

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA



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Order Instituting Rulemaking to Continue Implementation and Administration, and Consider Further Development of, California Renewables Portfolio Standard Program.

Rulemaking 15-02-020
(Filed February 26, 2015)

**OFFICE OF RATEPAYER ADVOCATES'
COMMENTS REGARDING THE STAFF PAPER ON THE
RENEWABLES PORTFOLIO STANDARD CALCULATOR**

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I. INTRODUCTION

The Office of Ratepayer Advocates (ORA) respectfully offers its opening comments on the August 28, 2015 *Administrative Law Judge's Ruling* (ALJ Ruling) and Energy Division's *Staff Paper on Incorporating Land Use and Environmental Information into the RPS Calculator and Developing and Selecting RPS Calculator Portfolios* ("Staff Paper" or "Staff Proposal"), in the above docketed proceeding.¹ On September 28, 2015, ALJ Robert Mason submitted a hard copy of Energy Division's *Staff Paper* onto the record. The ALJ Ruling specified parties shall file comments to the Staff Proposal by Energy Division on or before 30 days after the date of the ruling; thus, this filing is timely.²

II. DISCUSSION

Below, ORA answers six of the thirty questions articulated in the Energy Division's Staff Paper. ORA anticipates responding to the parties' answers on these and the remaining questions in reply comments, due within 15 days of opening comments—October 13, 2015—as appropriate.

Question 1: *Are the criteria in the current RPS Calculator 6.1 base screen adequate (RETI Category 1 land and the technology specific exclusions shown in Table 1)? Why or why not?*

In general, ORA supports the Staff Paper's criteria in the current Renewable Energy Transmission Initiative (RETI) base screen. The RETI is a statewide collaborative study effort to identify and facilitate the development of the transmission needed to access the most cost-effective and environmentally preferred renewable resources in California.³ The base screen, as explained in the Staff Paper, removes land meeting certain specifications from consideration in all portfolios produced by the RPS Calculator. The criteria identifies lands prohibited from development due to legal constraints or are excluded from consideration by specific technology requisites, such as excessive slope of the land for wind projects.

¹ *Administrative Law Judge's Ruling (1) Issuing an Energy Division Staff Paper on Incorporating Land Use and Environmental Information into the RPS Calculator and Developing and Selecting RPS Calculator Portfolios; (2) Entering the Staff Paper into the Record, and (3) Setting a Comment Schedule.*

² ALJ Ruling, p. 3.

³ <http://www.energy.ca.gov/reti>, California's Renewable Energy Transmission Initiative Overview February 26, 2009.

It is reasonable to use a base screen to develop the RPS portfolio as a reference point to facilitate a comparison of cost impact and resource needs among different scenarios. However, the screen appears to focus on California land. It is ORA’s understanding that the Competitive Renewable Energy Zone (CREZ), which refers to a planning area associated with the RETI, only involved contiguous area of land in California.

The current version of the RPS Calculator introduces a new type of planning area called the “Super CREZ” which is designed to include all land inside and outside California, with renewable resources that could potentially serve loads within the balancing authority area of the California Independent System Operator (CAISO).⁴ Given that the RPS Calculator expands the planning area to Super CREZ’s, it is reasonable to expand the criteria to cover land subject to land exclusions outside of California not currently listed in Table 1.⁵ This would require coordination with out-of-state authorities.

Question 3: *Should future versions of the RPS Calculator include one or more alternative screens to reflect specific land use policies?*

Given that an alternative screen may increase accuracy in identifying lands suitable for development, ORA supports the use of alternative screens. The RPS Calculator should include one or more additional alternative screens to reflect specific land use policies, as well as criteria that reflect cost mitigation and transmission solutions. The Staff Paper cites one example of a possible screen that excludes land found within the Desert Renewable Energy Conservation Plan but not found within the Development Focus Area or RETI Categories 1 and 2.⁶ This alternative screen, according to the Staff Paper, generates a higher cost portfolio due to fewer wind projects being selected. The impact is not insignificant. The cost impact ranges from \$29 billion to \$365 billion.⁷ Therefore, ORA recommends the future RPS Calculator include one or more alternative

⁴ Staff Paper, p. 6.

⁵ Staff Paper, p. 13.

⁶ RETI Category 1 are land areas that may allow transmission lines and access roads under certain circumstances. RETI Category 2 are land areas with significant restrictions but no outright prohibitions that have restrictions unique to each area. Final RETI Phase 1B Report, RETI Stakeholder Steering Committee, December 31, 2008.

⁷ Staff Paper, pp. 18-19.

screens if additional criteria can be properly identified. These alternative screens may help inform development of optimal portfolio choices.

Question 6: *Should future versions of the RPS Calculator implement a scoring methodology to represent land use information? Why or why not? Should scoring be used in addition to screening? Why or why not? Does your answer depend on the screening and/or scoring approach? If so, explain how.*

The screening process is akin to a “pass or fail” evaluation method. It is more straightforward and easier to perform. Therefore, this method should first be tested to determine its effectiveness in the CAISO’s Transmission Planning Process (TPP) and the Commission’s Long Term Procurement Planning (LTPP) proceeding. The Commission can continue to develop the method and adjust as appropriate. Through the testing period, if the Commission determines the screening approach to be inadequate, a scoring methodology should be developed to better represent land use information in the RPS model so that the intent to make the RPS Calculator a more effective tool for TPP and LTPP can be achieved. Prior to testing the screening approach, it is premature to develop scoring methodologies.

