WESTLANDS
SOLAR PARK

TO: California Independent System Operator
From: Westlands Solar Park
Date: April 16th 2012
RE: Comments to the April 2nd CAISO 2012/2013 Transmission Planning Process Stakeholder Meeting on Renewable Portfolio Assumptions

The Westlands Solar Park is submitting comments to the April 2nd CAISO stakeholder workshop on the 2012/2013 TPP on Renewable Portfolio Assumptions and on the March 23, 2012 CPUC letter identifying the "cost constrained" scenario as a reasonable base case for the CAISO to study in its 2012/2013 TPP. The Westlands Solar Park has the following concerns and comments regarding the process of developing the renewable portfolio assumptions for the 2012/2013 CAISO TPP.

<u>CAISO-CPUC need to re-evaluate the resource portfolio development process and the underlying assumptions through transparent stakeholder engagement and incorporate a long term "top-down" approach to the process.</u>

The current process for developing the base case and alternative scenarios for the 2012/2013 TPP has not provided stakeholders with enough opportunity to review and comment on the underlying assumptions that are part of the more recent calculator and portfolios. The CAISO and the CPUC should not make resource-planning assumptions for generation and transmission without a thorough re examination of these resource assumptions. Additionally, the preferred "cost constrained" scenario is not a top-down plan that guides the resource development in California but is primarily a bottom-up plan. Ironically, the cost constrained scenario doesn't hold constant the goal of looking at resources based on lowest cost between technologies (i.e., CSP versus PV). This scenario also doesn't factor in environmental costs or efficiencies that can be gained in transmission investment and operation (i.e., joint transmission, co-location, and renewable integration) by coordinating a long term view of both transmission and generation needs to meet both 2020 and longer term goals of the State. Therefore, based on our early review, the cost constrained scenario even if used without a top down approach still does not analyze all elements necessary for a true all-in cost to rate payers.

We agree that the State needs to choose a path to meet its renewable energy goals without constantly revisiting decisions. However, we also believe that if the regulators are going to examine the problems of the resource portfolio through proceedings like the TPP-GIP integration and Cluster 1-4 interconnection reform process, that every project and CREZ should be re evaluated and no legacy projects should be protected unless warranted. In fact, the Market Surveillance Committee supported the inclusion of all earlier queued projects in the Cluster 1-4 interconnection reform process in their letter to the Board of Governors on the approval of the 2011/2012 TPP. It is worth noting that regardless of the contractual issues of re-examining the transmission decisions that earlier queued "legacy" projects are relying on the Market Surveillance Committee (MSC) points out that the State's resource planning assumptions are inherently flawed and need to be comprehensively examined. As the MSC points out this is a more fundamental issue that needs to be resolved and can only be done if the CPUC/CAISO were to develop a top-down plan that identifies preferred renewable resource areas that can be built out that meet the environmental, cost and timing objectives of the state. These three buckets are not independent and all three objectives impact one another dramatically and this is why the top down approach is needed to view them in a comprehensive plan for the State.

<u>CAISO and CPUC should begin resource planning for beyond the 33 percent by 2020 goal.</u>

Resource planning for a higher amount of renewable generation beyond the 33 percent should begin immediately in the 2012/2013 TPP. Given the problems that the CAISO and CPUC have currently encountered trying to plan transmission for generation to meet the 33 percent RPS goal there shouldn't be any delay in signaling a need to begin discussing the policy, economic, environmental, renewable integration goals that have to be a part of resource planning beyond 2020, because regardless of whether the legislature and Governor increase the current RPS the state will need to plan for a future with more renewable generation due to AB 32, once-through cooling (OTC) retirements, and/or the remote potential of one or more nuclear generators no longer operating in the future.

<u>The Central Valley resource area in Westlands CREZ should be increased not decreased in CPUC renewable assumptions.</u>

The March 23, 2012 joint CPUC/CEC letter to CAISO on renewable portfolio assumptions for the 2012/2013 TPP decreased the Westlands CREZ assumptions from 800 MWs to 70 MWs in all four of the scenarios. The answer that was given to the question about why the Westlands CREZ was being decreased at the April 2nd stakeholder meeting was that there were no commercial projects in the Westlands CREZ to warrant maintaining the 800 MW assumption from the 2011/2012 TPP or increasing it. We would like to point out that last year in the Westlands CREZ there was more than 1,000 MWs of commercial interest in both the interconnection application process and in proposals submitted to the IOUs from three unique and established solar development companies. Furthermore, it does not take much analysis to see that there is significant interest in developing the Westlands resource area and surrounding areas in the central valley, as reflected in the dozens of planned and proposed PV solar projects throughout Fresno and Kings counties totaling well over 1,000MWs in the queue today, and the location/region was also deemed strong enough for the implementation of PG&E's central valley PV filing. The solar resource potential of the Westlands CREZ is substantially similar to the surrounding areas, with the added benefits of being under and adjacent existing large scale transmission facilities and having superior site development characteristics. Therefore, the assumptions made by CAISO/PUC are incorrect as commercial interest in the Westlands Solar Park and central valley as a whole is already a reality. Specific expectations for a PPA within the region from the PUC/CAISO need to be sufficiently long term oriented to give this commercial interest longer than one solicitation cycle to pursue development goals when other resource areas in the state have been more actively working on development for the last 3 to 4 years. The state will need to live with these long term infrastructure assets and their real costs to our rate payers and the environment for decades to come. Given the high risk to developing some of the other assumed scenarios such as some of the "legacy" projects and distributed generation projects, which have differing but complex development hurdles to overcome, inclusion of the Westlands CREZ in planning assumptions at least allows the State to hedge the high risk nature of the course it is beginning to chart for the next 10-20 years and further allow the region and CREZ to pursue additional solicitation windows.

Despite the significant number of GIAs in the Westlands region, central valley, and other resource areas of the state, the reliance on GIAs to drive resource planning is inherently flawed because commercial interest is short term in nature, and because it is public policy and project driven in comparison to resource planning for transmission that needs to look at the economic, reliability and policy needs of the state that will be in place well beyond the life of a standard PPA contract. This is why the RETI stakeholder process determined that there was a need for foundation transmission lines that were least regret and could serve multiple objectives (i.e., renewable delivery, economic, reliability) and the Central Valley was where one of the foundation lines was identified as needed. Consequently, the lack of PPAs in the Central Valley to date has resulted in the CAISO and CPUC not prioritizing the upgrade of the foundation transmission lines in this area, making larger scale commercial interest and development only more challenging to these well suited project areas.

In conclusion and as a path forward, we strongly argue that the CAISO and CPUC incorporate and prioritize a "top down" integrated resource planning scenario along with "bottom up" GIA driven resource scenarios in determining how the state will meet the 2020 RPS goal as well as the higher amounts of renewables needed to meet our greenhouse gas reduction goal for 2050.