

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA**



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Order Instituting Rulemaking to Develop an
Electricity Integrated Resource Planning
Framework and to Coordinate and Refine
Long-Term Procurement Planning
Requirements.

Rulemaking 16-02-007
(Filed February 11, 2016)

**SOUTHWESTERN POWER GROUP II, LLC
REPLY COMMENTS IN RESPONSE TO ADMINISTRATIVE LAW JUDGE'S
PROPOSED DECISION ON THE 2019-2020 ELECTRIC RESOURCE PORTFOLIOS
TO INFORM INTEGRATED RESOURCE PLANS AND TRANSMISSION PLANNING**

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March 17, 2020

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In accordance with Rule 14.3 of the California Public Utilities Commission (“Commission”) Rules of Practice and Procedure, SouthWestern Power Group II, LLC, (“SWPG”) respectfully offers these comments in response to the March 12, 2020, opening comments on Administrative Law Judge (“ALJ”) Julie A. Fitch’s February 21, 2020, proposed decision on the portfolios to be used in the Integrated Resource Planning (“IRP”) process and the California Independent System Operator (“CAISO”) Transmission Planning Process (“TPP”).¹

I. INTRODUCTION

SWPG agrees with numerous other parties that multiple factors have confirmed the need for the Commission to provide more direct guidance to the CAISO in order to enable the CAISO to consider transmission enhancements to accept significant out-of-state wind energy. SWPG explains these factors in the following comments.

II. A LOWER CARBON EMISSION LEVEL IS APPROPRIATE AND HIGHER WIND IMPORTS ARE EXPECTED UNDER A 30 MMT PLANNING LEVEL

Perhaps the most repeated comment of parties is that the 46 MMT carbon goal is inadequate

¹*Administrative Law Judge’s Proposed Decision of the 2019-2020 Electric Resource Portfolios to Meet the Integrated Resource Plans on Transmission Planning* (“Proposed Decision”).

for numerous reasons:² 1) its resulting emissions increases are unacceptable;³ 2) it chooses solutions which are suboptimal for producing lower emissions over time; and 3) it misses opportunities to take certain actions now that could be advantageous in the longer-term. SWPG, being a transmission developer focused in New Mexico and Arizona but with potential delivery to California, generally does not advise the Commission on the proper carbon goal to pursue. However, for the reasons stated SWPG agrees with the commenters' overwhelming support for the adoption of a lower carbon emission limit.

Out of state wind is regularly selected at higher levels in the 30 MMT scenarios and scenarios with a 2045 planning horizon. An expected California future with New Mexico wind is being endorsed commercially as well, with the recent Preferred System Portfolio containing nearly 600 MW of New Mexico wind as Baseline resources. Yet, if the CAISO grid is unprepared to accept this energy as the out of state wind and transmission projects are developed, the congestion that results and the inability for the CAISO to use these deliveries effectively for reliability (e.g., Resource Adequacy) will dramatically increase costs for Californians.

At one point in time, a 46 MMT goal might have been considered to produce “least regrets” grid investment choices – choices that would not later prove to be suboptimal.⁴ However, there is now enough evidence from the Commission’s variety of RESOLVE scenarios which show that the 46 MMT portfolios are differentiated from the 30 MMT cases and that grid buildout will simply miss the mark at 46 MMT.⁵ For these reasons, SWPG now endorses others who advocate for a 30

² See, for example the Union of Concerned Scientists at pp. 1-5 and Southern California Edison (“SCE”) at p. 2 and pp. 4-6.

³ Sierra Club and California Environmental Justice Alliance at pp. 1-2, SCE at p. 5, and Union of Concerned Scientists at p. 1, for example.

⁴ For example, in the Decision Adopting Preferred System Portfolio and Plan for 2017-2018 Integrated Resource Plan Cycle, the Commission indicated that “While we agree that the [Preferred System] portfolio we adopt here may not be perfect, it can certainly serve as the basis for at least some procurement decision-making, as *there is likely no-regrets procurement that could be conducted in the near term without necessarily addressing all of the resources identified in this PSP as needed all the way through 2030.* [emphasis added] at p. 164.

⁵ See, for example, Environmental Defense Fund at pp. 1-2, Sierra Club and California Environmental Justice Alliance at p. 8, SCE at p. 2 and at p. A-1, and Ormat at p. 5.

MMT or 38 MMT carbon limit. The Commission could direct the CAISO to either study the 30 MMT scenario as its base case or alternatively direct the CAISO to consider projects implicated by their study of the 30 MMT policy sensitivity case as Category 1.

III. INVESTING FOR OUT OF STATE WIND IS APPROPRIATE AT THIS TIME

SWPG continues to advocate for the study of imported wind energy to ensure that the grid can accept this energy. Other parties, including the CAISO, also recognize the need for the consideration of transmission upgrades to meet the State's carbon objectives. First, TURN asks the Commission to authorize LSEs to invest in large capital-intensive sources of renewable energy such as out of state wind in order to meet the carbon goals.⁶ Further, the CAISO also asks the Commission to set policy direction and intent, after which time the CAISO can provide feedback on the technical feasibility of transmission-dependent technologies.⁷ Given that the CAISO already has the authority to plan according to the IRP base case, this CAISO statement would suggest that the CAISO is asking the Commission to provide expanded authorization such that the CAISO can potentially approve projects that it finds beneficial but may be beyond what a narrow (or, for example higher carbon goal) base case is indicating as cost effective.

IV. SWPG SUPPORTS PARTIES' COMMENTS FOR INCREASED TECHNOLOGICAL DIVERSITY

Several parties called attention to the lack of technological diversity⁸ in the RSP – a portfolio with a very high level of solar build out. As in the discussion in Section II, CalWEA points out that:

Advancing, in the near-term, those resource-diversity options that can be obtained at a reasonable or no cost premium to address the various risks associated with a portfolio that would otherwise be over-reliant on a narrow set of resources will build the momentum necessary to exceed the 46 MMT target in 2030 or sooner. Beginning to deploy those resources sooner rather than later will create the experience and capabilities needed to build the momentum for

⁶ TURN at p. 4.

⁷ CAISO at p. 7.

⁸ Green Power Institute at p. 6, CAISO at p. 5, and AWEA at pp. 2 and 7.

larger-scale deployment of these resources by 2030, which will position the state to accelerate its GHG targets.⁹

Again, along the lines of coupling a lower carbon goal with diversity, the Joint CCAs also presents analysis which suggest that working toward a 30 MMT goal could lower costs in the long run,¹⁰ and that by supporting out of state wind, the costs of a 30 MMT case could be reduced by \$59 million per year.¹¹

V. CONCLUSION

SWPG supports planning to the lower 30 MMT carbon goal, as well as increased technological diversity in order to meet this goal, as called for by several commenters. Further, SWPG encourages the Commission to direct the CAISO to consider all cost-effective policy transmission upgrades and not limit the CAISO's authority to projects arising solely from the base portfolio.

Respectfully submitted,

/s/

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⁹ CalWEA, at p. 7.

¹⁰ Joint CCAs at p. 4.

¹¹ *Id.*, at p. 5.