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Supplemental Comments of the California Municipal Utilities Association

Additional submitted attachment is included below.

BEFORE THE CALIFORNIA ENERGY COMMISSION

In the Matter of:	**Docket No. 15-RETI-02**
Renewable Energy Transmission Initiative 2.0	**RE: Renewable Energy Transmission Initiative 2.0 Plenary Report Meeting**

SUPPLEMENTAL COMMENTS OF THE CALIFORNIA MUNICIPAL UTILITIES ASSOCIATION

The California Municipal Utilities Association ("CMUA") has reviewed party comments and provides these comments to the California Energy Commission ("Commission") on the *Meeting regarding the Renewable Energy Transmission Initiative 2.0 Plenary Report* ("Meeting"), held on January 3, 2017. These supplemental comments address certain policy and operational issues raised by several parties, and the interjection of cost allocation arguments raised by the Clean Coalition.

I. Several Parties Raise Legitimate Issues that Should Be the Included in Appropriate Proceedings.

Several parties raised policy and operational issues. For example, several parties raise the issue of co-benefits from renewable development in certain areas. The Imperial Irrigation District ("IID"), for example, raises the potential to mitigate environmental hazards associated with a shrinking Salton Sea, as well as promoting economic development within disadvantaged communities, such as those that are located in the Imperial Valley and in Imperial County.[1]

[1] *See, e.g.,* IID Jan. 9, 2017 Comments at 1-2. All Comments cited are in reference to those made subsequently to the January 3, 2017 Meeting. One of the Presentations at the January 24, 2017 Integrated Energy Policy Report Workshop on California's Demographic and Economic Outlook, at slide 4, noted a 20.3% unemployment rate in Imperial County in November 2016: http://docketpublic.energy.ca.gov/PublicDocuments/17-IEPR-03/TN215526_20170123T160348_EconomicsDemographics_and_Energy_Consumption.pptx

Similarly, the Natural Resources Defense Council raises the issue of economic development within rural San Joaquin Valley.[2]

On matters relevant to the portfolio development, both IID and Ormat emphasize geothermal technologies that may provide both baseload generation, but offer more operational flexibility than traditionally thought.[3] Black Forest Partners emphasize the need for a balanced portfolio.[4] Smart Wires introduces the issue of new technologies that may provide the potential to greater utilize existing transmission facilities,[5] consistent with California policies.

These legitimate issues need a proper examination, and CMUA urges that this take place in an appropriate proceeding established to discuss the value, benefits and challenges of new renewable generation and technologies in the context of ensuring that California meets its goals, including but not limited to, greenhouse gas mitigation, serving disadvantaged communities and sound water use.

II. The Clean Coalition Cost Allocation Arguments are Unsupported and Do Not Belong in RETI 2.0

The CAISO has included, in its 2017 Stakeholder Initiative Catalogue, a re-examination of the Transmission Access Charge ("TAC") cost allocation methodology. Nevertheless, the Clean Coalition uses the RETI process to make its arguments that load served by grid-level connected distributed generation should not pay the TAC. For example, Clean Coalition states that that the load served by locally sited generation "does not use the transmission grid."[6] This assertion is unsupported and incorrect on its face. Load connected to the grid benefits from the existing of the high voltage grid that provides system stability and energy when, as is often the case in the

[2] NRDC Comments at 2.
[3] IID Comments at 1, Ormat Comments at 2.
[4] Black Forest Partners Comments at 1.
[5] Smart Wires, Inc., Comments at 1.
[6] Clean Coalition Comments at 4.

instances of the most common distributed generation technology, solar, is not available to serve load. Well established "beneficiary pays" and "cost causation" principles support the allocation of the costs of the high voltage facilities to Metered Demand plus Exports, as is currently the methodology under the ISO Tariff, and approved by the Federal Energy Regulatory Commission.

Moreover, as the Plenary Report makes clear, there are strong scenarios for the addition of resources necessary to meet the 50% RPS requirement, without additional transmission investment. As such, the conclusions of the Clean Coalition that their proposal to exempt load served by certain distributed generation from TAC cost allocation will save transmission capital investment[7] are not supported.

Distributed generation will certainly play a key role to help achieve California energy policy objectives. This does not necessitate TAC cost shifts to other consumers.

III. CONCLUSION

CMUA appreciates the opportunity to provide these supplemental comments to the Commission.

Respectfully,

Tony Braun
Braun Blaising McLaughlin & Smith, P.C.
915 L Street, Suite 1480
Sacramento, CA 95814

Attorneys for the California Municipal Utilities Association

[7] Id. at 3.