

2016-2017 Transmission Planning Process (TPP) Special Studies

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Comments on Workshop of June 13

PG&E provides the following comments on the stakeholder workshop held on June 13, 2016, which presented the CAISO's proposed approach in three of the 2016-17 TPP Special Studies:

- Gas-Electric Reliability
- Economically-Driven Early Retirement of Gas-Fired Generation
- Frequency Response Assessment/Generation Modeling

Gas-Electric Reliability

PG&E encourages the CAISO to leverage previous assessments of the impact of the Aliso Canyon constraint to further investigate: (1) the vulnerability of relying on Path-26 and Northern California dispatchable resources to help balance the Southern California gas system; and (2) the impacts of the LADWP operationally constrained system in the LA Basin (e.g. NG Plant and/or transmission contingencies).

PG&E would also encourage CAISO to clarify the scope for the winter assessment based upon the information from the operational studies for the 2016-17 winter and address any uncertainty in gas generation requirement in future due to other system changes (e.g. increased renewable generation, etc.)

Economically-Driven Early Retirement of Gas-Fired Generation

PG&E appreciates CAISO's effort to identify potential economic early retirement of gas-fired generation and any local and system level operational reliability and congestion issues that may arise due to the potential early retirement of gas-fired generators. Given the scope of this effort described during the June 13th stakeholder call, PG&E believes that this special study is a good screening level analysis and will identify resources required to meet local reliability or to provide

ancillary services. However, the simplistic criteria used may not provide enough information to determine whether a generator will be uneconomic to continue to operate.

A gas fired generation retirement study of decision making quality should consider many factors that affect retirement decisions including:

- Power purchase agreements, maintenance and operations costs, CAPEX investments and portfolio needs across a range of plausible futures and system conditions (e.g. hydro conditions)
- A unit's ability to recover on-going costs including fixed O&M, insurance taxes, and CAPEX

PG&E recognizes that unit specific information may not be available to perform a unit specific economic retirement study and therefore in order to avoid misinterpretation of the study findings, PG&E recommends that the CAISO clearly state what is within scope of the study, caveats of study limitations, and use of results.

The study should also clearly state that although this study takes into account existing and future known resources, alternative solutions to meet LCR requirements (e.g., potential siting of future resources) and ancillary service requirements is not included in the analysis.

Frequency Response Assessment/Generation Modeling

In addition to the TPP special study, Frequency Response is also the subject of a current CAISO initiative (and corresponding activity at FERC), including the recent tariff filing to allow procurement of primary frequency response resources from adjacent balancing areas. PG&E notes that the droop setting changes that were proposed in the new tariff need to be addressed in future frequency response studies.

PG&E looks forward to seeing preliminary results of the special studies and to the opportunity to comment further when draft study results are presented in the fall.