmission Group<sup>1</sup> (BAMx) appreciates the opportunity to comment on the Renewable Energy Transmission Initiative 2.0 (RETI 2.0) Plenary Group Draft Report, dated December 16, 2016 and subsequent presentation that was made at the California Energy Commission (CEC) meeting and webinar on January 3, 2017.

### **BAMx Applauds State Agency Cooperation and Transparency**

The State agencies are to be commended for continuing to coordinate in an unprecedented manner on the issue of providing for a reliable electric grid that can help achieve the State's GHG emissions reduction goals in an environmentally and cost-effective manner. The RETI 2.0 efforts are a good step in that direction. It is important that the State agencies make transparent their knowledge of progress towards meeting the State's goals. We need to make sure that the new renewable generation projects and the potential accompanying transmission do not unnecessarily harm the environment or lead to unnecessarily greater impact on ratepayers. We are glad to see that the state agencies have maintained its past practice of keeping the public informed by assembling recent data regarding the resource potential, costs and impacts of renewable energy resources in different areas of California and the western United States, and information regarding the ability of the existing bulk transmission capacity to access these resource areas.

### **Any Future Scenarios to Inform Resource and Transmission Planning Should Involve a Use of a Comprehensive Existing and Under Development Planning Tools**

The RETI 2.0 Plenary Group has identified potential renewable resource areas within California, import-export paths, and areas outside California, referred to as Transmission Assessment Focus Areas (TAFAs), for further assessment by environmental, land-use, and transmission experts. BAMx appreciates the RETI 2.0 Transmission Technical Input Group's (TTIG) efforts

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<sup>1</sup> BAMx consists of City of Palo Alto Utilities and the City of Santa Clara's Silicon Valley Power

in providing a summary of the existing generation and transmission capacity and development proposals in each TAFE.<sup>2</sup>

The draft Plenary Report has identified conceptual scenarios that would be valuable to inform future renewable resource and transmission planning efforts. BAMx supports the Existing Capacity or Business-as-Usual Scenario options. These scenarios would test the effect of Full Capacity Delivery (FCD) and Energy Only (EO) mix in different areas on resource mix, capacity values, and total transmission needs. In other words, an existing capacity scenario could explore whether and how an “optimal mix” of FCDS and EO capacity resources in each area could maximize the efficiency of transmission utilization. Among the TAFAs reviewed by the TTIG, nearly 11,000 MW of capacity are available for fully deliverable resources, or potentially twice as much (more than 23,000 MW) of energy-only resources. Given that the State may incrementally need anywhere from 24.5 to 39.8 TWh of renewable energy, which roughly translates to needing to add 9,000 to 15,000MW to meet the 50% RPS goal by 2030<sup>3</sup>, we know that there is adequate existing transmission capacity available to accommodate the renewable resources needed to meet the State RPS goals. Therefore, the critical decision with respect to transmission is whether the incremental benefits of placing more renewables in a TAFE which would trigger new transmission is in the State’s interest when the total environmental and rate impacts of making that decision are adequately considered.

The CPUC Energy Division’s latest version of the RPS Calculator model (version 6.2) and the Capacity Planning Model that is underway in the CPUC Integrated Resources Planning (IRP) proceeding are the appropriate tools that could be used to develop realistic scenarios to inform resource and transmission Planning going forward. BAMx notes that RETI 2.0 is purely focused on renewable energy potential in specific TAFAs, rather than a portfolio development tool for transmission planning purposes. Given the substantial interest in the RETI 2.0 process, it is extremely important for RETI 2.0 to emphasize how these tools can help decision-makers decide where to approve contracts for the construction of new generation and transmission infrastructure. BAMx does not believe that any potential transmission upgrades identified in the Plenary Report should be included in the formal regulatory proceedings. However, BAMx recognizes that non-binding non-regulatory RETI 2.0 recommendations and conclusions can be helpful to inform resource planning scenarios by providing updated data in regulatory planning proceedings, such as IRP. In addition to the regulators, a developer of a new renewable project

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<sup>2</sup> See Table ES-2. Summary of Existing and Proposed TAFE Generation and Transmission and Table ES-3. Summary of TAFE Transmission Path Data in the RETI 2.0 Plenary Group Draft Report, dated December 16, 2016.

