

## Draft Policy Initiatives Catalog—Comments

Submitted by	Company	Date Submitted
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PG&E appreciates the opportunity to provide comments in response to the 2019 Draft Policy Initiatives Catalog, issued August 8, 2018. PG&E is further appreciative and supportive of the CAISO’s decision to include three suggested PG&E initiatives to the 2019 Draft Policy Initiatives Catalog. The included initiative proposals have been accepted as follows:

- Exceptional Dispatch for Pipeline Inspections (Section 6.1, 2019 Draft Catalog)
- Partial Passes for Ancillary Service Tests (Section 6.1, 2019 Draft Catalog)
- Sunset Reimbursement of Network Upgrade (Section 6.4, 2019 Draft Catalog)

An additional PG&E initiative submission entitled “Transmission Planning Process Modifications to Identify Low-Cost Reliability Solutions,” was precluded from the Catalog.

PG&E disagrees with the CAISO’s rejection of this proposed stakeholder initiative to consider changes to the Transmission Planning Process (TPP). The purpose of the proposal was to create an opportunity to consider and develop least-cost solutions to reliability needs, independent of the timing of a generator providing the CAISO with a letter to retire their resource. In rejecting PG&E’s proposal, the CAISO cites the current tariff distinctions between reliability, economic, and policy projects in the TPP and the need to maintain a sequential study process for each type of project. However, the CAISO fails to acknowledge the gaps within this existing process created by embedded planning assumptions. PG&E contends that the current process of only considering cost-effective transmission alternatives retrospective to an RMR designation, will lead to unjust and unreasonable outcomes.

The following is an example of how the CAISO Tariff does not provide sufficient time to consider or evaluate alternatives needed to mitigate a reliability need created by an unplanned resource retirement. During the 2015-16 TPP, the CAISO indicated that a possible solution to the Las Aguilas-Moss Landing 230 kV overload would be to use short-term ratings that would rerate the facility. The CAISO’s reliability studies only remove resources that have either (1) announced retirements or (2) have an age of at least 40 years in its sensitivity analysis. Neither criterion applied to the Metcalf Energy Center at that time. The CAISO announced the potential



RMR designation on September 8, 2017, and the CAISO Board of Governors designated the unit for reliability must-run (RMR) service on October 25, 2017. This decision was made without consideration of any transmission alternatives.

During the following November-March timeframe, the CAISO studied, and the Board of Governors ultimately approved, a set of cost-effective transmission mitigations (including the original rerate that was identified in 2015-16) to the reliability need that had previously resulted in the Metcalf RMR designation.

If the CAISO doesn't consider modifications to its TPP assumptions, this flawed process may lead to outcomes that are unjust and unreasonable to customers. Additionally, the CAISO generation assumptions presume that RMR generators are available for dispatch up to 10 years into the future, even though their annual RMR agreements last for only a single year. This forecasting mismatch can give the CAISO the erroneous expectation that an RMR generator will remain a viable alternative into the future, despite the unit's explicit request to cease operation.

PG&E thanks the CAISO for its consideration of these comments.