

SWPG comments on the Clean Energy and Pollution Reduction Act Senate Bill 350 Study initiative posted on February 4, 2016

Submitted by	Company	Date Submitted
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Introduction: SouthWestern Power Group (SWPG) is an independent developer of utility-scale generation and transmission in the Desert Southwest. SWPG is developing a 515 mile, 500 kV interstate transmission project, known as SunZia that will be capable of delivering up to 4,500 MW of renewable energy to AZ, NM, and CA markets. We appreciate the opportunity to provide comments.

1. Do you think the proposed study framework meets the intent of the studies required by SB350? If no, what additional study areas do you believe need to be included and why?

Yes, SWPG believes the proposed study framework meets the intent of the studies required by SB350.

2. Five separate 50% renewable portfolios are being proposed for 2030 as plausible scenarios for the purpose of assessing the potential benefits of a regional market. Are these portfolios reasonable for that purpose, and if no, why?

See comment response to (4).

3. To develop the five renewable portfolios the RESOLVE model makes a number of assumptions resulting in a mix of renewable and integration resources for the scenario analysis (rooftop solar, storage, retirements, out of state resources etc.) Do you think the assumptions associated with developing the renewable portfolios are plausible? If no, why not?

See comment response to (4).

4. The renewable portfolio analysis assumes certain costs and locations for the various renewable technologies. Do you think the assumptions are reasonable? If no, why not?

SWPG supports E3's overall methodology and use of the RPS calculator estimates. SWPG additionally provides the following comments on specific questions that arose during the February 8 meeting during the E3 presentation on Draft Renewable Portfolios for CAISO SB350 Study:

Five scenarios were developed for the study and scenarios 1a – 1c and scenario 2 exclude resources that need new transmission for delivery to CA or local loads. SWPG acknowledges that until recently this would be a reasonable assumption; however, SWPG asks E3 and the ISO to consider whether the current and future energy landscape continues to support excluding these resources from four out of five of the scenarios. While E3's point that these resources have been in planning stages for the last 10 years and have not been built yet is well taken, California's renewable policies and landscape are rapidly changing. The 50% renewable goal will put pressure on California land use as acknowledged by the CEC's Renewable Energy Transmission Initiative (RETI) 2.0¹ and it is increasingly likely out-of-state renewables will be used to meet California's renewable policy goals. SWPG would also point out that there are a number of well-advanced interstate transmission projects in the West focused on renewable energy because they have been pursuing development for the past 7 to 10 years and are likely to get built in the coming 4 to 6 years because they can deliver high-quality renewables at scale to various energy markets in the West, including California's.

E3 sought feedback during their presentation on slides 21-22 regarding the minimum bundle size of resources they should consider. They asked whether 1,000 MW or 1,500 MW bundles were feasible or if they should only look at 3,000 MW bundles. SWPG notes that for the New Mexico area both 1,000 MW and 1,500 MW bundles are likely feasible.

5. The renewable portfolio analysis makes assumptions about the availability and quantity of out-of-state renewable energy credits ("RECs") to California. Do you think the assumptions are plausible? If no, why not?

¹ http://www.energy.ca.gov/reti/reti2/documents/2016-01-22_workshop/2016-01-22_presentations.php

No comment.

6. The renewable portfolio analysis makes assumptions about the ability to export surplus generation out of California (i.e., net-export assumptions). Do you think these assumptions are reasonable? If no, why not?

The range of export values appears reasonable; however, shaping the values seasonally and hourly (or even on- and off-peak) would likely result in a more accurate representation of California's ability to export surplus generation.

7. Does Brattle's approach for analysis of potential impact on California ratepayers omit any category of potential impact that should be included? If so, what else should be included?

No comment.

8. Are the methodology and assumptions to estimate the potential impact on California ratepayers reasonable? If not, please explain.

No comment.

9. The regional market benefits will be assessed based assuming a regional market footprint comprised of the U.S. portion of the Western Interconnection. Do you believe this is a reasonable assumption for the purpose of this study? If not, please explain.

For the purpose of this specific study, assuming a regional market footprint comprised of the Western Interconnection appears responsive to the SB350 study requirement.

10. For the purpose of the production cost simulations, Brattle proposes to use CEC carbon price forecasts for California and TEPPC policy cases to reflect carbon policy implementation in rest of WECC. Is this a reasonable approach? If not, please explain.

No comments on the remaining questions.