<sup>3</sup> B. Turner, “Plenary Group Report Planning Goals Summary,” slide #6, May 2, 2016.

has to weigh the cost and environmental impacts of building it in various locations. RETI 2.0 has performed an important function to a certain extent in helping those developers understand where new projects can be accommodated as full capacity projects and which areas can only accommodate energy only projects. Any future efforts should prioritize the refinement of this data over any activity of identifying the need for transmission to accommodate unrealistic levels of resources buildout in different TAFAs.

The Western Outreach Project (WOPR) has identified substantial interest and activity in out-of-state (OOS) transmission development. BAMx believes that this information developed by the RETI 2.0 efforts can be used to effectively update the current procurement-based transmission planning models to assess potential system benefits of expanded OOS transmission. BAMx believes that California regulators have had to make simplifying assumptions about the impacts of OOS resources when it makes a comparison to the total impacts of in State renewable resources using the sophisticated tools that have been developed. In other words, the assumptions concerning in-State renewables have a much better foundation than those for OOS resources. Therefore, BAMx believes that the type of information being developed on OOS renewables and their transmission needs is very important information. We would encourage any future efforts build off the information contained in the WOPR.

Although BAMx is supportive of modeling the future resource portfolios entailing existing transmission capacity and OOS transmission based upon using tools that perform an economic assessment of additional transmission needs, we believe that the information gained by assuming extreme levels of development in a particular TAFE is of limited value. Additional information is always helpful to some extent but the effort to determine the transmission needed for excessive and unrealistic amount of additional renewable energy development in southeastern California as well as imports through the region that would trigger the Desert Area Constraint (DAC) are of limited value when the needs for new transmission to accommodate the State's 50% RPS goal are realistically assessed. For instance, even when it is forced to choose only In-State FCDS resources in the RPS Calculator version 6.2, it chooses only 1,830MW, 1,735MW and 570MW in the Riverside East, Imperial, and Kramer (Victorville/Barstow) TAFE areas, respectively to meet the 50% RPS goal in 2030. Therefore, modeling an unrealistically high amount of new resources (~ 15,000MW) in the Desert area that would potentially trigger the DAC requiring more than 100 miles of new transmission infrastructure at a potential cost of \$1 billion is not going to be a fruitful resource and transmission planning exercise. Therefore knowing the transmission infrastructure needed to accommodate 15,000 MW may be of some interest to some but does not help the State decision makers with decisions that need to be made.

Alternatively, BAMx encourages the investigation of resource planning scenarios that includes locations of where incremental In-State and OOS resources that can be reliably and cost effectively accessed on the existing transmission infrastructure. Such an assessment would involve identifying areas where the retirement of existing fossil generation can provide incremental transmission capacity for renewables. One such example would be the Intermountain DC Intertie, an HVDC line owned and operated by the Los Angeles Department of Water and Power (LADWP), which can potentially be used to import OOS renewable resources once the Intermountain coal-fired power plant retires. In this example the owner of the transmission and the resource is the same, allowing a full assessment of the impacts of the options. But it is important to recognize the impacts of potential retirement even when that circumstance does not exist. One example is where the permanent retirement of an in-State fossil resource, i.e., the Coolwater Generating Station that freed a large quantity (636 MW) plus some additional generating resource retirements in the north-of-Kramer area, eliminated the need for a planned Coolwater Lugo Transmission Project.<sup>4</sup> Recognizing this possibility and adding to knowledge about how the retirement of OOS fossil-fired plants would be particularly useful.

BAMx also recommends that the Plenary report should further explore and emphasize the key role that potential power market products could play in more efficiently utilizing the existing transmission infrastructure. Such non-infrastructure options may include, but not limited to transmission products include conditional firm transmission service and dynamic scheduling between balancing areas and short-duration schedules such as “duck-belly” (midday oversupply) and “duck-neck” (evening ramping need) that were identified by the WOPR.

BAMx appreciates the tremendous work performed by RETI 2.0 agency staff team and hopes that BAMx’s comments would be addressed in the Final report targeted by January 31, 2017.

Thank you for the opportunity to comment.

If you have any questions concerning these comments, please contact Joyce Kinnear ([jkinnear@santaclaraca.gov](mailto:jkinnear@santaclaraca.gov) or (408) 615-6656).

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<sup>4</sup> See the Decision Dismissing Application Without Prejudice, CPUC, Application 13-08-023, Decision 15-05-040, May 21, 2015, pp. 2-3, 29.