

April 28, 2010

Division of Ratepayer Advocates of the California Public Utilities Commission
Comments on
Draft 2010 California Transmission Planning Group (CTPG) Study Report, Phase 2
April 13, 2010

The Division of Ratepayer Advocates of the California Public Utilities Commission (DRA) appreciates the opportunity to comment on the Draft 2010 California Transmission Planning Group (CTPG) Study Report, Phase 2, issued on April 13, 2010, and discussed at a stakeholder meeting on April 20, 2010.

DRA has a statutory responsibility to advocate for the ratepayers of the State of California in order that they obtain the lowest possible rate for service consistent with reliable and safe service levels. Based on the results of the CTPG Study, there could be a significant cost impact on ratepayers due to transmission upgrades required as a result of the study.

As described in the California Independent System Operator (CAISO) Second Draft Final Proposal for the 33% Renewable Energy Transmission Planning Process (RETPP), the CTPG is responsible for developing the statewide conceptual transmission plan which is Phase 1 of the overall CAISO RETPP. This statewide plan will be the definitive input of transmission elements used to develop specific project in Phase 2 and Phase 3 of the CAISO RETPP.

DRA is pleased that the CTPG has improved its scheduling effort by issuing the Phase 2 Draft Report prior to the issuance of the Phase 3 Study Plan thus allowing stakeholders the opportunity of review prior to or at the same time as submitting comments on the Draft Phase 3 Study Plan.

The draft report represents a significant analysis effort by the CTPG to address issues raised by the planned implementation of the 33% RPS on the transmission infrastructure of the state. DRA comments are as follows:

1. DRA Objects to the use of a disclaimer on Page 1 of the Draft Report.

DRA believes use of a disclaimer of this nature is not appropriate for a FERC Order No. 890 Transmission Planning Organization.

2. The level of completeness and correctness of the document is below that expected for a document of this type and stage of development. Stakeholder review is made difficult at best and impossible in the RETI Heavy In-State Scenario – Northern California Peak Case, 7.12 of Appendix: Results Tables.

Table paging is generally very poor. Often the table heading is on one page and the data is on a following page, example: Table 2.2. Tables are not numbered or numbered incorrectly, example Table 7.1.1 and text in 7.2, C, 2nd paragraph: table numbers starting on page 56. Some tables are placed improperly and cannot be reviewed as a result.

Example: Appendix: Results Tables, pages 51 through 66. Note: Pages in the Appendix are not numbered.

3. In Section 1.2, Phase 2 Overview, the concept of a set of “least regrets” lines is introduced without definition and explanation.

This concept should be fully defined and explained.

4. Section 1.2, Phase 2 Overview, F. Generation Redispatch does not include criteria important to the ratepayer.

CTPG’s use of heat rate has merit in deciding which fossil units are redispatched (decremented) first. However, these “higher marginal costs of production” are insignificant compared with the potential costs to ratepayers for the transmission infrastructure changes that result from using this methodology. The Phase 2 Study OTC case clearly shows the value of considering location in the sequence and selection of units to be redispatched. DRA had requested a case be run in phase 2 utilizing the following criteria:

1. For each increment of renewable resource added in a particular area of the state, there should be a corresponding decrement of fossil generation in the same area of the state.
2. If that is not possible, then fossil generation should be decremented at a location based on an assessment of the impact of the added renewable generation on the major foundation transmission infrastructure of the state, e.g., Path 15, Path 26 and others.
3. Lastly, least economic fossil generators should be decremented before highly efficient plants providing criterion 1 and criterion 2 are met.

This was not done in Phase 2. DRA believes that use of these criteria will result in the following:

- (1) Appropriate renewables will be added as needed.
- (2) Fossil will be removed on a least impact and thus a least cost basis.
- (3) Impact on the Transmission Infrastructure will be greatly reduced.

DRA also requested this scenario when providing formal input to the Phase 3 Study Plan on March 24, 2010. Such a scenario was not included in the Draft Study Plan for Phase 3 issued on April 13, 2010. DRA will again request that this scenario be run in Phase 3 in a formal comment on the Draft Phase 3 Study Plan.

5. DRA is concerned that there may be modeling problems in Phase 2.

The 2019 WECC Heavy Summer Case did not converge (solve) on initial input for a large number of cases. A solution was forced by addition of a number of additional transmission upgrades. Further, an anomalous flow at the Oregon-California border was discovered in the 7.7 Northern Scenario with Generation Interconnection Resource Queue – Northern California Peak Case. It appears possible that model criteria, e.g., limits of variable values and boundary conditions may not have been observed. CTPG should thoroughly investigate and resolve this issue prior to finalizing the Phase 2 Report.

6. DRA is concerned that no cost data is provided for the infrastructure updates indicated by the cases.

All thirteen Phase 2 scenario results should contain, at the minimum, a high-level cost estimate for the indicated upgrades to allow for reasoned decision making regarding the merits of each of the thirteen cases in the future.

If you have any questions regarding these comments, please contact Hank Pielage at hhp@cpuc.ca.gov.