

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA**

Application of Pacific Gas and Electric
Company (U39E) for Approval and Recovery
of Oakland Clean Energy Initiative Preferred
Portfolio Procurement Costs.

Application 20-04-013

**OPENING BRIEF OF THE
CALIFORNIA INDEPENDENT SYSTEM OPERATOR CORPORATION**

Roger E. Collanton
General Counsel
Anthony Ivancovich
Deputy General Counsel
Jordan Pinjuv
Senior Counsel
California Independent System
Operator Corporation
250 Outcropping Way
Folsom, CA 95630
Tel: 916-351-4429
Fax: 916-608-7222
jpinjuv@caiso.com

November 12, 2020

Table of Contents

I.	INTRODUCTION	1
II.	DISCUSSION	2
III.	CONCLUSION.....	5

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA**

Application of Pacific Gas and Electric Company (U39E) for Approval and Recovery of Oakland Clean Energy Initiative Preferred Portfolio Procurement Costs.

Application 20-04-013

**OPENING BRIEF OF THE
CALIFORNIA INDEPENDENT SYSTEM OPERATOR CORPORATION**

The California Independent System Operator Corporation (CAISO) submits its opening brief in this proceeding pursuant to Rule 13.11 of the Rules of Practice and Procedure of the California Public Utilities Commission (Commission) and the *Assigned Commissioner’s Scoping Memo and Ruling* issued in this proceeding on July 14, 2020 (Scoping Memo).

I. INTRODUCTION

The CAISO recommends that the Commission approve Pacific Gas & Electric Company’s (PG&E’s) application for approval of the Local Area Reliability Service (LARS) agreements with Tierra Robles Energy Storage, LLC (esVolta) and Dynegy Marketing and Trade, LLC (Vistra). The LARS agreements provide necessary and critical battery storage resources at the Oakland L and Oakland C substations. These storage resources are elements of the Oakland Clean Energy Initiative (OCEI), a multi-faceted mitigation plan approved by the CAISO in its 2017-2018 transmission planning process to meet Oakland local area reliability requirements. In addition to the storage resources provided in the LARS agreements, the OCEI includes: (1) upgrades to the Moraga 230/115 kilovolt (kV) Transformer Bank 3 to remove limiting elements, as well as upgrades at Moraga 115 kV and Oakland X 115 kV substation buses; (2) transmission line rerates on Moraga-Claremont 115 kV #1 & #2 Lines; and (3) continued reliance on transferring Alameda Municipal Power (AMP) load from Cartwright Substation to

Jenney Substation during peak loading conditions and under various contingency events. The OCEI will facilitate retirement of existing Oakland area thermal generation currently designated as a reliability must run (RMR) resource. The Commission should approve the LARS agreements to facilitate the retirement of the existing RMR generation and maintain Oakland area local reliability.

II. DISCUSSION

In its 2017-2018 Transmission Plan, the CAISO approved the Oakland Clean Energy Initiative (OCEI), which included storage and preferred resources as a component of the overall plan to meet Oakland area local capacity needs and retire existing RMR generation.¹ The OCEI consists of a combination of substation upgrades and in-front-of-the-meter energy storage resources. In its 2019-2020 Transmission Plan, the CAISO updated the local area needs based on updated load forecasts for the Oakland local areas.² Specifically, the CAISO determined that the local area need increased to about 36 MW and 173 MWh from storage resources to meet the updated load forecast and Oakland area load profile, consisting of 7 MW and 28 MWh storage at Oakland L and 29 MW and 145 MWh storage at Oakland C.³ PG&E's application seeks Commission approval of the LARS agreements for energy storage locational attributes at the Oakland C and Oakland L substations.

Consistent with the assigned Administrative Law Judge's direction in this proceeding, the CAISO has structured this brief consistent with the July 14, 2020 Scoping Memo. Below, the CAISO reproduces questions posed in the Scoping Memo prior to providing its responses.

Scoping Memo Question 1: Should the Commission approve the two Local Area LARS Agreements resulting from the OCEI Request for Offers (RFO) for energy storage locational attributes at the Oakland C and Oakland L substations?

Yes, the Commission should approve the LARS agreements because they are necessary to meet the Oakland area needs and retire the existing RMR generation. The

¹ PG&E Exhibit 1, p. 2-2 to 2-3.

² *Id.* at p. 2-4 to 2-5.

