

Bay Area Municipal Transmission Group's Comments on the Draft CTPG Phase 4 Study Report and the Statewide Transmission Study Plan

January 18, 2011

The Bay Area Municipal Transmission Group¹ (BAMx) appreciates the opportunity to comment on the Draft California Transmission Planning Group (CTPG) Statewide Transmission Plan dated January 3, 2011 and discussed during the Stakeholder meeting on January 7, 2011. Below we include a few questions and comments based upon our review of the Statewide Transmission Plan and the CTPG stakeholder meeting presentation. We hope that these comments will be addressed in the Final Statewide Transmission Plan to be posted on January 31st.

Overall CTPG Study Process and Reporting Of Results

BAMx applauds CTPG efforts over their first year that is now being reported on. We think there has been a growing attempt to involve Stakeholders in the process and have an expectation that going forward the dedication to furthering meaningful participation by Stakeholders will be critical and is expected. We especially look forward to helping CTPG with defining their work plan for next year. But since these comments are supposed to be on Phase 4 and the Statewide Plan, we will try to refrain from talking about next year. Our overarching comment is that despite a valiant attempt to produce a set of common "least regrets" transmission lines that were constant through a wide variety future scenarios, they found out that such a set of projects could not be found. That is important information in itself and does not take away from the work accomplished to develop a defined set of transmission issues that need to be addressed for each of the scenarios. But we would caution CTPG to not try to draw conclusions that are not fully supported by their first year of study results.

Study Coordination with the Balancing Areas within California

We appreciate the CTPG's efforts in undertaking efforts in Phase 4 to perform additional studies on the potential delivery of much larger amounts of out-of-state renewable energy resources into California that utilizes existing transmission infrastructure. We understand that when CTPG ran their studies as part of Phase 4 and began drafting the Statewide Transmission study plan, they did not have access to the CAISO comprehensive planning analysis to meet 33% RPS. In the future, we request CTPG to closely coordinate their analysis with the study works performed by the balancing areas (BAs) within the State, such as the CAISO. Including the summaries of the BA studies in the statewide transmission plan is very helpful, but more work needs to be done to

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

better integrate the efforts of the CTPG with that of the balancing authorities. We have observed that there was very important work accomplished by the CAISO that has just recently been reported on. There may be no way to incorporate such alternative assumptions made by the BAs in CTPG's current year assessment. You may need to consider those assumptions in a subsequent planning cycle, but earlier co-ordination should be considered. When there are considerable discrepancies between the CTPG and the CAISO studies, at a minimum, the differences between the study assumptions and need to be clearly identified. Importantly, CTPG also needs to recognize critical work done by the balancing authorities in the Statewide plan and any conclusions it makes in the Statewide plan needs to take into account BA studies done on a concurrent basis. Merely appending the report by the BAs in the statewide plan is not sufficient.

Address Discrepancy between the findings of the CAISO's Comprehensive 33% RPS Plan and the CTPG Statewide Plan

In phase 4, the CTPG analysis concluded the initial set of associated "high potential" transmission elements could potentially provide transmission capacity to avoid reliability standard violations when renewable energy is being delivered to meet a California RPS of approximately **22% to 24% in year 2020**. This finding is at odds with the CAISO's 33% RPS plan, which concludes that that the foundational transmission upgrades already approved by the CAISO, when coupled with other identified incremental upgrades, **can achieve the 33% RPS target**. These transmission upgrades, except for a project such as, the Coolwater-Lugo 230kV project assumed by the CAISO are complete subset of the CTPG's "high potential" transmission projects (See Table 9: ISO Approved Transmission Projects in the *Draft 2010 CTPG Statewide Transmission Plan*). BAMx requests CTPG to clearly identify assumptions that might have contributed to the apparent discrepancy in the findings.

Both CTPG and the CAISO utilize the same amount of net short to achieve 33% RPS by 2020, i.e., 52,764GWh. However, their conclusions regarding the need for new transmission to accommodate the renewables is starkly different. BAMx suggests the following reasons might have contributed to differences in the CAISO and CTPG findings as described below.

