

BAMx Comments on the Docket 13-IEP-1D: Preliminary Reliability Plan for LA Basin and San Diego

The Bay Area Municipal Transmission group (BAMx)¹ appreciates the opportunity to comment during the development of the CPUC/CEC/CAISO Preliminary Reliability Plan for LA Basin and San Diego (Preliminary Plan) to address the closure of the San Onofre Nuclear Generating Station (SONGS). The comments and questions below address both the Plan posted on the California Energy Commission's (CEC) website and the discussion during the September 9th Joint Workshop.



BAMx appreciates that the closure of SONGS has created challenging reliability issues for the electric system in Southern California and applauds the CEC, California Public Utilities Commission (CPUC), and CAISO's swift efforts to develop an Action Plan to address this concern.

BAMx Supports the Increasingly Reliance on Preferred Resources

BAMx supports the direction of increased reliance on Preferred Resources with a target of 50% of the area needs. While maintaining the reliability of the electric grid is of the highest concern, there are many risks in charting this path. Reliance on a portfolio of Preferred Resources both supports the environmental objectives of the Energy Action Plan's "loading order," but also manages the risk of delay or failure of any one project through diversification. BAMx also supports the proposed monitoring of the success in achieving the target Preferred Resource levels and request that there be periodic consolidated public reports of all the various initiatives within this effort and their progress towards these goals.

Although the 50% goal exceeds recent targets such as was recently approved by the CPUC in their LTPP proceeding, now is the perfect time to make a stretch commitment. Contingency plans such as the option to delay the once-through-cooling restriction or the development of back-up power plant sites provide an insurance plan for reliability needs.

Selection between Transmission and Conventional Resources to Meet the Balance of the Reliability Need

The September 9th presentation describes a process whereby conventional generation resources are only considered for the residual reliability need after both Preferred Resources and new transmission development have been identified. While new generation may be difficult to develop, especially with respect to emission offsets in nonattainment areas, siting new transmission projects in congested areas is also difficult and of high risk. Furthermore, the Preliminary Plan calls for additional preferred resources in both the LA Basin and San Diego (nearly 1,000MW), which are not expected to be incorporated in the CAISO's 2013-14 transmission planning assessment. In other words, the CAISO's 2013/14 Transmission Plan should recognize that the results of modeling assumptions for this planning cycle will likely

¹ BAMx consists of Alameda Municipal Power, City of Palo Alto Utilities, and City of Santa Clara, Silicon Valley Power.

over-estimate the need for transmission solutions relative to those envisioned in the Preliminary Plan. Therefore, BAMx disagrees with the proposed approach that favors transmission solutions over local conventional generation.

BAMx recommends that the CAISO and PTOs develop transmission alternatives as per the Plan. Those alternatives should not be immediately approved, but should be allowed to compete against a solicitation for local conventional resources. The CPUC, as part of its LTPP proceeding, would then be in a position select an optimal solution of transmission and/or local generation. Given the urgency of the need and the long lead-time to develop transmission, early development work on the transmission alternatives may need to occur prior to the decision on local generation versus transmission. If the CPUC determines this to be the case, it may be appropriate to provide a reasonable level backstop funding for early work to maintain the transmission schedule.

Application of Transmission Planning Standards

In identifying the reliability deficiency in the LA Basin and San Diego, transmission studies prepared by CAISO, SCE and SDG&E and presented in the CPUC LTTP Track 4 proceeding have shown a widely different assessment of the reliability need depending on the Transmission Planning Criteria applied. While all analyses met the FERC/NERC mandated minimum Planning Standards, whether loss of customer load is allowed following less probable events (such as the overlapping loss of two transmission circuits) is discretionary to the local jurisdiction. There are many locations within the CAISO grid where loss of load is acceptable for such events, including an existing automatic load interruption scheme in San Diego. Also, given that the critical contingency driving the reliability need is for two transmission circuits that are not on common structures and have a separation exceeding the WECC minimum necessary to address common mode failure risks, the likelihood of this event during high load periods is extremely small. In such cases, planned and controlled interruption of pre-selected loads is worthy of consideration.

Therefore, as part of the development of the reliability needs for this area, public vetting and well-analyzed and supported decision-making process is necessary to establish whether and how much load shedding should be allowed in the area for such events. (Note that a decision to implement a load shedding scheme can be modified if future events warrant it; however, a decision to install large capital facilities, whether transmission or local generation, are long-lived).

Conclusion

BAMx supports the efforts described in the Preliminary Reliability Plan for LA Basin and San Diego, especially with respect to the reliance on Preferred Resources. In considering how to address the balance of the need, the process must allow for side-by-side comparison of conventional generation and transmission alternatives. Furthermore, whether to use controlled load shedding in reducing this residual need should be discussed and analyzed in an open forum.

BAMx appreciates the opportunity to comment on the Preliminary Reliability Plan for LA Basin and San Diego and acknowledges the significant effort of all of the staffs to develop this material.

If you have any questions concerning these comments, please contact Robert Jenkins (888-634-0777 and robertjenkins@flynnrci.com), or Barry Flynn (888-634-7516 and brflynn@flynnrci.com)