

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA**

Order Instituting Rulemaking to
Continue Electric Integrated Resource
Planning and Related Procurement
Processes.

Rulemaking 20-05-003
(Filed May 7, 2020)

**REPLY COMMENTS OF THE
CALIFORNIA INDEPENDENT SYSTEM OPERATOR CORPORATION ON
ADMINISTRATIVE LAW JUDGE'S RULING SEEKING COMMENTS ON
ELECTRICITY RESOURCE PORTFOLIOS FOR
2023-2024 TRANSMISSION PLANNING PROCESS**

Roger E. Collanton
General Counsel
Anthony J. Ivancovich
Deputy General Counsel
William H. Weaver
Assistant General Counsel
Marissa Nava
Counsel
California Independent System
Operator Corporation
250 Outcropping Way
Folsom, CA 95630
Tel: 916-963-0521
Fax: 916-608-7222
Email: mnavava@caiso.com

Dated: November 10, 2022

Table of Contents

I. Introduction..... 1

II. Discussion..... 1

A. The CAISO’s Tariff Sets Forth Rules Governing Which Projects Are Subject to
Competitive Solicitation 1

B. The Commission Should Use the Additional Transportation Electrification Scenario in
the Base Case Portfolio Because it Better Reflects State Policy Goals and Promotes
Proactive Transmission Planning..... 2

C. The CAISO Supports Recommendations to Conduct LOLE Analyses of the Base Case
and Sensitivity Portfolio(s) 4

D. The Commission Should Consider the Recommendation of CEJA and Sierra Club to
Conduct a Gas Plant Retirement Analysis 4

III. Conclusion 5

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA**

Order Instituting Rulemaking to
Continue Electric Integrated Resource
Planning and Related Procurement
Processes.

Rulemaking 20-05-003
(Filed May 7, 2020)

**REPLY COMMENTS OF THE
CALIFORNIA INDEPENDENT SYSTEM OPERATOR CORPORATION ON
ADMINISTRATIVE LAW JUDGE’S RULING SEEKING COMMENTS ON
ELECTRICITY RESOURCE PORTFOLIOS FOR
2023-2024 TRANSMISSION PLANNING PROCESS**

I. Introduction

The California Independent System Operator Corporation (CAISO) provides its reply comments on the *Administrative Law Judge’s Ruling Seeking Comments on Electricity Resource Portfolios for 2023-2024 Transmission Planning Process* (Ruling), dated October 7, 2022.

In these reply comments, the CAISO clarifies that the rules governing which projects are subject to solicitation are set forth in the CAISO tariff. The CAISO also supports using the higher load scenario reflected in the proposed base case portfolio. To promote reliability, the CAISO agrees with party recommendations to conduct additional loss of load expectation (LOLE) analyses of the base case and sensitivity portfolio(s). Finally, the CAISO supports conducting a gas plan retirement analysis in a separate process from the 2023-2024 Transmission Planning Process (TPP).

II. Discussion

A. The CAISO’s Tariff Sets Forth Rules Governing Which Projects Are Subject to Competitive Solicitation

The CAISO recognizes the Public Advocates Office at the California Public Utilities Commission’s (Cal Advocates) interest in the Commission’s participation in the CAISO’s TPP. Cal Advocates suggests that the Commission “specif[y] which of the projects indicated for approval in the transmitted portfolios for the 2022-2023 and 2023-2024 TPPs are eligible for

competitive solicitation.”¹ However, the rules governing which projects are subject to competitive solicitation are set forth in the CAISO’s tariff.²

B. The Commission Should Use the Additional Transportation Electrification Scenario in the Base Case Portfolio because it Better Reflects State Policy Goals and Promotes Proactive Transmission Planning

The CAISO disagrees with the Bay Area Municipal Transmission Group’s (BAMx) assertion that the higher Additional Transportation Electrification load scenario used in the base case portfolio increases the possibility of stranded transmission investments. BAMx states that demand forecasts could decline, and load-driven projects approved in the 2023-2024 TPP cycle could become stranded investments. To support this claim, BAMx describes the CAISO re-evaluation of approved projects in the 2015-2016 and 2016-2017 TPP cycles. BAMx notes:

[a]t that time, consistently declining load forecasts across the entire forecast period – especially for the 1-in-10 peak load forecasts - as well as higher than anticipated development of behind-the-meter solar photovoltaic generation had put additional downward pressure on load-driven transmission projects, leading to a re-evaluation of the need for certain previously approved upgrades that were predominantly load driven.

BAMx misconstrues the unique circumstances that led to the re-evaluation several years ago. The re-evaluation was driven by a confluence of factors including, but not exclusive to, changes in load and behind-the-meter generation development. First, the growth in distributed energy resources (DERs), particularly behind-the-meter solar, has had a pronounced impact on the transmission grid, changing traditional flow patterns and affecting their frequency throughout each day.³ As behind-the-meter generation increases, it tends to push demand down in the middle of the afternoon, and moves the daily peak load to later in the day, when additional solar generation no longer reduces demand. Further, although some of the changes in flow patterns led to declining gross peak loads, loads remain high after sunset, and the increasing load

¹ Cal Advocates Opening Comments on Ruling, October 31, 2022, p.11.

