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SB100 Results Workshop Comments from SWPG

Please see attached comment file.

Additional submitted attachment is included below.

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RE: SB 100 Joint Agency Report: Charting a path to a 100% Clean Energy Future Docket #: 19-SB-100. Results Workshop Comments from SouthWestern Power Group.

To the California Energy Commission, California Public Utilities Commission and California Air Resources Board

SouthWestern Power Group II, LLC ("SWPG") is an independent developer of utility-scale generation and transmission projects in the southwestern US and is developing the SunZia Transmission Project to deliver high-quality New Mexico wind energy to California and neighboring southwest states. We are pleased to present these comments to the agencies following the SB100 preliminary results and associated workshop of September 2, 2020, Workshop. SWPG appreciates the tremendous amount of work the agencies have accomplished in this study effort's short timeline. We offer the following insights based on the agencies' published findings from the study and in response to panelist and speaker comments at the workshop.

SB100 Modeling Confirms Out of State Wind is Beneficial and is a No Regrets Choice

In the SB100 study, the availability of out-of-state ("OOS") wind energy was extended beyond the level included in the last few cycles of the California Public Utilities Commission ("CPUC") Integrated Renewable Planning ("IRP") RESOLVE modeling. In this study, SB100 allowed up to 12 gigawatts ("GWs") of OOS wind.[1] The results presented indicated that OOS

[1] SB100 Draft Results Presentation, September 2, 2020. TN-234549 ("Results Presentation"), p. 7.

wind was essentially fully selected by 2045 in all scenarios.[2] The staff's presentation shows this to be true for both the "SB 100 Core" and the "Study" scenarios, but in the Study scenario OOS wind is selected earlier in time and in greater volume due to the higher overall renewables demand compared to the Core. The SB100 results confirm to an even greater degree what the CPUC's IRP studies have shown – that OOS wind is an important and cost-effective resource to meet California's carbon and renewable energy goals.

SWPG finds the Annual Generation results shown on page 16 of the Workshop presentation even more compelling. In particular, the gas fleet capacity factor reduces dramatically in the Core scenario compared to the 60% RPS, and even more so under the Study scenario buildout. The decrease in gas output (as indicated by the capacity factor) begins during or before 2035. These results show that OOS wind and other no regrets solutions – those needed in all cases – should be pursued sooner rather than later and will have multiplicative benefits by dramatically reducing emissions during the evolution towards a 100% renewable grid.

New Mexico Wind Provides Diversity Benefits

A key differentiating benefit of OOS wind beyond being a zero carbon energy source is its generation profile diversity when combined with in-state wind and solar resource profiles. These profile differences are captured in the RESOLVE data sets, and results in RESOLVE finding that OOS wind is very beneficial toward meeting reserve margins under high renewable buildout situations. The New Mexico wind that will be delivered over SWPG's SunZia project tends to generate later in the afternoon and early evening compared to California solar and wind energy. This issue was raised during the Workshop in response to a question from Commissioner

[2] Results Presentation, p. 15

McAllister, when Danielle Mills from the American Wind Energy Association reflected that during the recent August heat wave period California wind energy dropped off. Yet Mills indicated that "Wyoming and New Mexico wind was blowing very steadily where prices were much lower in [the Public Service of New Mexico service territory]."[3] For reasons such as this, OOS wind is proving to be a cost effective solution in the California renewable mix and in managing the grid's needs.

CAISO Action is Needed to Ensure California Can Benefit from OOS Wind Deliveries

SWPG is developing the SunZia project to deliver New Mexico wind to the CAISO borders without seeking transmission rate recovery through the CAISO's transmission access charge ("TAC"). In other words, there will be no TAC impact to California ratepayers from the SunZia project capital investment. Regardless, SWPG is a very committed participant in the California agencies' planning processes such as the IRP and SB100 because SWPG cannot on its own ensure that the high-quality wind energy it delivers to the CAISO interties can efficiently reach load centers interior to California.

This is why SWPG consistently seeks recognition that New Mexico wind is already being delivered to California[4] and up to 3000 MWs of additional wind may arrive when SunZia is fully operational. The CAISO must plan for these deliveries accordingly by approving any needed CAISO transmission upgrades to ensure that this energy can be delivered to loads within California. SWPG echoes other commenters' statements made at the workshop that the CAISO

[3] Workshop video transcription at 03:35 – 03:36.
[4] Refer to the following on operating NM wind projects that currently deliver to CA LSEs:
https://renewablesnow.com/news/pattern-development-starts-ops-at-220-mw-grady-wind-in-new-mexico-667807
https://www.windpowerengineering.com/pattern-energy-acquires-new-mexicos-324-mw-broadview-wind-transmission-line-project/
https://www.windpowerengineering.com/avangrid-adds-three-new-u-s-wind-farms-portfolio/

must be given whatever guidance is necessary for it to approve needed upgrades for imported wind energy. In the last several CAISO transmission planning processes, OOS wind at any significant level has only been studied as a policy sensitivity case, but it is now time for California to study in its binding, decision-driving cases, that additional New Mexico wind energy will be delivered to California at the levels of 3000 MW or more.

SWPG has Provided Data to the CPUC to Improve RESOLVE Inputs

This past spring the CPUC staff embarked on a significant effort to improve its OOS wind energy data inputs. SWPG, in collaboration with its wind development partner Pattern Energy, provided data to support the CPUC's effort and is available to provide further data if needed. SWPG supports all efforts to use the most accurate wind cost and capacity factor data available for in-state, OOS and/or offshore wind.

In closing, SWPG thanks the California Energy Commission, CPUC and California Air Resources Board for the tremendous efforts in progressing the SB100 study to its current point and looks forward to the agencies' finalization of the study results. SWPG is also available to provide the agencies with additional information pursuant to these comments as needed.

Sincerely,

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