Docket Optical System - Adoption of 2009 STIP and 2009 IEPR

From: Ron Dickerson <dickerson.ron@gmail.com>
To: <publicadviser@energy.state.ca.us>
Date: 12/13/2009 7:42 PM
Subject: Adoption of 2009 STIP and 2009 IEPR
CC: Suzanne Korosec <SKorosec@energy.state.ca.us>, Judy Grau <jgrau@energy.state.ca.us>
Attachments: STIP-IEPR Comments of Ron Dickerson.pdf

Hello,

Please find attached my comments regarding the adoption of the 2009 Strategic Transmission Investment Plan, prepared as part of the 2009 Integrated Energy Policy Report, also scheduled for adoption.

Could you please advice as to whether these comments should also be sent to the dockets office.

I request that these comments be read or entered into the record for the business meeting scheduled for December 16, 2009. I will attempt to participate by phone regarding the following agenda items:

1. STRATEGIC TRANSMISSION INVESTMENT PLAN. Possible adoption of the Strategic Transmission Investment Plan prepared jointly by the Integrated Energy Policy Report (IEPR) Committee and the Siting Committee as part of the 2009 IEPR proceeding. The report recommends transmission investments to ensure reliability, relieve congestion, and meet future growth in load and generation, including renewable resources. The report is required by Public Resources Code section 25324. Contact: Terry O'Brien. (10 minutes)

2. 2009 INTEGRATED ENERGY POLICY REPORT. Possible adoption of the Committee Final 2009 Integrated Energy Policy Report. Senate Bill 1389 requires the Energy Commission to "conduct assessments and forecasts of all aspects of energy industry supply, production, transportation, delivery and distribution, demand, and prices. The Energy Commission shall use these assessments and forecasts to develop energy policies that conserve resources, protect the environment, ensure energy reliability, enhance the state's economy, and protect public health and safety." (Public Resources Code § 25301[a].) Contact: Suzanne Korosec. (30 minutes)
Thank you, Ron Dickerson

Comments of Ron Dickerson, December 12, 2009

In The Matter(s) Of:

Docket No. 09-IEP-1D RE: Adoption of Joint Committee Final 2009 Strategic Transmission Investment Plan-STIP

Docket No. 09-IEP-1A RE: Adoption of Committee Final 2009 Integrated Energy Policy Report- IEPR

To Whom It May Concern:

As a concerned citizen of the state of California, I appreciate the efforts that the CEC Staff has provided in the preparation of the 2009 Integrated Energy Policy Report, and the supporting 2009 Strategic Transmission Investment Plan. It is obvious that both of these documents required a great deal of work. The substantial amount of data and information contained in both reports is very accessible and prepared in such a manner that even the layperson is afforded a very thorough overview of the state's energy production, use, and implications for the prospective future. The CEC Staff has done an exceptional job.

According to the 2009 STIP, Executive Summary, reaching GHG reduction and RPS goals will require significant transmission development. The 2009 STIP identifies the many challenges that are facing transmission planners, and has outlined a number of measures that would lead to cohesive planning. In fact, the STIP points to the RETI model as an exemplary stakeholder collaborative where entities involved in the goal of significant transmission development, can create cooperation. However, as noted in the 2009 STIP, the full coordination of stakeholders remains elusive.

As one reviews the public record of statewide transmission planning processes, it becomes even more difficult to remain confident that the measures outlined can bring these divergent interests together. Inclusiveness in key processes remains a divisive issue. There is growing concern the 890 principle of transparency is being eroded by certain interests identified in the 2009 STIP. These actions will create additional contentiousness.

The 2009 IEPR contains revisions addressing stakeholder concerns that utility domination of infrastructure investment is potentially detrimental to competitive markets and therefore potentially detrimental to technological innovation. These issues have raised concerns that ratepayers may bear the financial and operational risks associated with new investment and ignores the markets capability to actively manage and hedge those risk. Additionally, development uncertainties continue to plague investors, as evidenced by a number of RE developers that are terminating plans for utility scale RE.

Policy and Regulatory agencies have noted that current and future RPS targets are not likely to be achieved. In fact, the IOUs have not met targets, and one assumes that this is the driving force to plan and streamline significant transmission development to access yet undeveloped remote generation. Vast resources, both public and private, have been spent in this endeavor. Moreover, much more is expected before shovels hit the ground on the utility scale RE projects and associated infrastructure. Timeframes from conception to deployment are very significant indeed.

It becomes apparent that while the both CEC and CPUC staff have identified and established a number of actions needed to meet GHG and RPS targets, much of the emphasis to meet these challenges has been placed upon bold and high impacts measures that will amount to greatly expanding the grid. Thus, it becomes imperative to implement the Energy Resource Loading Order priorities as identified in the 2003 Action Plan, 2005 Implementing of California's Loading Order Electricity Resources Report, the 2009 Strategic Transmission Investment Plan, and the 2009 Integrated Energy Policy Report.

The Loading Order priorities places conservation and efficiency measures first and local-clean energy generation second. These measures are not fully optimized. The State agencies must consider initiatives and directive actions as a means to capture those benefits. The State has provided proactive and expanded initiatives for transmission development. However, infrastructure improvements are identified as lower in the Loading Order. This discrepancy and disconnect from loading order priorities is not conducive to providing signals to the market for investment in a diverse resource base,

nor does it foster customer confidence that all opportunities of cost effective actions are being taken.

A review of the current deployment levels of the Loading Order priorities reveals that the Commission's actions on the EE measures have provided and continue to provide cost effective benefits. These actions are an ideal model for the implementation of the Loading Order priorities.