CTPG's arbitrary 70/30 in-state/out-of-state generation re-dispatch approach

BAMx in its past comments over the last year, have been critical of the CTPG's approach to model the arbitrary 70/30 in-state/out-of-state generation re-dispatch approach. In its presentation in the stakeholder meeting on January 7th, CTPG stated the following.

"Assumed fossil dispatch pattern significantly affects the ability of the transmission system to accommodate renewable energy development."

It further stated that

“The ability of the transmission system to accommodate renewable development could (be) increased by

- Changing the starting-point fossil dispatch pattern in the WECC powerflow Case
- Using an “out-of-merit order” re-dispatch of fossil when adding renewables”

We agree with CTPG’s above comments, and therefore feel that the arbitrary 70/30 redispatch assumption has contributed to the need for new transmission, which otherwise would be shown to be unnecessary under a WECC-wide optimal fossil dispatch. The CAISO approach, on the other hand, based upon a comprehensive production cost simulations; do not fix the in-state/out-of-state redispatch. We believe that the CAISO approach based on 8,760 hourly simulations that lets the system condition determine the appropriate generation dispatch is more appropriate than the CTPG approach for snapshots that fix the generation redispatch. Assuming the CTPG agrees with our conclusion, it appears appropriate for the CTPG to include the CAISO study findings in developing its conclusions of the 2010 Statewide Transmission plan.

Incorporating Appropriate CREZs

In addition to the *Discounted Core* and Out-of-State generation CTPG (for example, in the *West of the River Stress* case), chose the RETI Phase 2B CREZs to select the renewable resources to achieve 33% RPS. The RETI Best CREZs are based on economic and environmental criteria only. They are not selected based on any “commercial interest” potential of the renewable projects. The use of RETI California Best CREZs to “fill-in” the remaining amount of net short renewable energy is not necessarily a more reasonable and realistic assumption than utilizing the CREZs related to existing and approved transmission projects for this scenario. CAISO’s analysis appears to be more closely based on the CPUC scoping memo scenarios. Although we are not sure why they are not even closer to the LTPP scenarios, we believe the CAISO assumptions are more appropriate than those assumed by CTPG. In the CAISO’s analysis, except for the Trajectory portfolio, which require some amount of new transmission to achieve statewide 33% RPS, none of the other scenarios require any new transmission facilities.² Furthermore, the reliability studies run by the CAISO for each of the IOU area/sub-areas within the CAISO demonstrate that additional transmission needs to accommodate the additional renewable projects by 2020 is minimal.³ We believe the differences in the approaches to select CREZs for the renewable projects might have contributed to the different conclusions regarding

² See the presentation by R. Sparks (CAISO) titled, “CAISO Comprehensive Transmission Planning to Meet 33% RPS, Preliminary Study Results,” dated December 2, 2010, and by K. Casey (CAISO) titled, “Briefing on ISO Transmission for a 33% RPS Plan” dated December 16, 2010.

³ See December 2, 2011 CAISO Stakeholder meeting presentations (<http://www.aiso.com/2861/2861c58722c60.html>)

the need for new transmission in the CAISO and CTPG studies. CTPG needs to recognize and explain those differences in the final report.

We would also like to request CTPG to identify differences in the modeling of transmission network, if any, that might explain part of the reason for the differences between CAISO and CTPG results, especially in regards to how much can be imported into California using the existing transmission.

Conclusion

CTPG is to be congratulated for improving stakeholder involvement in their planning process throughout the year. We are hopeful that continued improvement would lead to better overall results in future years.

CTPG decided on certain methods and to rely on others entities (like RETI) in the development of its study plan. Those assumptions led to its technical results. But if other work has been completed by its balancing authorities on a contemporary basis with the CTPG study work, CTPG should take full account of this work when it makes conclusions in its 2010 Statewide transmission plan.

Thank you for the opportunity to comment and we look forward to continued public stakeholder participation.

If you have any questions concerning these comments, please contact Barry Flynn (888-634-7516 and brflynn@flynnrci.com) or Pushkar Waglé (888-634-3339 and pushkarwagle@flynnrci.com)