

DOCKETED

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Description:	Letter Regarding Request for Sensitivity Case in the California Independent System Operator 2018-2019 Transmission Planning Process â€œ Increased Capabilities for Transfers of Low Carbon Electricity between the Pacific Northwest and California.
Filer:	Denise Costa
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**CALIFORNIA PUBLIC UTILITIES COMMISSION**

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3296
www.cpuc.ca.gov

**CALIFORNIA ENERGY COMMISSION**

1516 NINTH STREET
SACRAMENTO, CA 95814-5512
www.energy.ca.gov

February 15, 2018

Mr. Mel Levine
President
Los Angeles Department of Water and Power
P.O. Box 51111
Los Angeles, CA 90051

Transmitted electronically

Re: Request for Sensitivity Case in the California Independent System Operator 2018-2019 Transmission Planning Process – Increased Capabilities for Transfers of Low Carbon Electricity between the Pacific Northwest and California.

Dear Mr. Levine:

California Governor Edmund G. Brown, Jr. has directed me, Chair Robert B. Weisenmiller, to develop a plan that would allow for the shut down of the Aliso Canyon Natural Gas Storage facility (Aliso Canyon) in ten years, which I conveyed to my colleague President Michael Picker, California Public Utilities Commission (CPUC) and cosigner of this letter, in a letter dated July 19, 2017. Implementing a plan and accomplishing the timely phase-out, while maintaining system reliability (gas and electric), will require a concerted effort on the part of Los Angeles Department of Water and Power (LADWP), Energy Commission, CPUC, and California Independent System Operator (California ISO).¹

Phasing out Aliso Canyon usage and potential impacts on the gas-fired generation fleet need to be considered from the perspective of reliability of electricity supply to southern California more generally and the Los Angeles Basin in particular, as well as the role those resources play in providing adequate system capacity and flexibility overall. We are seeking your support in providing focus on one area in particular: transmission.

In January 2018, the California Center for Science and Technology (CCST) released their legislatively directed report detailing their review of critical parameters including necessity for storage, health and environment risks and changing impacts of California climate policy.² As it was identified in the CCST study, expanded transmission capability is an important option

1 The CPUC has also opened up an Order Instituting Rulemaking looking at the medium term closure of the Aliso Canyon Natural Gas Storage facility.

2 California Council on Science and Technology, *Long-Term Viability of Underground Natural Gas Storage in California*, January 2018, http://ccst.us/projects/natural_gas_storage/publications.php. Topics reviewed were: 1) What risks do California's underground gas storage facilities pose to health, safety, environment and infrastructure? 2) Does California need underground gas storage to provide for energy reliability through 2020? 3) How will implementation of California's climate policies change the need for underground gas storage in the future?

available to us. Clearly, increasing the transfer of low-carbon supplies to and from the Northwest can be one of the multiple puzzle pieces that we must examine to build a cumulative phase out strategy.

Toward this end, we have requested a specific sensitivity case be included in the 2018-2019 California ISO transmission planning process (TPP). With this letter, we are inviting you to join us in implementing this case. It is time-critical that we act now to evaluate key options to increase transfer ratings of the AC and DC Intertie and assess what role these systems can play in displacing generation whose reliability is tied to Aliso Canyon. The insights gained from the sensitivity can be used to inform a broader assessment of Aliso Canyon Phase-Out options that would include, additional energy efficiency, demand response, storage, as well as overall transmission project additions if any emerge in this TPP.

Primary elements of the sensitivity we are requesting “Increased Capabilities for Transfers of Carbon-Free Electricity between the Pacific Northwest and California” would include considerations such as:

- Increasing the current dynamic transfer capability limits from 400 MW to some substantially higher credible level supported by engineering analyses;
- Automating of manual controls for essential Bonneville Power Administration (BPA) facilities, primarily in support of sub-hourly scheduling of the Pacific DC Intertie;
- Potentially increasing the capacity rating of the Pacific AC and DC Interties, as well as consideration of intra-California paths that could otherwise be limiting;
- Assigning some resource adequacy (RA) value to hydro generation imports that could be shaped through unused storage capacity potentially available in the Northwest.

The rationale for pursuing this sensitivity is the hope it can illuminate potential benefits (and costs) of building on the long history of exchange between the Pacific Northwest and California entities. This has become even more urgent with the potential phase-out of Aliso Canyon looming large, and the apparently increasing reliance on these paths. As observed over this past summer, the loadings on the Pacific AC and DC Interties have increased in part to meet demand for some Aliso Canyon-dependent replacement generation.

Elliot Mainzer, Administrator of BPA, has indicated his support for a team effort to illuminate these potential capability increases. Toward this end, he has offered his staff’s assistance to provide inputs that could be a useful complement to California activities under the TPP. We cannot succeed without you joining us in a technical and policy partnership. The sensitivity is directly responsive to California’s statutory directives for carbon reduction and is consistent with the Energy Commission’s *2017 Integrated Energy Policy Report (2017 IEPR)*.ⁱ We look forward to you, the staff and fellow Board members joining with us to guide and inform implementation of this important analytic activity.

Mr. Mel Levine
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Sincerely,

A handwritten signature in black ink, appearing to be 'M Picker', with a long horizontal stroke extending to the right.

Michael Picker
President
California Public Utilities Commission

A handwritten signature in black ink, appearing to be 'Robert B. Weisenmiller', written in a cursive style.

Robert B. Weisenmiller
Chair
California Energy Commission

cc: Mr. William W. Funderburk, LADWP Board Vice President
Ms. Jill Banks Barad, LADWP Board Commissioner
Ms. Christina Noonan, LADWP Board Commissioner
Ms. Aura Vasquez, LADWP Board Commissioner

i In the *2017 IEPR* scheduled for adoption in February, the Energy Commission has emphasized the importance of regional coordination, efficient use of the existing grid and phasing out of the Aliso Canyon natural gas storage facility. *2017 Integrated Energy Policy Report*. California Energy Commission. Publication Number: CEC-100-2017-001-CMF.

Regional Coordination (Chapter 3): “California has targeted increased regional coordination as one of its strategies for achieving the state’s renewable energy and GHG reduction goals. The benefits of increased regional coordination, to both California’s utility customers and those of the entire Western Interconnection, include more efficient use and integration of renewable energy (including hydro in the Pacific Northwest), reduced carbon emissions, more efficient use of the transmission grid, reduced costs, and enhanced reliability.”

Efficient Use of Existing Transmission Grid (Chapter 5): “California’s renewable energy and GHG reduction goals have driven development of significant amounts of utility-scale renewables in the last decade. Unlike most conventional generation, utility-scale renewable energy projects are often far from load centers and, without transmission upgrades, may trigger congestion on the transmission grid.”

“Energy Reliability” Executive Summary: “California must also consider the long-term role of natural gas as California continues ratcheting down its greenhouse gas emissions. In a letter from Energy Commission Chair Robert B. Weisenmiller to CPUC President Michael Picker dated July 19, 2017, the Chair wrote, “With the state’s climate target in mind, Governor Brown has asked me to plan for the permanent closure of the Aliso Canyon natural gas storage facility, and I urge the CPUC to do the same.”

“Zero-Greenhouse Gas Emission Solutions” Executive Summary: “Expanding the use and integration of distributed energy resources is a high priority for California to provide customers low-greenhouse gas opportunities, especially in the Southern California areas affected by the closure of the San Onofre Nuclear Generation Station in 2012 and the massive leakage of methane at the Aliso Canyon natural gas storage facility in 2016.”