Question 19: *Are the criteria described above sufficient for selecting appropriate scenarios for use in “least regrets” planning in LTPP and TPP? If not, what changes are needed and why?*

The criteria described in the Staff Paper—*e.g.* “Portfolios are materially distinct from one another,” “Portfolios reflect multi value transmission solutions”—presents a suitable starting point for selecting appropriate scenarios for use in the RPS Calculator “least regrets” planning to feed into both TPP and LTPP. The criteria should include assumptions or uncertainties as to the amount of renewable imports included in the selected portfolios. As the Staff Paper preliminary results state, “Allowing out-of-state resources lowers the cost of compliance and reduces the impact of CA land use restrictions.”⁸ Although the criteria listed are sufficient at this time, this list should be dynamic to complement changing state policies and priorities in LTPP and/or TPP.

When finalizing the RPS Calculator portfolios, staff should ensure the selected portfolios represent a realistic spectrum of possible futures. One way to achieve this may be to create scenario “bookends” on either side of the trajectory/base case. This could include one very

⁸ Staff Paper, Appendix A p.12.

conservative scenario and one very optimistic scenario. ORA further recommends the Commission limit the RPS Calculator scenarios to a select few—perhaps no more than four or six, in addition to a few scenarios with sensitivities—to limit the amount of time needed to complete the RPS Calculator studies. It would be better to run four to six highly optimal scenarios that can systematically inform the RPS assumptions in LTPP than to run multiple RPS Calculator scenarios and potentially delay the transfer of this information to the LTPP or TPP.

Question 25: *Which RPS Calculator inputs and assumptions are most important to align with LTPP and TPP (e.g., load assumptions, plant retirement assumptions, etc.)? Please justify your answer with respect to the impact of the inputs and assumptions on the composition of RPS Calculator portfolios and the sensitivity of LTPP and TPP outcomes to variations in RPS Calculator portfolios.*

The most important inputs and assumptions needed to align with LTPP and TPP are as follows:

- **Load growth:** This is critical to LTPP because any potential procurement authorizations (or the decision to not authorize additional procurement) are likely to be based in part on the California Energy Commission’s (CEC) load growth projections on a 10 year-horizon. Therefore, the Commission along with the CEC, need to formulate this input as accurate and realistic as possible to ensure procurement decisions for future reliability needs are equally accurate and do not result in under or over procurement.
- **Planned retirements:** Knowing which resources will retire and its location (next bullet) can promote better procurement decisions that are localized and targeted. This has the potential to reduce costs if the IOUs can specify areas of resource need or developers can utilize existing transmission or land for development.
- **Resource locations:** Location is important because resource location, in a Local Capacity Requirements (LCR) area or non-LCR area, will impact reliability and help determine the possible need for new transmission.
- **Energy and capacity versus energy only:** LTPP ensures the system has enough capacity to maintain reliability on a 10-year forward planning horizon. Therefore, it is critical for the Commission to know whether a resource or group of resource additions will achieve Full Capacity Deliverability Status (FCDS) or Energy Only (EO). Depending on whether

a resource will achieve FCDS or be EO impacts reliability in both the interim years and the 10-year study period, which reviews the need for new procurement to meet capacity needs and costs.

- **Planned system upgrades:** Planned system upgrades potentially inform and identify new areas for resource development which is critical when new procurement is authorized through LTPP. For example, if an individual renewable resource undergoes an upgrade by adding a storage component, this will also be valuable to LTPP because it means additional capacity or a flexible product is now available to the system.

These inputs and assumptions are essential for the long-term procurement plans, which in turn are vital for the TPPs' transmission planning as TPP relies on the plans developed in LTPP.

***Question 27:** Do points 5 and 7 on the schematic diagram presented in Figure 2 reflect sufficient opportunity for party review of RPS Calculator portfolios prior to their use in LTPP and TPP? If not, please suggest alternative points where review is necessary and the amount of time needed for each party review process? (Please note that party comments, in and of themselves, may not alter the schedules of LTPP and TPP.)*

The schematic diagram in Figure 2² does not reflect a realistic schedule since the 2016 LTPP cycle has yet to commence. If this is the case, the LTPP proceeding schedule may delay the delivery of the partial inputs and assumptions into the RPS Calculator, as set forth in Table 9.¹⁰ To remedy this expected setback, ORA recommends the Commission vet and finalize the RPS Calculator inputs and assumptions (point 3 in the schematic) in the RPS proceeding instead of the LTPP proceeding.¹¹ Accordingly, the finalized RPS Calculator inputs can be fed into the LTPP when the standardized planning assumptions are released.

ORA also recommends the Commission provide sufficient time for parties to present meaningful comments given the complexity of the issues, and adopt a reasonable schedule for filings in this and related proceedings. Additionally, Energy Division should provide notice in the LTPP proceeding of the final "Annual Timeline of Activities for Constructing and Selecting

² Staff Paper, p. 40.

¹⁰ Staff Paper, p. 38.

¹¹ A new LTPP rulemaking has not yet been issued, and is scheduled to begin around December 2015.

RPS Calculator Portfolios for Use in LTPP and TPP”¹² to allow for comprehensive review by all relevant parties and stakeholders.

III. CONCLUSION

ORA respectfully requests the Commission consider and implement the recommendations described above.

Respectfully submitted,
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¹² Staff Paper, p. 14.

VERIFICATION

I, Lisa-Marie Salvacion, am counsel of record for the Office of Ratepayer Advocates in proceeding R.15-02-020, and am authorized to make this verification on the organization's behalf. I have read the

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filed on September 28, 2015. I am informed and believe, and on that ground allege, that the matters stated in this document are true. I declare under penalty of perjury that the foregoing are true and correct.

Executed on September 28, 2015 at San Francisco, California.

/s/ LISA-MARIE SALVACION

Staff Counsel