The customer renewable self-generation initiatives have been phenomenal as evidenced by current and future growth that required revision to the California Energy Demand 2010-2020 Staff Report. Notably rooftop PV was one of the sectors that saw growth in the report, in our unsure economy. The forecasts are likely to be conservative regarding this growth.

The 2009 STIP has identified that non-wired alternatives are essentially the same Loading Order Resources defined in the 2003 Action Plan. These non-wired alternatives: demand reduction measures, utility or merchant owned distribution level generation, CHP units, biomass, and other small scale-community based renewable technologies, continue to have sub optimal participation.

However, despite the successes, unless all of these measures are significantly scaled up, the benefits will continue to be not fully optimized. Certainly realizing the full potential of these measures will require bold and decisive measures by state regulatory agencies.

This excerpt from the 2003 Action Plan, clearly points out the strategy for capturing the identified benefits:

The Action Plan envisions a "loading order" of energy resources that will guide decisions made by the agencies jointly and singly. First, the agencies want to optimize all strategies for increasing conservation and energy efficiency to minimize increases in electricity and natural gas demand. Second, recognizing that new generation is both necessary and desirable, the agencies would like to see these needs met first by renewable energy resources and distributed generation. Third, because the preferred resources require both sufficient

investment and adequate time to "get to scale," the agencies also will support additional clean, fossil fuel, central-station generation. Simultaneously, the agencies intend to improve the bulk electricity transmission grid and distribution facility infrastructure to support growing demand centers and the interconnection of new generation.

One of the distinct and unmentioned disconnects that reflects a serious lack of coordination, is a shortcoming of statewide Transmission Planning processes. It is worth noting the CAISO planning process inclusion of system alternatives is distinct from non-wired alternatives. Currently, these processes do not consider the loading order priorities when analyzing transmission proposals, or in the determination of need for new transmission. Nor is there evidence that the CAISO, transmission proponents, or stakeholder collaborations such as RETI or the CTPG will consider the Loading Order.

This may be a reason for the lack of participation by PTOs in the Commission's Transmission Corridor Designation process, as participants must consider non-wired alternatives. It is increasingly obvious that a number of interests currently have insufficient incentive to promote and include in their analysis these cost and environmental saving solutions.

Since Transmission Planning Processes are not considering Loading Order priorities, the vetting of wireless alternatives is performed in the CPUC Ratemaking process.
As the 2009 STIP has identified, Public Resources Code Section 1002.3 does require the CPUC to consider the full range of cost effective alternatives to transmission. Thus, the CPUC vetting may present further delays and complications in extended CPCN permitting processes.

This does not amount to an integrated and coordinated process, as the full range of system operations, reliability, and economic benefits are best captured by prior consideration and synchronization with the CAISO, IOU, POU, regional planning and operational entities' processes.

Executive Order S-14-08 directs state agencies to take all appropriate actions to implement the RPS targets in all regulatory proceedings, including siting, permitting, and procurement for renewable energy power plants and transmission lines. It must be noted that energy resources identified as loading order priorities are cost effective alternatives to new transmission facilities. Indeed it is an appropriate action to develop ultra clean and renewable distributed generation to attain RPS targets. Therefore this strategy is complimentary to Executive Order S-14-08, and may provide greater benefit in shorter timeframes. Therefore all planning processes should strive to capture any potential loading order benefits, thus reducing avoidable costs.

In order to optimize Energy Resource Loading Order priorities, I would request that the current and or future CEC STIP and IEPR reports and updates identify and recommend the following:

1. California transmission planning processes provide non-wired alternative analysis.

2. RETI and other statewide transmission planning processes include identification of local-distributed renewable generation resource capacity, and siting criteria.

3. RETI and other statewide transmission planning processes provide the appropriate cost and environmental benefit analysis of distributed renewable generation comparative to centralized - new transmission dependent renewable energy generation.

4. CAISO and Utilities to identify and expand to the optimal reliability level, the percentage of peak load provided by Net Metered and Distributed Renewable Generation.

5. Provide support for the establishment of defined Feed In Tariffs for Distributed Renewable Generation.

6. Provide support for the rapid implementation of the newly emerging CPUC Re-DEC Renewable Distributed Energy Initiative. Foster investor-developer confidence for the

deployment of this key strategy, identified in the Loading Order. Identify and remove interconnection, permitting and tariff obstacles early in this process.

7. Simplify permitting and interconnecting processes that encourage investment rather than hinder Net Metered and RE-DG development.

8. Increase access to renewable self -generation for low income and multi customer collectives, by identifying and removing barriers to them.

9. Encourage the R&D and market development strategies for dispatchable-distribution level energy storage devices, and inverter technologies.

10. Identify and remove barriers to the increasing participation in Demand Response programs, administered by utilities. Consider other administrative and educational options. Develop Time of Use and Smart Meter applications that are recognizable as beneficial by ratepayers, and emerging private sector-conservation market participants.

11. The CEC should consider providing additional annual progress reports regarding the Implementing of California's Loading Order Electricity Resources, to insure that the 2003 Action Plan strategies are continually recognized as crucial to meeting GHG and RPS goals.

The CEC has long recognized the necessity for state agencies to be proactive in strategies to attain key GHG and RPS goals. As such, much effort has been placed in the development of transmission based solutions. Considering the historical long lead times for transmission deployment, this is seen as a prudent and necessary endeavor. However it is wise to reconsider an equally strengthened emphasis on non-wired solutions that can be easier permitted, rapidly deployed, and as such, contributes to attaining the critical RPS targets- and does so in a manner consistent with established policy.

Thank you for your consideration, Respectfully Submitted, Ron Dickerson