



November 20, 2013

To: California Independent System Operator
250 Outcropping Way
Folsom, CA 95630
Submitted via email to: regionaltransmission@caiso.com

Subject: Joint comments of The Nature Conservancy, the Natural Resources Defense Council, Defenders of Wildlife and Sierra Club on the California Independent System Operator's 2013/2014 Transmission Planning Cycle, 2012/2013 Conceptual State Transmission Plan Update.

1. Introduction and Summary

The Nature Conservancy, the Natural Resources Defense Council, Defenders of Wildlife and Sierra Club ("Joint Environmental Parties") appreciate the opportunity to submit comments in response to the California Independent System Operator's (CAISO) 2013/2014 Transmission Planning Cycle, 2012/2013 Conceptual State Transmission Plan Update (the "Conceptual Statewide Plan"). These comments are specific to those aspects of the Conceptual Statewide Plan which would benefit from improved integration of land-use, generation and transmission planning.

The Joint Environmental Parties' involvement in the transmission planning process is based on our interest in ensuring that renewable energy development occurs thoughtfully and sustainably. We believe it is important for the CAISO to incorporate California's full suite of relevant energy and climate policies and programs into transmission planning. All state energy agencies need to use consistent, valid methodologies and assumptions for determining energy resource needs. This coordination is necessary if California is to meet its climate protection and energy policy goals, while avoiding unnecessary costs and protecting the natural environment and resources that the climate and energy policies are intended to benefit.

2. Regional Coordination

The Joint Environmental Parties appreciate the statewide perspective of the Conceptual Statewide Plan and the information sharing that is occurring across balancing area authorities.

The Conceptual Statewide Plan includes very positive elements that are supported by the Joint Environmental Parties, including:

- Taking an overall look at the state’s transmission resources, including future planning work being done in collaboration with publically owned utilities including work performed through the California Transmission Planning Group (CTPG). When planning transmission additions we need to consider all opportunities to share infrastructure and reserves across balancing area authorities (BAAs). We understand that CAISO cannot do this alone, but encourage the trend of joint transmission projects we see between and among public and investor owned utilities. These should appropriately be represented in the plan.
- Considering policy and system benefits such as geographical diversity and storage in prioritizing transmission investments.

3. California’s Energy Future: Coordinated Land-Use, Generation and Transmission Planning

The California Energy Commission (CEC) has highlighted the need to improve integration of energy, transmission and land-use planning in the most recent draft (2013) of the annual *Integrated Energy Policy Report* (IEPR):

“the key to overcoming the synchronization challenge [between generation and transmission planning and permitting] is to develop a long-term transmission plan for preferred renewable generation zones.”¹

The Joint Environmental Parties appreciate the enhanced coordination on the part of California’s energy agencies with regard to transmission and we strongly encourage continued improvement. It is important to keep the momentum going and move past a reliance on interconnection requests to designate needed transmission and realize a future where achieving multiple values drive transmission investments. For example, multiple values can include transmission needed to: alleviate congestion, access to transmission-limited grid services, maximize resources such as storage, address local needs, provide

¹ California Energy Commission. 2013. *2013 Integrated Energy Policy Report*. Publication Number: CEC-100-2013-001-LCD. Page 114.

renewables integration, reduce the need for new gas-fired generation and accelerate generation in areas we wish to encourage such as designated renewable energy zones (e.g., Desert Renewable Energy Conservation Plan Development Focus Areas) and other areas where development will have low impact on biological resources (e.g., areas of least-conflict within the San Joaquin Valley).

The Joint Environmental Parties underscore the importance of a California energy future that uses landscape scale planning to *first* identify preferred areas of least-impact for generation development and then strategically plans transmission investments to these areas for timely development and delivery of renewable energy. This comprehensive approach will provide benefits to both people and nature.

This is the approach underway within the Desert Renewable Energy Conservation Plan (DRECP) and we are concerned that there is no mention of this important state and federal planning effort within the Conceptual Statewide Plan.

- **Recommendation:** Develop a class of lines that address multiple grid and renewable integration goals for prioritization along with policy-driven, economic and reliability projects.

4. Transmission Planning: DRECP & the California deserts

The Joint Environmental Parties believe that the DRECP could facilitate responsible and sustainable renewable energy development to meet California's renewable energy mandates and needs efficiently and effectively while simultaneously providing lasting conservation for species, natural communities and ecological processes in the California deserts.

