

DOCKETED

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Document Title:	02.21.2018 Letter from SWC to CEC and CPUC re Increased Capabilities for Transfer of Low Carbon Electricity
Description:	Letter of support and agreement that Increased capabilities for transfer of low carbon electricity between the Pacific Northwest and California could significantly assist CA in meeting the State's climate change goals, benefiting both regions
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Organization:	California Energy Commission
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February 21, 2018



Mr. Robert B. Weisenmiller
Chair
California Energy Commission
1516 Ninth Street
Sacramento, CA 95814-5512

Michael Picker
President
California Public Utilities Commission
505 Van Ness Avenue
San Francisco, CA 94102-3296

Subject: Increased Capabilities for Transfer of Low Carbon Electricity between the Pacific Northwest and California

Dear Messrs. Weisenmiller and Picker:

The State Water Contractors (SWC) take great interest in your February 15, 2018 letter to Steve Berberich of the California Independent System Operator (CAISO). We agree with the California Energy Commission (CEC) and the California Public Utilities Commission (CPUC) that increased capabilities for the transfers of low carbon electricity between the Pacific Northwest and California could significantly assist California in meeting the State's climate change goals, and could also prove beneficial to utilities and consumers in both regions.

The SWP is the largest state-built, multi-purpose water project in the United States. Owned and operated by DWR, a primary purpose of the SWP is to store and deliver water to its customers, the SWP contractors. The SWP contractors pay all capital, operations, maintenance and financing costs associated with the SWP.

The SWP service area is spread throughout Northern California, the San Francisco Bay area, the San Joaquin Valley, the Central Coast and Southern California. The SWP delivers an average of 2.6 million acre-feet of water annually to 25 million people and businesses and 750,000 acres of agriculture that provide a large percentage of the food and fiber needs for California and the nation.

The SWC are keenly interested in the technical study that you are proposing for several reasons. As you are likely aware, the California State Water Project (SWP) is the largest state-built, multi-purpose water project in the United States. Owned and operated by the California Department of Water Resources (DWR), a primary purpose of the SWP is to store and deliver water to its customers (SWC).

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The SWP contains eight hydroelectric power plants that play an important role in supplying the energy necessary to run SWP pumps, typically producing the equivalent of more than half of the energy used by the pumps. Flexibility for managing pumping needs and power generation was built into the design of the SWP from its inception over 50 years ago. While there is no such thing as an average annual water delivery in California, the long-term average electricity use of the SWP is 7,750,000 MWH. Consequently, the SWP is the single largest customer of the CAISO, representing almost 4% of the total load within the current CAISO footprint.

The unique characteristics built into the SWP when it was designed allow it to provide numerous grid operations and reliability services to the CAISO and overall electricity market. The fact that the SWP has both load and generation that can be adjusted within the water delivery operations provides important tools to assist the CAISO (and West) to integrate additional weather-dependent resources. For years the SWP provided to PG&E (and later the CAISO) an important remedial action scheme (RAS) that allowed for higher import capabilities from the Pacific Northwest into California. Regrettably, in 2014, the CAISO determined that there was limited benefits and no value for the SWP to continue to support increased transfers between the regions. We believe this has led to reduced transmission access to the Pacific Northwest, higher energy costs in California, additional fossil-fired generation to be dispatched in California, and higher greenhouse gas emissions.

The SWC support the policies of the State of California and are interested in working with the CEC, CPUC and CAISO to work to find creative solutions that protect the integrity of the transmission grid and also support decarbonizing California's electricity supply. Through DWR and our Member agencies we look at energy matters at both a wholesale and retail manner, bringing this unique perspective of the consumers' point of view. We believe that the four concepts laid out in your letter represent an excellent starting point and that as a State we must work to find creative solutions that can be pursued. The SWC encourage the CEC, CPUC and CAISO to consider all options to increase transfer capabilities between the Pacific Northwest and California to accomplish the timely phase-out of Aliso Canyon

The SWC would like to be part of that solution and we make ourselves available to work with you and your staff in this pursuit. I will follow-up this letter with a request to obtain a meeting to discuss options/approaches for our participation.

Sincerely,



Tim Haines
Deputy General Manager