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**COMMENTS OF THE OFFICE OF RATEPAYER ADVOCATES OF THE  
CALIFORNIA PUBLIC UTILITIES COMMISSION ON THE CAISO’S DRAFT 2014-  
2015 TRANSMISSION PLANNING PROCESS UNIFIED PLANNING ASSUMPTIONS  
AND STUDY PLAN**

**I. INTRODUCTION**

On February 20, 2014, the California Independent System Operator Corporation (CAISO) posted its draft 2014-2015 Transmission Planning Process Unified Planning Assumptions and Study Plan (Draft Study Plan). On February 27, 2014, the CAISO held a stakeholder meeting to discuss the Draft Study Plan.<sup>1</sup> The Office of Ratepayer Advocates (ORA) appreciates the opportunity to participate in this CAISO-sponsored stakeholder process and submits comments on the following topics:

1. Generation Assumptions in Reliability Studies
2. Local Capacity Requirement Studies
3. The Special Study on Preferred Resources and Energy Storage

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<sup>1</sup> During the stakeholder meeting, the CAISO presented a summary of the Draft Study Plan using a PowerPoint presentation and answered stakeholder questions regarding the Draft Study Plan. The CAISO’s presentation is available at: [http://www.caiso.com/Documents/Presentation-Draft2014-2015StudyPlanFeb27\\_2014.pdf](http://www.caiso.com/Documents/Presentation-Draft2014-2015StudyPlanFeb27_2014.pdf)

## II. DISCUSSION

- 1. The CAISO should verify the status of new generation assumptions through the California Public Utility Commission's (CPUC's) long term procurement process (LTPP) rather than relying on the California Energy Commission (CEC) website.**

### **Background**

The CAISO performs reliability studies annually to assess the grid's compliance with applicable National Energy Reliability Council (NERC) Standards and Western Energy Coordinating Council (WECC)/CAISO reliability criteria.<sup>2</sup> Generation is an input into the study scenarios.<sup>3</sup> According to the CAISO, it relies on the "CEC website under the licensing section" to incorporate new thermal and solar thermal generation projects into its generation assumptions.<sup>4</sup> New thermal and solar thermal generation projects incorporated into the CAISO generation assumptions for 2014-2015 include the Oakley Generation Station (Oakley) and the Pio Pico Energy Center (Pio Pico).<sup>5</sup>

### **ORA's Recommendations on Generation Assumptions for Reliability Studies**

The CAISO should adjust its model assumptions for planned generation to reflect the current status of generation project approval by the CPUC. For example, the CAISO should remove Oakley from its list of planned generation for thermal and solar thermal<sup>6</sup> because the CPUC's approval of Oakley was annulled by the California Court of Appeals.<sup>7</sup> The appellate court's decision represents the second time the CPUC's approval of Oakley has been annulled.<sup>8</sup> Without

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<sup>2</sup> CAISO, 2014-2015 Draft Transmission Planning Process Unified Planning Assumptions and Study Plan (Draft Study Plan), p. 9.

<sup>3</sup> *Id.* at 12.

<sup>4</sup> *Id.* at 16, *see* [http://www.energy.ca.gov/sitingcases/all\\_projects.html](http://www.energy.ca.gov/sitingcases/all_projects.html).

<sup>5</sup> *Id.* at A-24.

<sup>6</sup> *Id.*

<sup>7</sup> *The Utility Reform Network (TURN) v. PUC* (Feb. 5, 2014), Cal. Crt. of Appeal, First District, A138701, *et al.* (certified for partial publication).

<sup>8</sup> *Id.* at 4-5, (The CPUC's approval under D. 10-12-050 and D. 11-05-049 was annulled in March 2012).

CPUC approval, construction of Oakley is unlikely to be completed by 2016, the first year the CAISO plans to account for the generator in its modeling assumptions.<sup>9</sup> Also, given that the CAISO assumes 624 Megawatts (MW) of capacity for Oakley, retaining this power plant in its generation study assumptions is likely to have a significant impact on transmission planning in northern California.

The CAISO should also adjust its planning assumptions for Pio Pico to reflect the CPUC's final decision amending the San Diego Gas and Electric Power Purchase Tolling Agreement (PPTA) start date from May 27, 2014 to June 1, 2017.<sup>10</sup> Based on this new start date, it is reasonable for the CAISO to begin accounting for Pio Pico in its model for 2017 rather than 2015, as stated in the Draft Study Plan. Further, the CAISO should adjust its model to reflect that Pio Pico is a 305 MW generating facility<sup>11</sup> rather than 300 MW, as is currently assumed.<sup>12</sup>

The aforementioned discrepancies highlight the need for the CAISO to verify the final capacity and start dates for generation projects based on CPUC processes, rather than relying solely on the CEC's licensing webpage. A list of CPUC approved projects is available on the CPUC's Energy website.<sup>13</sup> Therefore, ORA recommends that the CAISO verify generator assumptions in its Draft Study Plan based on the CPUC process in order to ensure that modelled generation resources reflect actual generation conditions as closely as possible.

