

Pacific Gas and Electric Comments on the 2014-2015 TPP Preliminary Policy Driven and Economic Assessment Study Results and November 19-20 Stakeholder Meeting

Submitted by	Company	Date Submitted
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Please use this template to provide your comments on the presentation and discussion from the stakeholder meeting held on November 19-20, 2014.

Submit comments to regionaltransmission@caiso.com

The presentation discussed during the November 19-20, 2014 stakeholder meeting may be found at:

<http://www.caiso.com/planning/Pages/TransmissionPlanning/2014-2015TransmissionPlanningProcess.aspx>

Comments

Pacific Gas and Electric Company (PG&E) appreciates the opportunity to participate in the annual Transmission Planning Process (TPP) stakeholder process. PG&E submits these comments on the November 19-20, 2014 Preliminary Policy Driven and Economic Assessment Study Results meetings. PG&E commends the CAISO for their work thus far in the TPP and looks forward to continuing the collaborative process.

Economic Planning Studies

PG&E supports CAISO's efforts on the economic planning studies to identify economic projects and areas of high congestion to be evaluated in the future. In particular, PG&E encourages the CAISO to consider a detailed economic assessment for Path 26 and the Path 15 Corridor identified in the meeting as Top 5 Congestions for future TPP cycles. Additionally, as described in PG&E's 2014-2015 TPP Economic Study Requests, the Greater Fresno Area and North of Tesla area should also be evaluated as a part of the economic planning studies.

PG&E also supports potential modeling enhancements as noted in the summary of the preliminary benefits. As California's supply of intermittent renewable energy resources continues to grow, the transmission system will need to support more flexible system operations with rapid ramp requirements. Modeling enhancements can help evaluate a wider range of conditions and assess an array of benefits including optionality, flexibility to meet rapid ramp requirements, and avoidance of uneconomic curtailment of generation in non-peak periods.

Over Generation Assessment

PG&E appreciates the CAISO's attention to the matter of over generation and efforts to identify next steps for further evaluation. The CAISO Duck Curve discussed at the meeting illustrates changes in the net load pattern that will bring about significant challenges in managing the grid. While this assessment is a good start towards evaluating potential over generation consequences, it is narrowly focused and further robust analysis must continue to prepare for all of the upcoming impacts of over generation.

The CAISO's analysis shows that there will be adequate response from the WECC system; however the CAISO will not have adequate governor response to satisfy its frequency response obligation per Bal-003-1. Furthermore, as suggested in the stakeholder meeting, the study was based on an optimistic view of resource capabilities and reality could lead to worse result. The changes in study assumptions could significantly impact the outcome of the study. Therefore PG&E supports CAISO's plan to further evaluate the impacts of over generation and encourages the CAISO to work closely with WECC entities to review and update the modelling assumptions and expand the analysis to encompass a more comprehensive scope.

Long Term Local Capacity Need Analysis

PG&E would like to see clarification through the TPP on plans for further consideration to be given to the risk of unrealized forecast assumptions for energy efficiency, demand response and lower than authorized procurement. It would be particularly helpful to gain insight into how LCR needs will be impacted versus the need for transmission upgrades.

Additionally, PG&E would like to reiterate its concerns regarding LCR methodology regarding Qualifying Facilities. According to the 2016 Local Capacity Requirements Study Manual, regulatory must-take and similarly situated units, like Qualifying Facilities (QFs)/Nuclear/State/Federal resources are assumed on-line at Net Qualifying Capacity (NQC) or historical output values by the CAISO. PG&E believes such assumptions should be vetted annually to ensure accurate study results for resource adequacy and energy procurement needs. In particular, contracts for several QF units in PG&E's service territory are set to expire in 2015. Some of those units play a key role in supplying power and maintaining the required level of reliability for local load pockets. It is important for the CAISO to review the capability and status of all QF units and identify which units are needed to meet local capacity requirements.

Policy Driven Assessment Results

In light of the Imperial County Deliverability Consultation, PG&E is reassured to see that overall deliverability from the Imperial area can be restored to pre-Songs retirement levels without significant additional transmission reinforcement.

Harry Allen – Eldorado Economic Benefit Analysis

PG&E shares similar concerns as other stakeholders that the assumed capacity benefit may be lower than assumed in the benefit analysis. The BCR ratio between 1.063 and 1.143 and capacity benefits that account for more than half of total gross benefits make this economic analysis very sensitive to that capacity value assumption.