DOCKETED	
Docket Number:	21-SIT-01
Project Title:	21-SIT-01, SB100 Implementation Planning for SB100 Resource Build
TN #:	239273
Document Title:	Joint POU BAA Comments - on the 7-22-21 Joint Agency Workshop on Next Steps to Plan for SB 100 Resource Build – Transmission
Description:	N/A
Filer:	System
Organization:	Joint POU BAA
Submitter Role:	Public
Submission Date:	8/11/2021 3:14:23 PM
Docketed Date:	8/11/2021

Comment Received From: Joint POU BAA Comments
Submitted On: 8/11/2021
Docket Number: 21-SIT-01

on the July 22, 2021 Joint Agency Workshop on Next Steps to Plan for SB 100 Resource Build - Transmission

Additional submitted attachment is included below.

STATE OF CALIFORNIA ENERGY RESOURCES CONSERVATION AND DEVELOPMENT COMMISSION

In the Matter of: SB 100 Implementation Planning for SB 100 Resource Build	Docket No. 21-SIT-01

COMMENTS OF THE JOINT PUBLICLY OWNED BALANCING AUTHORITY AREAS ON THE JULY 22, 2021 JOINT AGENCY WORKSHOP ON NEXT STEPS TO PLAN FOR SENATE BILL 100 RESOURCE BUILD - TRANSMISSION

I. INTRODUCTION

The Balancing Authority of Northern California ("BANC"), Imperial Irrigation District ("IID"), Los Angeles Department of Water and Power ("LADWP"), and Turlock Irrigation District ("TID") (collectively "Joint POU BAAs") provide these brief written comments on the Joint Agency Workshop on Next Steps to Plan for Senate Bill 100 Resource Build – Transmission, held July 22, 2021 ("Workshop").

In prior Comments on the Draft 2021 SB 100 Joint Agency Report ("Report")[1] as well as in recommendations for how best to achieve the goals of Senate Bill ("SB") 100, the Joint POU BAAs emphasized the need to maintain grid reliability and affordability of rates while striving to meet the state's decarbonization goals. These brief Comments focus on those process recommendations, and also suggestions on how to better examine transmission challenges that stakeholders identified in the Workshop.

[1] Comments of the Joint Publicly Owned Balancing Authority Areas on the June 2, 2021 Joint Agency Workshop on Next Steps to Plan for Senate Bill 100 Resource Build, June 23, 2021 ("Joint POU BAA June Comments").

II. COMMENTS

The Joint POU BAAs support the state's decarbonization goals as articulated in SB 100.[2] Indeed, certain Joint POU BAAs have adopted plans that either accelerate or provide more specificity on how these goals may be accomplished by their own publicly owned utilities ("POUs").[3] Certain of those plans are still in development and may involve additional transmission investment to meet decarbonization goals. As LADWP explained in the Workshop, LADWP is anticipating the need for significant in-basin transmission additions in Los Angeles to deliver zero-carbon resources to load centers.

A. Breaking Down the Transmission Questions into More Clearly Defined Subsets of Issues.

Numerous transmission related issues were raised at the Workshop, and the Joint POU BAAs recommend breaking down those issues into subsets.

Issue 1 – The Need and Process for Approving Interregional Facilities

The studied scenarios identify the need for significant amounts of new out-of-state wind resources to meet SB 100 targets.[4] It is reasonable to consider whether these resource amounts may increase when reliability and land-use considerations are further examined.

While development of interregional facilities has been difficult, it appears some progress has been made on siting and related matters. A core obstacle has been the cost allocation of interregional facilities. Historically, the Joint POU BAAs have generally favored a subscription model that allocates costs directly to off-takers of the resources interconnected to the

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2 Cal. Pub. Util. Code § 454.53.

3 *See* LADWP, *LA100 – The Los Angeles 100% Renewable Energy Study* (March 2021), available at: https://maps.nrel.gov/la100/report; Sacramento Municipal Utility District, *2030 Zero Carbon Plan* (Apr. 2021), available at: https://www.smud.org/-/media/Documents/Corporate/Environmental-Leadership/ZeroCarbon/2030-Zero-Carbon-Plan-Technical-Report.ashx.

4 *See* 2021 SB 100 Joint Agency Report at 75.

interregional facilities, as opposed to administrative processes to socialize these costs based on some formula. As discussed by the California Municipal Utilities Association ("CMUA") during its Workshop presentation, this participant funding model has worked in the past.[5]

The point of these Comments, however, is not to argue for one cost allocation method over another, but to point out that the issue of whether or how those particular transmission lines are built is vastly different than some of the other transmission challenges that have been identified.

Issue 2 – Generation Clusters, Network Upgrades, and Deliverability

During the Workshop, the Large-scale Solar Association raised an important issue on the need to clearly identify and facilitate network upgrades required to deliver resources out of areas of high-generation concentration to the overall aggregate grid.

