

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

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)

**REPLY COMMENTS OF WESTERN GRID DEVELOPMENT LLC
ON PROPOSED DECISION ON ELECTRIC RESOURCE PORTFOLIOS
TO INFORM INTEGRATED RESOURCE PLANS
AND TRANSMISSION PLANNING**

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*On behalf of
Western Grid Development LLC*

March 17, 2020

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**REPLY COMMENTS Of WESTERN GRID DEVELOPMENT LLC
ON PROPOSED DECISION OF ALJ FITCH (MAILED 2/21/2020)**

Western Grid Development LLC (Western Grid) hereby submits comments in reply to the initial comments of other parties filed on March 12, 2020, in the above-caption proceeding regarding Administrative Law Judge Julie Fitch’s February 21, 2020 Proposed Decision (“Proposed Decision”) with respect to electric resource portfolios that will inform integrated resource plans and transmission planning. The following reply comments address a single issue; i.e., the need for policy guidance from the Commission requested by California Independent System Operator (“CAISO”). As CAISO makes clear in its opening comments, Commission policy guidance is needed for the CAISO to properly consider transmission alternatives to existing gas plants, including Western Grid’s PTE Project.¹ Absent this policy

¹ Western Grid has proposed the Pacific Transmission Expansion Project (“PTE” or “PTEP”) which is a 2,000 MW controllable HVDC subsea transmission cable that the CAISO has found will allow **existing supply available to the Diablo Canyon 500 kV switchyard or new sources of offshore wind** to be delivered to the West LA Basin and to reduce local capacity requirements in the West LA Basin thereby allowing 1,993 MWs of gas plant generating capacity to close. PTE is described in Section 4.8.2 of the CAISO’s draft Transmission Report issued January 31, 2020 (“Draft Report”). http://www.caiso.com/Documents/Draft_2019-2020TransmissionPlan-January312020.pdf

guidance, the public policy requirements of the state legislature reflected in SB 100 will be unnecessarily thwarted and delayed.

These Reply Comments will refer to the March 12, 2020 Initial Comments of the CAISO, the California Wind Energy Association (“CalWEA”), California Environmental Justice Alliance and Sierra Club (“CEJA/SC”), and the Center for Energy Efficiency and Renewable Technologies (“CEERT”).

In our Initial Comments, Western Grid pointed out that although the CAISO found that the PTEP could reduce local capacity requirements (LCRs”) in the West LA Basin, it also found that there was no state public policy calling for a reduction in LCR’s or the resulting ability to close gas-fired generation.² Therefore, CAISO applied its “economic” test but found little economic value to replacing the gas plants because the CPUC included virtually all of the gas plants in the Reference System Portfolio through the end of the planning cycle, i.e., 2030.³ As a result, the CAISO is under the impression it must assume there is a need for the gas-fired generation unless and until it gets the policy guidance from the Commission necessary to plan for the retirement of gas-fired plants—even to the extent of *looking* at practical transmission alternatives. However, the CAISO did state that its decision would need to be revisited once it received “actionable” guidance from the Commission.⁴

In its opening comments, Western Grid requested that the Commission provide the policy guidance necessary for the CAISO to plan for transmission that can reduce LCRs and therefore allow for the closure of gas-fired plants starting with the gas plants in disadvantaged communities like those in West LA. Western Grid requested specific findings by the Commission in its ruling on the Proposed Decision⁵ including that SB 100 creates a State Public Policy requirement to take all reasonable steps to achieve a zero-carbon resource portfolio by 2045, including, reducing LCRs to allow for the closure of gas-fired generation. As CalWEA recommends, the Commission should commit to evaluating in the procurement track of this proceeding, transmission options for retiring gas plants in West Los Angeles (“W. LA”).⁶ In this regard, Western Grid requested that:

In the procurement track of this proceeding, the Commission should review the transmission alternatives studied by the CAISO in its 2018-19 and 2019-20 Transmission Plans that would eliminate or materially reduce local capacity requirements in the Los Angeles Basin and

² Western Grid’s initial comments on the Proposed Decision filed in this docket on March 12, 2020 (“Western Grid Initial Comments”) at 3.

³ *Id.*

⁴ *Id.* at 6.

⁵ *Id.* at pages 14-15.

⁶ See CalWEA initial comments at 2.

determine whether the proposed LCR reductions and associated gas plant closures would be consistent with SB 100 state public policy goals and, therefore, should be evaluated by the CAISO for inclusion in its 2020-2021 Transmission Plan notwithstanding the inclusion of the gas fired generation in the RSP.⁷

The CAISO's Initial Comments again confirm the need for this policy guidance. CAISO requests that the Commission:⁸

Set clear direction on how and when to reduce reliance on the existing gas fired generation fleet so that stakeholders can consider and implement concrete plans to ensure system and local area reliability.

Indeed, the CAISO points out the time-sensitive need for this guidance because: “[a]lthough transmission solutions can increase the transfer capability into local areas and the CAISO remains supportive of considering transmission solutions, such upgrades face numerous permitting, siting, and construction challenges.” *Id.* at 6 CAISO goes on to state that:

Therefore, transmission planning for transmission-dependent projects should *start as soon as possible*. *If the Commission sets the policy direction and intent, the CAISO can provide feedback on the technical feasibility of transmission-dependent policies” Id. at 7 (emphasis added)*

Western Grid agrees with and supports the CAISO's request. Moreover, we also agree with the CAISO's statement that: “[d]uring the transition to a cleaner grid, the State *may* need to retain portions of the gas-fired fleet to provide both energy and reliability services.” *Id.* at 7. As CAISO points out, “the Commission should set policy direction for an orderly reduction in the existing gas-fired generation fleet considering CAISO reliability analyses for local capacity areas in the CAISO's footprint.” *Id.* at 6.

