

**SDG&E’s Comments to the CAISO on the
CPUC’s/CEC’s April 2, 2012
“Proposed Portfolios for the 2012-2013 TP Process”**

Renewable Resources Comprising the “Discounted Core” Understate Renewable Resources Already Under Contract to California Load Serving Entities

The Discounted Core provided by the CPUC/CEC to the CAISO on March 23, 2012 contains 7,115 MW of installed renewable capacity in the “cost-constrained” portfolio for year 2022. The amount and geographic distribution of this new installed capacity differs considerably from what the California Investor Owned Utilities had under contract as of mid-2011. (See table below.)

**“Cost-Constrained” Renewable Resource Portfolio for Year 2022
“Discounted Core” versus Renewable Resources Already Under Contract**

CREZ/Renewable Resource Development Area	CPUC/CEC Discounted Core		New Renewable Resources under Contract to California Load Serving Entities	
	Installed Capacity (MW)	Annual Energy Production (gWh)	Installed Capacity (MW)	Annual Energy Production (gWh)
Alberta	450	1,230	302	824
Arizona	550	1,283	243	618
Baja	-	-	-	-
British Columbia	-	-	-	-
Colorado	-	-	-	-
Montana	-	-	547	1,811
Nevada S	-	-	-	-
Nevada N	-	-	-	-
New Mexico	-	-	-	-
Northwest: Oregon/Washington	-	-	-	-
Utah/southern Idaho	-	-	-	-
Wyoming	-	-	113	373
Barstow	-	-	-	-
Carrizo North	-	-	-	-
Carrizo South	900	1,931	-	-
Cuyama	-	-	-	-
Fairmont	-	-	441	1,121
Imperial	1,125	6,173	2,283	8,695
Inyokern	-	-	-	-
Iron Mountain	-	-	-	-
Kramer	62	145	-	-
Lassen North	-	-	-	-
Lassen South	-	-	38	188
Mountain Pass	982	2,291	782	2,163
Owens Valley	-	-	-	-
Palm Springs	83	233	488	1,468
Pisgah	-	-	1,289	3,013
Riverside East	950	2,340	605	1,436
Round Mountain	-	-	8	38
San Bernardino-Baker	-	-	-	-
San Bernardino-Lucerne	-	-	-	-
San Diego North Central (Borrego)	-	-	-	-
San Diego South (ECO)	-	-	-	-
Santa Barbara	-	-	-	-
Solano	-	-	1,881	5,393
Tehachapi	2,327	5,924	2,672	7,000
Twentynine Palms	-	-	-	-
Victorville	-	-	-	-
Westlands	70	158	-	-
Non-CREZ	-	-	-	-
Distributed Solar – PG&E distribution area	-	-	-	-

Distributed Solar – SCE distribution area	-	-	-	-
Distributed Solar – SDG&E distribution area	-	-	-	-
Total	7,499	21,708	11,691	34,140

While not all of this contracted generation will be built, the CAISO’s 2012-2013 Transmission Planning Process (TPP) should evaluate renewable resource portfolios that are weighted heavily towards contracted resources, and less heavily towards generic resources. The CAISO’s TPP should focus on those areas of the grid where renewable resource development is most likely, and signed Purchase Power Contracts (PPAs) are a good indicator of where development will take place.

SDG&E recommends that the renewable resource portfolios to be used in the CAISO’s 2012-2013 TPP be modified to more closely reflect the amounts, technologies and locations of new renewable resources already under contract to California load serving entities. SDG&E notes that CAISO’s GIP/TPP tariff proposal recommends using PPA’s as an indicator to use the generation project as part of the resources to meet the portfolio requirements.

The RPS Calculator Model May Overstate the Comparative Cost of Out-of-State Renewable Resources

It appears that the RPS Calculator model assumes most out-of-state renewable resources cannot be counted toward California load serving entities’ RPS requirements unless new transmission is built from the out-of-state renewable resource area to the California border. For example, the RPS Calculator model assumes there is no existing transfer capability to accommodate renewable resource development in Alberta, and then assumes a 3000 MW, 1500 mile transmission line, would have to be built at a cost of \$8 billion.

SDG&E believes these assumptions fail to account for the possibility of arranging some amount of firm wheeling on existing transmission between the out-of-state renewable resource development areas and California; especially considering that the addition of large amounts of new renewable resources will have the effect of off-loading, or retiring, remote thermal generation resources which would otherwise consume existing transfer capability. Further, even where a continuous firm wheeling path on existing transmission is likely unavailable, there may be opportunities for shorter and smaller transmission upgrades in those specific areas of the grid where constraints actually arise. The approach of assuming a single massive transmission line to connect an out-of-state renewable resource development area to California is insufficiently nuanced and may be biasing results in favor of in-state renewable resource development.