



ORA

Office of Ratepayer Advocates
California Public Utilities Commission
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**THE OFFICE OF RATEPAYER ADVOCATES' COMMENTS
ON THE CALIFORNIA INDEPENDENT SYSTEM OPERATOR (CAISO) 2018-2019
TRANSMISSION PLANNING PROCESS (TPP) PRESENTATION AND MEETING ON
FEBRUARY 28, 2018, AND THE 2018-2019 DRAFT TPP UNIFIED PLANNING ASSUMPTIONS
AND STUDY PLAN**

March 14, 2018

The Office of Ratepayer Advocates (ORA) is the state's independent consumer advocate with a mandate to obtain the lowest possible rates for utility services, consistent with reliable and safe service levels, and the state's environmental goals.

ORA submits the following comments on the CAISO's 2018-2019 TPP Unified Planning Assumptions and Study Plan and presentation at the 2018-2019 TPP stakeholder meeting on February 28, 2018.

1. ORA Recommends Prioritization of Analysis to Address Costly Backstop Procurement

ORA supports the CAISO's proposal to review local capacity areas to identify potential transmission upgrades that would economically lower gas-fired generation capacity requirements in local capacity areas or sub-areas. The CAISO states that it intends to prioritize review of half of the existing areas and sub-areas based on the attributes of gas-fired generation to provide other system benefits and gas-fired generation located in disadvantaged communities.¹ ORA recommends that the CAISO also prioritize its analysis to minimize backstop procurement through its Reliability Must Run (RMR) and Capacity Procurement Mechanism (CPM) Year Ahead and CPM Risk of Retirement (ROR) processes.

Recent RMR and CPM procurement of resources for 2018 (estimated annual cost of \$172.6 million) has increased costs for ratepayers from backstop procurement and demonstrates the market power of gas-fired generation in certain local areas and sub-areas.² In the California Public Utilities Commission's (CPUC) current Resource Adequacy (RA) proceeding, ORA has proposed that the CAISO conduct analysis to identify which resources are essential for reliability and which can retire, if they choose to do so.³ ORA has proposed that the CAISO work with the CPUC to review current contracts and focus on resources not currently under contract and those with contracts expiring in the next two years to determine if they are essential for reliability.⁴

¹ 2018-2019 Transmission Planning Process Unified Planning Assumptions and Study Plan, February 22, 2018, p. 48.

² ORA's Track 1 Proposals in Rulemaking (R.) 17-09-020, February, 16, 2018, p. 2.

³ *Id.*, p. 4.

⁴ Comments of ORA on Track 1 Proposals in R.17-09-020, March 7, 2018, p. 2.

This analysis would determine the basis of the need for the resource, how long the need will persist and identify the resource characteristics and mix of alternative resources and transmission solutions that can address the reliability need.

The CAISO's analysis for the RA proceeding would identify areas with constraints that could lead to costly backstop procurement. The proposed Economic Assessment of Local Capacity areas should prioritize review of such areas to identify potential solutions to their capacity constraints. This would facilitate timely consideration of cost-effective alternatives to potential backstop procurement.

If you have any questions on this submittal, please contact Cindy Li at XL2@cpuc.ca.gov or (415) 703-1546.