We believe the Conceptual Statewide Plan must address transmission upgrades and investments needed to support renewable energy development in Development Focus Areas (DFAs) identified by the DRECP. While these areas are not yet final, the plan is expected to be complete in 2014 and it is important that investments to the DFAs be planned for, and executed in a timely manner after plan completion. Transmission projects currently have a long lead-time, and access to transmission with available capacity within the DFAs is one of the major benefits, and a key development incentive for the DRECP. Consequently failing to plan for serving the zones could have significant impacts on the success of the entire planning effort. This is an area where enhanced coordination of CAISO with state and federal planners is needed.

Projects located in DFAs, when final, will have high project viability, and transmission upgrades needed to serve them will result in substantial benefits to the state in terms of

rapidly constructed renewable energy projects, reliability, delivered energy and conservation of important natural resources.

If transmission investments to DRECP DFAs are not addressed in this cycle of the conceptual transmission plan, we are concerned that this will perpetuate the disconnect between land-use, generation and transmission planning.

- **Recommendation:** The Conceptual Plan should address how the CAISO will study and analyze the DRECP DFAs when the draft DRECP is released in early 2014. The Conceptual Plan should, at a minimum, describe and outline the process and timeline for study of the DFAs and incorporation into the 2013-2014 TPP.
- **Recommendation:** Designate disturbed or degraded areas within proposed DFAs as policy driven projects within the Transmission Planning Process (TPP).

5. Transmission Planning: The Central Valley

The Central Valley is home to some of California's most valuable and productive farmland, a variety of special status species, habitats, wildlife corridors, and important solar resource potential.

The most recent draft (2013) of the California Energy Commission's annual *Integrated Energy Policy Report* (IEPR) calls for applying a "DRECP-like effort"² of comprehensive land-use, generation and transmission planning to the Central Valley. The Joint Environmental Parties support a comprehensive planning effort within the Central Valley and encourage the CAISO to plan to scale transmission such that present and forecast needs for the Central Valley can be addressed at lower cost and development complexity. In addition, upgrades needed to serve these areas appear to be deferred until too far in the future to facilitate master planning for both generation and transmission.

Specific comments and considerations for the Central Valley include:

A. Planned Upgrades for Westlands CREZ

For in-state transmission projects expected to be in service in the next decade, the Gates to Gregg upgrades needed to open the Westlands CREZ is in our opinion deferred to too late of an in-service date (2022). It, along with the Warnerville-Bellota upgrade (2017) is needed to open Westlands, but even this combination would be inadequate to serve the eventual planned build-out of this one Central Valley CREZ, capable of eventually providing more than two GW of photovoltaic solar power from chemically impaired farmlands slated to be permanently retired.

² California Energy Commission. 2013. *2013 Integrated Energy Policy Report*. Publication Number: CEC-100-2013-001-LCD. Page 116.

Deferring this transmission another nine years could drive away investment for the solar projects in this area.

- **Recommendation:** Consolidate and make contemporaneous transmission upgrades needed to open and develop the Westlands CREZ.
- **Recommendation:** Consider additional transmission proposals to allow for more transfer capacity in the Central Valley to promote a fuller build-out of the Westlands CREZ.

B. Comprehensive planning for the Central Valley

A comprehensive approach to energy planning within the Central Valley can help achieve multiple goals and provide multiple benefits.

- There is value to multiple stakeholders in using environmental and land-use data to identify areas of least conflict for species.
- There is value in classifying these least conflict areas as preferred locations for renewable development and creating meaningful incentives that will encourage development of these renewable resources, such as access to available transmission.
- There is value in identifying the areas of high ecological value important to avoid when planning for development of energy generation. Avoiding development in high conservation value areas has the potential to minimize project development risks and costs associated with permitting, mitigation, and project delay.
- Lastly, there is value in the ability to rationalize and prioritize transmission with multiple values, such as: access to nearby load centers; congestion relief and prevention on nearby transmission (such as Path 15); reliability enhancement such as improving the access to and utilization of existing and transmission constrained pumped hydro storage at Helms; accelerating the ability to convert higher percentages of our electricity system to carbon free generation; in-state diversity of generation sources and load shapes; eliminating barriers to Power Purchase Agreements for Central Valley renewable generators by providing access to transmission and aiding compliance with the deliverability requirements of prospective utility procurers; and greater certainty for investors financing both projects and transmission.
- **Recommendation:** The Conceptual Plan should address how the CAISO will participate in future comprehensive energy planning efforts for the Central Valley targeted at meeting future energy needs and regional sharing opportunities.

6. Conclusion

We appreciate the opportunity to provide comments to the Conceptual State Plan. We strongly support and urge the CAISO to address transmission investments to low-conflict areas in the DRECP plan area and Central Valley, and look forward to subsequent opportunities to discuss. If you have any questions, our contact information is included below.

Respectfully submitted,



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