

Comments of Pacific Gas and Electric Company

2015-2016 Transmission Planning Process

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Pacific Gas and Electric Company (PG&E) appreciates the opportunity to provide comments in response to the information presented during the CAISO's 2015-2016 Transmission Planning Process (TPP) stakeholder meetings held on September 21-22, 2015. PG&E's comments address the following topics that were discussed during the meetings: (1) Preliminary Reliability Assessment Results for Northern California Bulk System; (2) Preliminary Reliability Assessment Results for the East Bay Area Sensitivity Study; and (3) Gas-Electric Coordination in Transmission Planning. PG&E recognizes the substantial effort involved in preparing the annual transmission plan and commends the CAISO staff for its hard work in performing the numerous studies associated with the TPP.

Northern California Bulk Assessment

PG&E supports the CAISO's findings for the Bulk System Assessment. During the stakeholder meeting, the CAISO discussed the thermal overload findings resulting from the P6 overlapping outage of the Tesla-Metcalf 500 kV & Moss Landing-Los Banos 500 kV lines. PG&E strongly recommends that a long term solution be developed to address the reliability issues resulting from this overlapping contingency so that service reliability to PG&E's customers will not be adversely impacted. A potential long term solution could be in the form of a new source into the Bay Area to mitigate the expected overloads in the south Bay Area. PG&E encourages the CAISO to continue to monitor Moss Landing Power Plant's OTC compliance schedule and to fully study the issue as part of the 2016-2017 TPP cycle so that a comprehensive long term solution for the area can be developed.

East Bay Area Sensitivity Assessment

PG&E recognizes that the CAISO's main objective for this sensitivity study is to identify the potential long-term reliability needs in the East Bay Area without the local generation (i.e., Oakland Units 1-3) being available and potentially without reliance on the existing local Special Protection Schemes (SPSs), consistent with CAISO's Transmission Planning Standards. PG&E commends the CAISO for its thorough and insightful study, as well as for identifying a wide range of potential alternatives to mitigate the concerns. PG&E requests that CAISO develop a process and timeline for making a final recommendation on the preferred mitigation alternative

so that implementation of the mitigation can be initiated in a timely manner. A timely decision on a comprehensive plan is critical given the reliance on the aging local generation and it will ensure long term reliability for electric customers in the East Bay Area.

Gas –Electric Coordination in Transmission Planning Reliability Studies

At the September 22nd stakeholder meeting, the CAISO stated that its “...transmission planning studies will focus on the gas supply impact concerns to the reliability of the transmission system in the LA Basin and San Diego areas in this planning cycle.” PG&E is interested in these studies because gas supply issues in southern California can impact PG&E’s gas and electric customers. It is important that gas-electric coordination weigh the various aspects of energy supply and demand now and in the future.

As a preliminary matter, a longer-term view of demand for gas-fired generation must be considered within the context of market incentives and evolving federal and state energy legislative and regulatory initiatives. With an overall movement to decarbonize the California economy, including plans to generate electricity using renewable resources with natural gas acting as a transition fuel, it is important to consider the impact of such developments on gas asset owners. Efforts to decarbonize the economy should consider proper incentives to encourage flexibility for gas utilities to meet increasingly diverse electric demands.

While the CAISO study is looking initially at the reliability of gas supply coming into the Los Angeles Basin and San Diego areas, there should also be consideration of the ability to move gas within the Basin and San Diego areas. This could be done by identifying currently constrained and forecast constrained systems 5 to 10 years out which have or may impact gas supply to electric generators. Additionally, the study should address planned gas system safety and maintenance work 3-5 years out within the Basin and San Diego areas, including potential pressure reductions, that has the potential to limit gas supply to electric generators.

As part of the electric – gas coordination study, PG&E suggests CAISO closely consider the California Gas Report which is produced in even numbered years by the California gas and electric utilities.¹ The 2014 California Gas Report presents a comprehensive outlook for natural gas requirements and supplies for California through the year 2035. The Report reviews all gas customer classes including electric generation.

PG&E also suggests CAISO incorporate the ongoing findings produced by California gas utilities regarding gas facility adequacy. In D.06-09-039, the CPUC determined that it was “comfortable with the total amount of firm backbone [gas] transmission capacity on both the PG&E and SoCal Gas systems.” To ensure that the utilities monitor the adequacy of their backbone capacity, the CPUC requires each utility to make biennial advice letter filings to demonstrate that they have adequate backbone capacity consistent with the showings made in the decision.

PG&E also demonstrates the adequacy of its backbone transmission capacity holdings to serve core and electric customers in PG&E’s Gas Transmission and Storage Rate Case Applications

¹ 2014 California Gas Report, http://www.pge.com/pipeline_resources/pdf/library/regulatory/downloads/cgr14.pdf

and Bundled Procurement Plan proceedings, each submitted to the CPUC.² For bundled electric customers, PG&E arranges intrastate backbone transmission capacity according to its Electric Portfolio Gas Supply Plan (GSP). This GSP was approved in PG&E's Bundled Procurement Plan by the CPUC in D.12-01-033.

In addition to gas backbone transmission capacity, all of PG&E's local gas transmission systems are designed to provide adequate capacity for Core customers under all weather conditions including extremely cold weather. For noncore customers, including electric generation customers, PG&E's Cold Winter Day (CWD) design criterion ensures adequate capacity to meet all estimated demands.

² Approximately 40 percent of northern California electric generation is connected PG&E's backbone system.