There are approximately 25,000-28,000 MWs of gas-fired generating plants state-wide. There is simply no way that all of this gas-fired generation can be replaced quickly. This is particularly true because any selection of alternative solutions must provide the same or greater degree of grid operating flexibility and support. Although HVDC transmission solutions like PTEP (with converters stations) can easily make this demonstration, they involve long-lead times requiring timely review in the CAISO transmission planning process (“TPP”). Thus, the Commission must come up with a process for dealing with gas plant retirements over the next 25 years, and, as the CAISO points out, it must start as soon as possible. Further, SB 100 makes clear that the legislature's public policy goals include the use of clean

⁷ *Id.* *Emphasis added*. See also, Initial Comments CalWEA on the Proposed Decision filed March 12, 2020, that make a similar request. CalWEA Initial Comments at 13.

⁸ CAISO's Initial Comments on the Proposed Decision filed in this docket on March 12, 2020 (“Western Grid Initial Comments”) at 6.

renewable energy to improve air quality “particularly in disadvantaged communities.”⁹ Accordingly, the Commission should prioritize its efforts to allow for gas plant retirements in all such disadvantaged communities like those in the West Los Angeles (“LA”) area.

In this regard, Western Grid agrees with and supports CalWEA’s request that:

...the Commission should state that, notwithstanding the inclusion of the gas plants in the RSP through 2030, the CAISO should plan for, *as a public policy need*, the retirement of gas plants in disadvantaged neighborhoods in the LA Basin LCR area by 2030. In later plans, the Commission should continue to establish timelines for further gas-plant retirements. *Id.* at 2 (emphasis added).

Indeed, CEJA/SC correctly points out that “[t]he PD’s assumption that fossil fuel plants will not retire is inconsistent with state law and policy... and should be revised as the Commission determines the targeted clean energy procurement needed to retire polluting generation as soon as possible.”¹⁰ CEERT correctly adds that “the restrictive generation assumptions for transmission planning ensure that transmission projects needed to bring offshore wind to serve California (i.e., the underwater DC line from Diablo Canyon to the West Side of LA) will not be studied during the next transmission planning cycle, even though the proposed project would directly reduce the need to burn gas in the LA basin for reliability.”¹¹

CalWEA’s recommendation noted above is consistent with CAISO’s view that planning for transmission-dependent alternatives to gas plants must start as soon as possible, recognizing the need to prioritize gas plant retirements in disadvantaged neighborhoods, and the obvious need to ensure that system reliability and flexibility are protected and enhanced. In addition to reviewing the ability of projects like PTEP to reduce LCRs in West LA and allow for the closure of gas plants, the CAISO in its pending 2019-2020 TPP provided the results of an in-depth study for reducing LCRs state-wide.¹² Certainly the work already performed by the CAISO prepares it to be able to quickly inform the Commission on an orderly phase-out of the need for gas plants. Indeed, as mentioned above, the CAISO Initial Comments make clear that:

If the Commission sets the policy direction and intent, the CAISO can provide feedback on the technical feasibility of transmission-dependent policies” Id.at 7

⁹ See, Section 399.11(e) (1) of the Public Utilities Code, amended by Section 2 of SB 100.

¹⁰ CDJA/SC Initial Comments at 6.

¹¹ CEERT Initial Comments at 7.

¹² See January 31, 2020, Draft Transmission Report in 2019-2020 TPP; Page 264 Section 4.9 Local Capacity Requirement Reduction Benefit Evaluation Study. http://www.caiso.com/Documents/Draft_2019-2020TransmissionPlan-January312020.pdf

Accordingly, the procurement track of this docket provides the necessary forum to resolve any Commission concerns and allow for the policy guidance CAISO has requested in order to reconsider transmission alternatives like PTEP *this year* in the CAISO 2020-2021 TPP. Even if PTEP is approved in the 2020-2021 TPP, it won't go into service for 7-8 years. Thus, the relief requested herein is a necessary stop for the Commission to begin to implement this aspect of SB 100 and bring relief to the citizens of West LA.

Finally, Western Grid requests that, in the Procurement phase of this docket, the Commission consider as part of its public policy determination, the many other benefits that PTEP provides including: its ability, as a subsea line delivering to West LA from the west, to mitigate potential service interruptions if supplies are cut off from the east as they were last year due to wild fires; the congestion relief it provides on the existing Path 26 corridor; the ratepayer savings resulting from PTEP's cost being dramatically less than the prices being currently paid to gas plants in West LA for LCR capacity; and the increased operating flexibility and grid support that PTEP provides over that provided by the existing gas plants.

Western Grid appreciates the opportunity to file these Reply Comments and stands ready to assist the Commission in meeting the challenge of implementing the SB 100 public policy goals that we strongly support.

Respectfully submitted

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On behalf of Western Grid Development LLC

March 17, 2020

VERIFICATION

I, Martin Walicki, am a Vice President of Western Grid Development LLC and I am authorized to make this Verification on its behalf. I declare under penalty of perjury that the statements made in the foregoing copy of the “Comments of Western Grid Development LLC on Proposed Decision on Electric Resource Portfolios to Inform Integrated Resource Plans and Transmission Planning” are true of my own knowledge except as to the matters which are therein stated on information and belief, and as to those matters, I believe them to be true.

I declare under penalty of perjury that the foregoing is true and correct.

Executed on March 17, 2020, at Washington, DC.

/s/ Martin Walicki _____

Martin Walicki