

Submit comment on draft summary report

Initiative: Assembly Concurrent Resolution 188

The ISO values stakeholder input on this preliminary draft, and plans to incorporate feedback received during the January 20 stakeholder call, and in written comments submitted by the deadline on February 3, into future iterations to ensure the accuracy and value of the final report. Please submit written comments to infoACR188@caiso.com.

Submitter information

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1. Provide a summary of your organization's comments on the draft summary report and January 20, 2023 stakeholder call discussion:

CalWEA concurs with the October 17, 2022, comments of the CPUC's Energy Division that encouraged an objective and balanced report and recommended additional studies to fill gaps. CAISO responded that ACR 188 does not require additional studies and thus that such are out of scope. However, the final report should at least acknowledge the gaps in, and limitations of, the available studies, such as the fact that the studies do not consider California's recently adopted planning goals for offshore wind energy. The report can discuss how the potential benefits of regionalization might change should those goals be realized. Finally, we recommend that the report discuss a range of possibilities for the Western grid, including the pros and cons (from California's perspective) of CAISO working cooperatively with one (or two) Western RTOs, or a limited expansion of the CAISO, as alternatives to broader CAISO expansion.

2. Provide your organization's comments on the regional cooperation efforts in the West, as described in section 2 of the draft report:

No comment.

3. Provide your organization's comments on the literature included in the review, as described in section 3 of the draft report:

CalWEA concurs with the October 17, 2022, comments of the CPUC's Energy Division that the ACR 188 report "should find, or conduct, additional studies that objectively evaluate the impacts of regionalization on transmission costs to California utility ratepayers and on reliability." Unfortunately, the Draft Summary Report largely continues to "rely on studies that evaluate only the benefits of regionalization and none of the risks," and thus "presents a one-sided perspective."

While additional studies may be out of scope for this report, the Legislature can still be presented with a more holistic picture, including additional studies that should be conducted. In addition to noting the concerns of Energy Division, as well as those expressed by the CPUC's Public Advocates Office, the report should address California's recently adopted goals for offshore wind energy and should discuss, as a reasonable alternative to CAISO expansion, the benefits of CAISO working with one (or two) Western RTOs or more limited CAISO expansion. We address these in turn.

None of the reports reviewed considered how the new, much higher, offshore wind goals that have been adopted by the CEC might affect the potential benefits of CAISO expansion discussed in the studies that evaluate the benefits of regionalization. Were California to achieve the adopted planning goal of 25 GW of offshore wind (or a more diverse portfolio generally), that more resource-diverse portfolio could reasonably be expected to reduce overall capacity needs, reduce curtailments, and reduce the need for resources (and thus the associated production cost savings) from across the West compared to a portfolio dominated by solar and batteries.¹ Substantial offshore wind development might, for example, close the production cost savings gap between a one-market (expanded CAISO) and two-market (CAISO and a Western RTO) future presented in Table 7. At a minimum, the final report should discuss these, and any other, limitations of the studies reviewed.

The report should also more thoroughly and objectively discuss, as a reasonable alternative to CAISO expansion, the benefits of CAISO working with one (or two) Western RTOs. For example, the report could discuss how one or more RTO in the West would reduce pancaking of wheeling rates, and how other adjoining RTOs, such as PJM and MISO, have worked to enhance coordination at their seam and to improve the process for planning and building cross-border transmission. The report could also consider a more limited expansion of CAISO into Arizona and/or Nevada, where existing transmission ties are already strong.

Finally, the report should discuss various potential drawbacks of an expanded CAISO from California's perspective, such as the following:

¹ Many studies have documented that a more balanced resource portfolio with higher levels of wind, or offshore wind, substantially reduce total overall capacity needs, particularly the need for storage (which is needed, in part, to capture energy that would otherwise be curtailed). See, e.g.: (1) Goldman School of Public Policy, UC Berkeley's "The Offshore Report: California," presented at an Energy Commission June 27, 2022 Workshop, which found that 50 GW of offshore wind in 2045 would reduce solar and storage deployments by 121 GW (77 GW and 44 GW, respectively); (2) the Energy Commission's 2018 *Deep Decarbonization* study showed that the resource diversity provided by out-of-state wind would reduce needed solar and storage by approximately 40 percent. See Mahone, Amber, Zachary Subin, Jenya Kahn-Lang, Douglas Allen, Vivian Li, Gerrit De Moor, Nancy Ryan, Snuller Price. 2018. California Energy Commission. Publication Number: CEC-500-2018-012. (See Figure 16.) A similar study looking at offshore wind would likely produce similar results; (3) Southern California Edison showed, in its September 26, 2022, IRP filing to the CPUC that a systemwide plan generated by a 24-hour RA framework produced a portfolio that includes substantially more offshore wind and requires substantially less solar and battery capacity than was included in a comparable 2021 plan and was significantly less expensive as well.

- Greater California reliance on resources and transmission across the West might increase certain grid reliability risks, compared to developing resources and transmission that are closer to California's load centers. A coastal subsea transmission network, for example, which would support offshore wind and California's grid generally, would be close to many major load centers and would be less vulnerable to threats from wildfires and sabotage, compared to relying on a more expansive grid across Western lands, and might also be easier to permit. While CAISO expansion and a coastal subsea transmission network are certainly not mutually exclusive, CAISO expansion might necessitate consideration of alternative Western approaches.
- CAISO's protocols for integrating generation are generally very favorable to the integration of independent power producers (IPPs). Were CAISO to expand into markets that are far less friendly toward IPPs, a Western governing board may decide to weaken these protocols.
- Finally, although ACR 188 does not require the study to address lost economic benefits to California (e.g., jobs and tax base), and the fact that California has stronger environmental permitting requirements than Western states, those considerations should be noted, particularly as they explain, in part, why Western renewable resource development is cheaper than in-state development. (The report considers only greenhouse gas benefits.)

4. Provide your organization's comments on the annotated summary of the literature, as described in section 4 of the draft report:

No comment.

5. Provide your organization's comments on SB 100 and relevant updates, as described in section 5 of the draft report:

The report should note that the SB 100 resource portfolios included only 10 GW of offshore wind because the SB 100 model capped offshore wind at that amount, and that the Energy Commission has since adopted a 25 GW planning goal for offshore wind. The report should note further that none of the regionalization-benefits studies reviewed were based on the SB 100 core scenario portfolio or portfolios with higher levels of offshore wind.

6. Provide any additional comments on the draft summary report and January 20, 2023 stakeholder call discussion:

As indicated above, the Legislature would benefit from more holistic consideration of what the overall best approach might be for California. For example, while the report states (essentially) that "fewer benefits would accrue from having two western RTOs (e.g., CAISO and an expanded SPP), it does not consider the benefits that California would retain under a multi-RTO approach (e.g., retaining greater control over California's RTO, fostering in-state development



benefits under high environmental standards, certain reliability benefits, and favorable interconnection protocols for IPPs).