

**COMMENTS OF EAGLE CREST ENERGY ON  
CAISO 2013-2014 TRANSMISSION PLANNING PROCESS STAKEHOLDER MEETING**

Eagle Crest Energy appreciates the opportunity to submit these comments on the CAISO's 2013-2014 Transmission Planning Process (TPP) Draft Study Plan and the information presented at the February 28<sup>th</sup> stakeholder meeting about the Plan. Specifically, Eagle Crest's comments address the portion of the CAISO's intent in the next TPP cycle to continue studies of contingency plans related to the potential absence of the San Onofre Nuclear Generating Station (SONGS) and measures to replace the capacity and flexibility provided by Once-Through Cooling (OTC) generation projects slated for retirement under directives from the California State Water Resources Control Board (SWRCB).

The needs that were expected to be met by these resources are in very specific locations. The final draft 2012-2013 Transmission Plan identifies the need for thousands of MWs of repowered or added generation in the LA Basin and San Diego Local Capacity Areas (LCAs) to meet the Local Capacity Requirements (LCRs) of those areas in the absence of SONGS and key OTC plants.

There is expected to be more than enough generation to meet system capacity needs overall. Among other things, the 33% RPS Portfolios in the Plan provide for addition of thousands of MWs of renewable generation in areas like the Riverside East CREZ. However, this generation cannot meet or offset LCR needs of areas to the west because of transmission constraints, and they cannot provide the flexibility and grid-integration services needed to maintain reliable service to load.

The CAISO, the CPUC, and the larger Load-Serving Entities (LSEs) have sought to meet a portion of these needs through a combination of ad-hoc retention of older gas-fired generation projects and procurement/construction of new gas fired generation in the affected areas, combined with small transmission upgrades.<sup>1</sup> The CAISO is also hopeful that some portion of the existing gas-fired generation base in these areas will be repowered.

However, the economics of repowering those gas-fired units are unclear at best, and there has been considerable local resistance to investments that prolong their useful lives. Moreover, as discussed at the recent Resource Adequacy symposium<sup>2</sup>, these and the other incremental, stop-gap measures studied thus far will be inadequate to achieve the ambitious California green-house gas (GHG) reduction goals<sup>3</sup>.

Meeting such targets will require a more fundamental transformation of resources used to deliver energy and related services to consumers. This transformation will likely require both an electricity resource mix above 33% renewables<sup>4</sup> and use of non-fossil-fueled resources (such as large-scale pumped storage) to replace large gas-fired plants in providing integration and reliability services.

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<sup>1</sup>2012 LTPP Track 1 Decision, D. 13-02-015, adopted February 13, 2013

<http://assets.fiercemarkets.net/public/sites/energy/reports/scelongtermprocurement.pdf>

<sup>2</sup> CAISO RA Workshop material can be found at:

<http://www.caiso.com/informed/Pages/MeetingsEvents/PublicForums/Long-TermRASummit.aspx>

<sup>3</sup>See, e.g., "Meeting California's Long-Term Greenhouse Gas Reduction Goals," November 2009.

[http://ethree.com/documents/GHG6.10/CA\\_2050\\_GHG\\_Goals.pdf](http://ethree.com/documents/GHG6.10/CA_2050_GHG_Goals.pdf), and Executive Order S-3-05 by the Governor of the State of California (<http://www.dot.ca.gov/hq/energy/ExecOrderS-3-05.htm>), issued by Governor Arnold Schwarzenegger in 2005, which (among other things) set 2050 GHG reduction targets at 80% below 1990 levels.

<sup>4</sup> See Governor Jerry Brown's April 12<sup>th</sup>, 2011 signing statement for SBX1 2

([http://gov.ca.gov/docs/SBX1\\_0002\\_Signing\\_Message.pdf](http://gov.ca.gov/docs/SBX1_0002_Signing_Message.pdf)), which stated that a 40% renewables mix, at "reasonable cost, is well within our grasp in the near future."

Eagle Crest recommends that the CAISO look beyond the smaller, incremental measures considered thus far. Instead, the CAISO should consider a larger vision for long-term replacement of nuclear and OTC resources by a combination of:

- The thousands of MWs of large-scale renewable (largely solar) resources that LSEs are already procuring from promising renewables areas in eastern California, and additional potential procurement from those areas (and possibly other states) to meet higher renewable-energy targets;
- Integration resources to firm up those renewable resources (ideally, without curtailments that would reduce their RPS and GHG value) – e.g., pumped-storage resources, or surplus capacity from newer and more efficient already-existing fossil resources in Arizona and similar areas – that could also firm up in-LCA preferred resources like demand-side resources; and
- New policy-driven transmission projects from those resource-rich areas directly into one or both major population centers to the west (LA and San Diego) that bypass congestion “choke points” like Devers. These could include connections through the proposed TE/VS line that would connect SCE and SDG&E, enhancements to existing lines like the Sunrise Project or Southwest Powerlink, or new lines through new rights-of-way.

The Study Plan for the 2013-2014 TPP should include a long-term analysis of these options. This analysis would compare the effectiveness in meeting state energy-policy goals, and the incremental cost and benefits (including LCR and GHG reduction benefits), to those under the other, more fossil-centered options that the CAISO has been studying. Eagle Crest believes that, when all the relevant factors are considered, these alternatives will prove to be both more effective and more cost-effective to ratepayers in the long run.