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<sup>9</sup> Draft Study Plan at A-24.

<sup>10</sup> CPUC, Decision Granting San Diego Gas & Electric Company Authority to Enter into Purchase Power Tolling Agreement with Pio Pico Energy Center, LLC. (Feb. 5, 2014) D. 14-02-016, p. 16.

<sup>11</sup> *Id.* at 1.

<sup>12</sup> Draft Study Plan at A-24.

<sup>13</sup> CPUC, Power Procurement Contracts, <http://www.cpuc.ca.gov/PUC/energy/Procurement/Procurement/PPA.htm>.

- 2. ORA supports the CAISO’s incorporation of energy efficiency (EE) in its Local Capacity Requirement (LCR) studies and recommends that the CAISO model those resources using a methodology similar to the one for load allocation to local areas.**

### **Background**

The CAISO’s LCR assessment includes studies of both the Near-Term LCR and the Long-Term LCR.<sup>14</sup> Historically, the CAISO did not consider preferred resources, such as EE, in its LCR studies. However, the CAISO’s current LCR studies incorporate the CEC’s Low-Mid Additional Achievable Energy Efficiency (AAEE) scenario while its system-wide studies use the CEC’s Mid AAEE scenario.<sup>15,16</sup> Using the Low-Mid AAEE scenario, which assumes less EE, has the effect of increasing the load levels relative to the Mid AAEE scenario, which in turn increases the need for new generation/transmission in the LCR studies.

### **ORA’s recommendation on LCR Studies**

ORA supports the CAISO’s incorporation of EE in its LCR studies but suggests that the CAISO incorporate a higher level of EE in its study assumptions. ORA appreciates the CAISO’s “difficulty of forecasting load and AAEE at specific locations and estimating their daily load-shape impacts” and understands the CAISO’s reluctance to use a less conservative estimate of the CEC’s system wide studies.<sup>17</sup> To alleviate the CAISO’s concerns, ORA recommends the CAISO create an EE allocation methodology for local areas, similar to the way CAISO allocates load for local areas, in order to utilize the Mid AAEE scenario.

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<sup>14</sup> The Near-Term LCR models the 2015 and 2019 study years. The Long-Term LCR study models the 2024 study year. *Id.* at 33-34.

<sup>15</sup> The Low-Mid AAEE scenario assumes a low level of EE and DR while the Mid-AAEE assumes a moderate level of EE and DR, consistent with levels of EE and DR expected to be online. The CAISO prefers to use the Low-Mid AAEE in local studies because local areas are more difficult to model and therefore more conservative modelling assumptions better account for anomalies which may occur due to local system requirements.

<sup>16</sup> *Id.* at 22.

<sup>17</sup> *Id.*

**3. The CAISO should clarify that it intends to use preferred resources as its first mode of mitigation when addressing problems identified in the Preferred Resources and Energy Storage Special Study (Preferred Resources Study).**

**Background**

The CAISO's Preferred Resources Study will integrate preferred resources -- such as EE, Demand Response (DR), and energy storage -- into the reliability assessment.<sup>18</sup> The CAISO intends to 1) exclude the preferred resources when developing resource assumptions, 2) identify reliability problems based on its assumptions and 3) consider preferred resources as potential solutions to mitigate identified problems.<sup>19</sup> When considering preferred resources as mitigation measures, the CAISO will also examine whether the preferred resources have the performance attributes that qualify them as transmission mitigations.

**ORA's recommendations regarding the Preferred Resources Study**

ORA supports the CAISO's Preferred Resource Study, which will integrate preferred resources into its modeling efforts. Preferred resources should be included as other generation resources in the resource assumptions. However, since the CAISO considers these resources as mitigation alternatives rather than assumptions, ORA recommends the CASIO clarify that preferred resources will be considered as the primary solutions when mitigating problems identified by modeling.

ORA recommends the CAISO also facilitate the full utilization of preferred resources by, among other things, modifying the CAISO market rules to remove any barriers to implementing preferred resources as transmission solutions. For example, some preferred resources have the capability of providing ancillary services such as ramping reserve, spinning reserve, or frequency response reserve. Therefore, the CAISO should remove market barriers in order to implement the existing technical capability of preferred resources and to fully utilize preferred resources as solutions to the identified problems.

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<sup>18</sup> *Id.* at 35.

<sup>19</sup> *Id.* at 35-36.