

BAMX Comments on the CAISO 2018-19 Transmission Planning Process
Draft Study Scope for Local Capacity Requirements
Potential Reduction Study

The Bay Area Municipal Transmission group (BAMx)¹ appreciates the opportunity to comment on the CAISO Draft 2018-19 Transmission Planning Process (TPP) proposal for the “Local Capacity Requirement Potential Reduction Study.” The comments below address the presentation discussed during the April 18th stakeholder meeting.

BAMx supports the proposed transmission studies to better understand the reliability dependence on local generation and the electric transmission options to reduce such dependence. As the California market transforms to reduce its dependence on conventional resources, plans must be developed to maintain reliability in the face of fewer fossil based resources.

Prioritization

The presentation included four criteria to be used in prioritizing areas for such in this transmission planning cycle or deferred to a future planning cycle. The priority screening omits a major factor in determining whether a specific resource is at risk of insufficient revenues and therefore potentially may face economic shutdown. This factor would be whether there are additional revenue streams that either supplement its market revenues or insulate it from such market forces. BAMx recommends that consideration be given as to whether such local resources have cost recovery through a utility rate base or have a PPA that extends beyond the study period.

Evaluation

The study description includes that the CAISO will evaluate potential economic transmission solutions to mitigate all or part of the local reliability requirement for generation. However, during the call, the CAISO acknowledged that it can only evaluate electric transmission alternatives and that Preferred Resources² would need to be considered in the CPUC Integrated Resource Plan (IRP). BAMx notes that when all relevant factors are considered, including the need for system flexible generation, the “best” solution may include an LSE entering into a PPA with the at-risk local generation. As such, it is unclear how the CAISO can evaluate whether a potential transmission solution results in the lowest cost solution since it is unable to evaluate all the potential alternatives. Therefore, BAMx recommends that these study actions be limited to identifying the potential transmission solutions, including costs and development timelines, that would be then provided to the CPUC to be considered in the IRP.

So BAMx believes that the CPUC should investigate all the alternatives of providing the reliability of electric service needed in the local areas that exist within the CAISO controlled grid. BAMx also notes that the importance of this issue will require a comprehensive analysis by the CPUC of all the alternatives that can provide the needed local reliability but also what level

¹ BAMx consists of City of Palo Alto Utilities and City of Santa Clara, Silicon Valley Power.

² Distributed renewable generation resources, energy efficiency, energy storage, electric vehicles, and demand response technologies (Public Utilities Code §769(c))

is justified when considering all of the State's goals including achieving its GHG goals. BAMx also notes there is a proposed State legislation that would require the CPUC to determine which are the preferred gas fired plants to retain and to ensure adequate cost recovery for those facilities.³ In order to contribute in a responsive manner to such an investigation, BAMx encourages the CAISO to report on its studies of each LCR area in a manner that allows for such an analysis. The analysis reporting should be accomplished in a manner that makes it clear what local resources are needed for meeting various levels of reliability⁴ for the local areas.

BAMx appreciates the CAISO willingness to allow the typical two-week response time for this important proposed CAISO study process.

If you have any questions concerning these comments, please contact Kathleen Hughes (khughes@SantaClaraCA.gov or (408) 615-6632).

³ See the Amendment Introduced by Assembly Member Quirk on February 15, 2018 to AB-2693 for Natural gas-fired generating units (https://leginfo.legislature.ca.gov/faces/billTextClient.xhtml?bill_id=201720180AB2693)

⁴ For example, see CPUC Decision 06-06-064 Opinion on Local Resource Adequacy Requirements