This is an important topic worthy of further exploration, and has some history at the CAISO. The Joint POU BAAs would support learning more about this issue through this process, if appropriate, as these are near-term resources (as we understand the concern), and a solution seems time-critical. This topic is also commercially linked to the Resource Adequacy ("RA") value assigned to certain resources, which in turn drives the ability of those resources to successfully enter into purchased power agreements with load-serving entities. Because the RA value may drive transmission costs borne by all, any such discussion must necessarily involve understanding how these resources are valued from an RA perspective, and whether that valuation is correct given lessons learned on RA as grid conditions have tightened.

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[5] *See generally* CMUA, *POU Collaborative Transmission Planning – Building on Past Success* (July 2021), available at: https://www.energy.ca.gov/sites/default/files/2021-07/July%2022%20Workshop%20SB%20100%20Transmission_Master%20v4.pdf.

Issue 3 – Transmission in Load Centers

In its Workshop presentation, LADWP explicitly showed the need for transmission investments in densely populated areas as one of the elements necessary to meet clean energy targets.[6] Another important component is to access low-cost renewable energy resources outside California to support load centers via existing and new transmission infrastructure. As such, there is a need to investigate major transmission corridors that could potentially maximize energy transfer in and out of California. These are broader issues that likely will be faced by all.

In addition, we may have to set targets for transmission developments consistent with and to support RPS and decarbonization goals. As we march towards meeting SB 100 goals, it will be extremely helpful if transmission projects within load centers and transmission lines dedicated primarily to supporting renewable resources are afforded accelerated environmental reviews and aligned permitting processes to achieve state-directed clean energy targets.

As we discuss and explore these transmission issues, the Joint POU BAAs suggest giving separate attention to each of these subcategories of transmission challenges given the differing characteristics of each problem.

B. The Joint Agencies Should Schedule a Near-Term Workshop Focused on Reliability.

The Joint POU BAAs are strong supporters of the greenhouse gas reduction goals reflected in SB 100; we also recognize that implementation must be balanced against the equally important goals of safety, affordability, and reliability. California's grid is continuing to experience numerous safety challenges caused by its changing climate, and public safety measures must be considered and incorporated in long-term planning. Further, SB 100

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[6] LADWP, *Clean Grid LA Plan Update*, (Jul. 2021), available at: https://www.energy.ca.gov/sites/default/files/2021-07/July%2022%20Workshop%20SB%20100%20Transmission_Master%20v4.pdf

implementation may require significant and costly investments in the electric system, and we must ensure that consumer rates remain affordable.

In terms of reliability, the Joint POU BAAs urge the Joint Agencies to prioritize a reliability assessment. We expect a reliability assessment will have a significant impact on portfolio development and also shape critical issues, such as the extent to which the natural gas fleet and storage will continue to play a role in the resource portfolio. The Joint Agencies should commence the proposed reliability assessment immediately, starting with a workshop as soon as possible, in partnership and collaboration with the California Balancing Authority Areas ("BAAs").

Until a detailed reliability assessment is done, we will not have a complete picture of how California will achieve its decarbonization goals. The Joint POU BAAs stand ready to work side-by-side with the Joint Agencies, as the statute contemplates, to complete this necessary task.

In this regard we repeat the suggestion we made in prior comments.[7] The Joint POU BAAs anticipate that reliability and other technical assessments will require continuous input from the BAAs and other stakeholders to inform the study process. We are concerned that periodic workshops will not get the job done. Also, due to the distinct makeup of each BAA in terms of geography and transmission available for imports, each BAA must individually evaluate how resource conditions may affect its ability to fulfill its reliability obligations. A statewide evaluation will likely not provide an accurate assessment of each individual BAA's situation. Granular efforts by each of the Joint POU BAAs are necessary to achieve that result.

Aside from the staff resource commitment, it seems likely that a project structure will be required to get the most out of our collaborative process. Drawing on experience from the

[7] Joint POU BAA June Comments at 3-4.

Renewable Energy Transmission Initiative ("RETI") and RETI 2.0, the Joint Agencies should consider a regularized executive and technical committee process to help shape the work around agency staff efforts and inform future workshops. This could include both Steering Committee (executive) and Technical Committee structures to work through data sets and sensitivities that may be considered as the reliability and other analyses are developed. We are not committed to this particular project structure, but make this suggestion based on the success of RETI in developing consensus and producing well-supported work products through collaboration between the agencies, the California Independent System Operator, and POU transmission service providers. With an underlying support structure, the benefits of collaboration called for in SB 100 could be maximized.

III. CONCLUSION

The Joint POU BAAs appreciate the opportunity to provide these comments and look forward to continuing to work with the Joint Agencies in this proceeding.

Dated: August 11, 2021

Respectfully submitted,

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