³ *Id.*

LARS agreements will provide new storage resources at the Oakland C or Oakland L substations. The CAISO reviewed PG&E's application, including the resources covered in the LARS agreements, and confirmed that, together with the substation upgrades identified in the CAISO transmission planning process, the resources are adequate to meet the identified Oakland local area need and facilitate the retirement of the Oakland area RMR resources.⁴

Scoping Memo Question 2: Will the portfolio of projects proposed by PG&E meet the local sub area reliability need in the areas served by the Oakland C and Oakland L substations, effectively addressing the need identified by the CAISO, as amended most recently in the CAISO's 2019-2020 Transmission Plan?

Yes, the projects proposed by PG&E will meet the local sub-area reliability needs. The CAISO independently reviewed the efficacy of the proposed resources and found that they would meet local sub-area needs, consistent with NERC reliability standards, when paired with the other transmission upgrades included in the OCEI.⁵ The CAISO agrees with PG&E's analysis in rebuttal testimony demonstrating that the LARS resources, together with the other elements of the OCEI, effectively meet all NERC planning standards through 2024. The CAISO transmission planning analysis, as updated in the 2019-2020 transmission plan, identified a need for about 36 MWs of capacity and 173 MWh of energy sited within the Oakland C and Oakland L 115 kV substations. Specifically, the CAISO found the need for 7 MW and 28 MWh of storage at Oakland L substation and 29 MW and 145 MWh storage at Oakland C. The LARS agreements provide that this battery storage will be built at the Oakland C and L substations consistent with CAISO-identified local area needs. As a result, and together with the other elements of the OCEI, the LARS agreement storage resources can provide the necessary capacity and energy meet Oakland area needs through 2024.⁶

To dispatch the energy storage resources at the Oakland C and L substation, the CAISO will use existing day-ahead market tools. These tools include the assessment of forecast local load conditions and the possibility of and recovery from contingency conditions. Historically, the CAISO has conducted dispatch to ensure that gas resources

⁴ PG&E Exhibit 1, 1-Attch1-1.

⁵ *Id.*

⁶ PG&E Exhibit 3, p. 2-3 to 2-6.

with long start times are on-line and able to provide energy if and when a local contingency occurs. Similar to how it currently manages gas resources, the CAISO systems can also schedule storage resources to charge and retain that energy to ensure that if a contingency does occur, the CAISO can maintain local reliability.⁷ The CAISO is continuing to explore whether it may need specific changes to its business practice manuals (BPMs) to clarify that the CAISO may either dispatch storage resources to maintain an adequate state of charge or dispatch and commit gas resources (or other conventional resources) to ensure local reliability.⁸

As referenced above, the OCEI includes continued reliance on the existing Operating Agreement between PG&E and AMP to transfer AMP load from Cartwright Substation to Jenney Substation during peak loading conditions and under various contingency events. Load transfers of this nature are an appropriate mitigation tool for transmission planning purposes to serve the area reliability.⁹ Without relying on the load transfer, the remaining elements of the OCEI solution will be insufficient to fully replace the existing RMR resources in the Oakland area. The CAISO understands that AMP filed a complaint with the Federal Energy Regulatory Commission (FERC) challenging PG&E's proposed use of the Operating Agreement to transfer AMP loads.

The CAISO continues to monitor the complaint proceeding at FERC; and depending upon the outcome of the FERC process will assess whether additional mitigation measures, beyond the battery storage and transmission upgrades currently identified as part of the OCEI, will be necessary in the next transmission planning cycle and subsequent cycles. The CAISO does not believe that the outcome of the AMP complaint should be determinative in this proceeding, because any direction from FERC disallowing use of AMP load transfer will increase the need for resources in the Oakland area. As a result, the CAISO recommends that the Commission approve the current application regardless of the outcome of the AMP complaint.

⁷ PG&E Exhibit 20, p. 2.

⁸ *Id.*

⁹ Exhibit CLECA-4, p. 1.

III. CONCLUSION

The CAISO recommends that the Commission approve PG&E's application for the LARS agreements to construct the necessary battery resources at the Oakland C and L substations. The LARS agreements are necessary to ensure that sufficient battery capacity is built to meet Oakland sub-area needs and retire existing gas-fired RMR generation.

Respectfully submitted

By: /s/ Jordan Pinjuv

Roger E. Collanton

General Counsel

Anthony Ivancovich

Deputy General Counsel

Jordan Pinjuv

Senior Counsel

California Independent System

Operator Corporation

250 Outcropping Way

Folsom, CA 95630

Tel: 916-351-4429

Fax: 916-608-7222

jpjuv@caiso.com

Dated: November 12, 2020