

January 11, 2013

VIA E-MAIL
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Mr. Patrick Young
California Public Utilities Commission
505 Van Ness Avenue
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Re: Renewable Resource Portfolios for Transmission Planning: Comments of Pacific Gas and Electric Company on the Draft Renewable Portfolios for California Independent System Operator's 2013/2014 Transmission Planning Process

I. INTRODUCTION

Pacific Gas and Electric Company (PG&E) appreciates the opportunity to provide comments on the proposed 33% