



February 26, 2014

Via Electronic Mail

regionaltransmission@caiso.com

RE: Sierra Club and California Environmental Justice Alliance Comments on Draft 2013-2014 ISO Transmission Plan

Sierra Club and California Environmental Justice Alliance (“CEJA”) submit the following comments on the Draft 2013-2014 ISO Transmission Plan (“TPP”). Sierra Club and CEJA’s comments are limited to the TPP’s assessment of local capacity areas impacted by the retirement of the San Onofre Nuclear Generating Station (“San Onofre”). We urge CAISO to model a low carbon scenario that uses a mix of preferred resources, in potential combination with Group 1 transmission upgrades, to meet local capacity needs in the LA Basin and the San Diego local capacity area.

The retirement of San Onofre presents the State with a crucial opportunity to ensure that the State meets its energy and environmental laws, goals and policies. California must significantly reduce its greenhouse gas emissions from existing levels to meet the emission reduction targets set forth under AB 32 and Executive Order S-3-05. Because San Onofre generated carbon-free energy, replacing San Onofre with fossil fuel generation will both undermine achievement of California’s GHG goals and exacerbate harmful pollution in an area that already suffers from unhealthy air quality. Indeed, in CAISO’s analysis of Southern California Edison’s local capacity needs for Track 1 of the California Public Utilities Commission’s (CPUC’s) Long Term Procurement Proceeding (LTPP), it forecasted that 4.25 million tons of CO₂ emissions would be added per year in the SCE area as a result of the added conventional generation it was recommending.¹ The long-term nature of conventional power plants means that approval of new fossil fuel generation will likely affect GHG emissions for at least 40 years into the future. These impacts cannot be viewed in a vacuum; they should be compared and added to the total of all current and future direct emissions. Recent values from a natural gas plant demonstrate that new conventional generation will emit significant amounts of GHGs and other pollutants including nitrous oxide and PM 2.5.² Since many current and

¹ California Public Utilities Commission (CPUC) Rulemaking 12-03-014, Track I, CEJA Ex. 3 (J. May Opening Testimony) at p. 3 (citing CAISO’s data request response).

² Marsh Landing Generating Station: Commission Decisions, California Energy Commission, at pp. 35, 37, 47 (Aug. 2010) <http://www.energy.ca.gov/2010publications/CEC-800-2010-017/CEC-800-2010-017-CMF.PDF>. The CEC found that Marsh Landing can be expected to produce a maximum of 756,981 MTCO₂E annually. The CEC also found that NO_x, VOC, and PM₁₀ and 2.5 emissions would contribute to existing violations of state and federal air

proposed natural gas power plants are located near disadvantaged communities, this also raises environmental justice issues. In contrast, preferred resources generally emit little to no GHGs or other pollutants.³

In the Proposed Decision for LTPP Track 4, the CPUC determined that “all incremental procurement as a result of this decision may be from preferred resources.”⁴ Consistent with this decision, the CAISO should model in the TPP a low carbon scenario that meets all local capacity need in the LA Basin and San Diego Local Capacity Area with preferred resources and an alternative scenario that meets local capacity need with a combination of preferred resources and transmission upgrades. In particular, Sierra Club and CEJA support development of the Mesa Loop-In. This upgrade would provide significant reliability benefit to the LA Basin and facilitate repowering of wind resources in the Tehachapi, thereby avoiding greenfield development of other potential projects. In addition, the Imperial Valley Flow Controller (for emergency flow control to prevent overloading on CFE line and voltage collapse under Category C.3 contingency) provides significant local resource reduction benefits, particularly when coupled with the Mesa Loop-In.

Although the ISO did evaluate a number of preferred resource scenarios, none of these scenarios are either directed at meeting all LCR need or evaluated a combination of preferred resources. For example, Scenario 1 models 4 hour DR, while Scenarios 3 and 4 evaluate a combination of solar PV and energy storage.⁵ A new scenario should be developed that leverages the complementary benefits of the suite of available preferred resources. Low carbon solutions to meet local capacity needs are technically and economically available today. The real challenge is leadership. A CAISO scenario would help with that challenge by providing a path forward.

Finally, Sierra Club and CEJA request that CAISO provide clear guidance on the use of demand response resources to meet local capacity needs that is consistent with standards for conventional generation. CAISO has recently asserted it prefers demand response products that can respond in “sufficiently less time than 30 minutes from the CAISO dispatch.”⁶ Yet “sufficiently less time” is not a clear standard from which to contract with DR customers. In addition, the ability to respond in significantly less than 30 minutes is not applied to conventional resources in determining their local capacity contributions. Indeed, the start time of combined cycle gas plants is significantly higher than 30 minutes. Demand response is already meeting local capacity needs in practice and has significantly greater potential to do so provided CAISO provides clear and non-discriminatory standards for DR resources. To the extent there is a desire to procure DR resources that respond more quickly than conventional generation, these resources should receive a premium for that service.

quality standards.

³ See, e.g., CPUC R.12-03-014, Track 1 Tr. 633: 18-21 (Cushnie, SCE) (“Clearly that’s one of the benefits of preferred resources is that they don’t have a GHG emissions profile.”)

⁴ CPUC, R.12-03-014, Proposed Decision Authorizing Long-Term Procurement for Local Capacity Requirements due to Permanent Retirement of the San Onofre Nuclear Generating Stations, Feb. 11 2014, p. 93.

⁵ CAISO Draft TPP, p. 100.

⁶ CAISO Draft 2014-2015 Transmission Study Plan, February 20, 2014, p. 28.

Sierra Club and CEJA appreciate your consideration of these informal comments. If you have any questions, please contact Matt Vespa at matt.vespa@sierraclub.org or Shana Lazerow at slazerow@cbeal.org.

Matthew Vespa
Senior Attorney
Sierra Club

Shana Lazerow
Staff Attorney
Communities for a Better Environment