² See Section 24.5 of the CAISO tariff. Available at: <https://www.caiso.com/Documents/Section24-ComprehensiveTransmissionPlanningProcess-asof-Sep1-2022.pdf>

³ CAISO, ISO Board Approved 2017-2018 Transmission Plan, p.13. Available at: http://www.caiso.com/Documents/BoardApproved-2017-2018_Transmission_Plan.pdf.

variability has caused more widely varying voltage profiles. This in turn has increased the need for reactive control devices to maintain acceptable system voltages.⁴

Second, several factors drove transmission project cancellations at that time, including Commission siting decisions⁵ and the availability of more effective and economic solutions.⁶

Finally, the re-evaluation was based on backlogged CAISO-approved upgrades in the Pacific Gas & Electric footprint. To avoid creating this type of backlog in the future, and to mitigate the possibility of transmission upgrade cancellations based on changing conditions, the CAISO amended its transmission approval process. The CAISO's updated practice is now to seek CAISO Board of Governor approval for a transmission upgrade shortly before development activities reasonably would be expected to commence, rather than when a need is first identified at the extreme reaches of the CAISO's 10-year planning horizon. Thus, the specific factors that contributed to the re-evaluations in the 2015-2017 time frame do not require rejection of the higher load scenario in the proposed base case portfolio.

The CAISO supports the using the higher load scenario reflected in the proposed base case portfolio. In the Ruling, the Commission explains that studying the transmission impacts associated with the higher load scenario “will help the State move toward planning for a higher electrification future and identify any incremental infrastructure needs, given existing and new policy drivers regarding high electrification.”⁷ The Commission emphasizes that transmission planning must precede resource planning “in order [for transmission] to be available when the generation or storage is developed.”⁸ The CAISO understands that the base case scenario reflects the State's desire to promote transportation electrification, and the CAISO agrees with the Commission that proactive transmission planning is essential to meet the State's climate goals in a timely and reliable manner.

⁴ CAISO, ISO Board Approved 2017-2018 Transmission Plan, p.17. Available at: http://www.caiso.com/Documents/BoardApproved-2017-2018_Transmission_Plan.pdf.

⁵ CAISO, ISO Board Approved 2017-2018 Transmission Plan, p.3. Available at: http://www.caiso.com/Documents/BoardApproved-2017-2018_Transmission_Plan.pdf

⁶ See for example the 2018-2019 Transmission Plan the CAISO cancelled the Atlantic–Placer 115 kV Project because it identified three more effective alternatives to address the relevant contingencies. CAISO, ISO Board Approved 2018-2019 Transmission Plan, p. 109. Available at: http://www.caiso.com/Documents/ISO_BoardApproved-2018-2019_Transmission_Plan.pdf

⁷ Ruling, p.4

⁸ *Id.*

C. The CAISO Supports Recommendations to Conduct LOLE Analyses of the Base Case and Sensitivity Portfolio(s)

Cal Advocates and San Diego Gas & Electric Company (SDG&E) recommend that the Commission conduct LOLE analyses of the base case and sensitivity portfolio(s) that the Commission transmits to the CAISO.⁹ Cal Advocates reasons that such reliability testing “is a key industry-standard planning metric used in the IRP proceeding” and “would verify that the portfolios proposed in the ALJ Ruling are robust”¹⁰ Similarly, SDG&E states that “such a reliability test is essential to ensure that the proposed portfolio can provide reliable power. . . .”¹¹ The CAISO agrees that, to the maximum extent possible, the Commission should conduct an LOLE analysis for the proposed portfolios. This assessment will ensure the portfolios are reliable when vetted through the CAISO’s TPP, and prevent any unnecessary transmission development to backstop for an unreliable portfolio.

D. The Commission Should Consider the Recommendation of CEJA and Sierra Club to Conduct a Gas Plant Retirement Analysis

The California Environmental Justice Alliance (CEJA) and Sierra Club recommend the Commission work with the CAISO to develop a sensitivity portfolio that examines retirement of all gas plants in disadvantaged communities by 2030.¹² CEJA and Sierra Club explain that this proactive planning is necessary to ensure California meets its climate requirements and maintains a reliable grid.¹³ The CAISO generally agrees with CEJA and Sierra Club and continues to support a gas plant retirement analysis.¹⁴ As the CAISO explained in prior comments, the current thermal fleet provides the vast majority of reliability services, and resource retirements can significantly affect the need for additional reliability services, especially in constrained local

⁹ Cal Advocates Opening Comments p.4; SDG&E Opening Comments on Ruling, October 31, 2022, p.2.

¹⁰ Cal Advocates Opening Comments, pp.5-6.

¹¹ SDG&E Opening Comments, p.2.

¹² CEJA and Sierra Club Opening Comments on Ruling, October 31, 2022, pp.3-4.

¹³ *Id.*, p.4.

¹⁴ In opening comments on the May 14, 2020 *Order Instituting Rulemaking to Continue Electric Integrated Resource Planning and Related Procurement Processes* (OIR) issued in this proceeding, the CAISO recommended that the Commission develop resource portfolios for study in the TPP that include locational specificity for thermal resource retirements. CAISO Opening Comments on OIR, June 15, 2020, p.5.

capacity areas.¹⁵ However, as the CAISO noted in opening comments, conducting a sensitivity study requires significant resource and time commitment and the CAISO would not be able to accommodate another sensitivity in the 2023-2024 TPP.¹⁶ Alternatively, the Commission could accomplish the analysis through a new programmatic approach to assess the risk around thermal plant retirement as envisioned by Decision (D.) 22-02-004.¹⁷

III. Conclusion

The CAISO appreciates the opportunity to provide reply comments on the Ruling.

Respectfully submitted

By: /s/ Marissa Nava

Roger E. Collanton

General Counsel

Anthony J. Ivancovich

Deputy General Counsel

William H. Weaver

Assistant General Counsel

Marissa Nava

Counsel

California Independent System

Operator Corporation

250 Outcropping Way

Folsom, CA 95630

Tel: 916-963-0521

Fax: 916-608-7222

Email: mnav@caiso.com

Date: November 10, 2022

¹⁵ *Id.*

¹⁶ CAISO Opening Comments, pp. 2-3.

¹⁷ D.22-02-004, pp. 133-134.