

2018-19 Transmission Planning Process (TPP) Special Study: Pacific Northwest Transfer Capabilities

Submitted by	Company	Date Submitted
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PG&E provides the following comments on the proposed 2018-19 TPP Special Study, “Increased Capabilities for Transfers of Low Carbon Electricity between the Pacific Northwest and California,” as discussed in the stakeholder presentation on April 18, 2018.¹

PG&E understands that the Pacific Northwest (PNW) study is motivated by interest from California policy makers to explore a permanent closure of the Aliso Canyon gas storage facility in Southern California. CAISO is therefore requested to evaluate options for mitigating the electric impacts of a prospective Aliso closure by expanding intertie transfer capability into Southern California at times of constrained gas flow, substituting increased electric flows for constrained generation inside the Los Angeles Basin. PG&E therefore understands the policy intent behind this study to be a desire to substitute more remote sources of “clean” electricity, such as increased reliance on hydro resources sourced from the PNW, which may have similar flexible intraday ramping characteristics to the displaced gas-fired units in Southern California.

PG&E would like to note a couple of concerns. First, in order for greater reliance on PNW hydro to substitute for local Southern California gas-fired generation, CAISO must first determine that there are sufficient hydro resources available (and not otherwise under contract) during the same time of the year when the gas balancing constraints would most likely be in effect without Aliso Canyon, which is to say, during the winter, when Core Gas usage typically peaks. PG&E notes that the PNW as a region is a predominantly winter-peaking electric system. Furthermore, hydro availability is typically greatest during the spring run-off season (depending on hydrological conditions). PG&E is therefore concerned that the PNW hydro resources may be less available at precisely the time of year when Southern California would need additional flexible resources, absent Aliso.

¹ Per the instructions provided on the call, PG&E will submit separate comments on the “Local Capacity Requirement Reduction” study on May 2, 2018.



Moreover, to the extent additional flexible resources are available at the right time of year, and the Study identifies a set of options to increase transfer capacity and deliver this energy into Southern California, the Study itself will not provide an economic benchmark against which to judge the cost-effectiveness of this approach. While the current Special Study is for information only, PG&E notes that, before approving any project in the TPP, CAISO will need to classify it as either Policy-Driven or Economic. The designation of a TPP project as “Policy” implies that there would first need to be a clearly stated California policy preference for meeting Southern California’s future balancing needs using, preferentially, **out-of-state** renewable resources. To PG&E’s knowledge, no such statement has yet been made. In the absence of a State policy preference supporting this approach, CAISO should evaluate the economics of the PNW intertie option against other potentially more cost-effective alternatives, such as other transmission options; siting new, in-basin flexible resources; and increasing electric transfer capacity with other, more proximate in-state or out-of-state resource regions that may be able to provide the desired flexible characteristics.

PG&E looks forward to participating and engaging in this study process as a potential affected system.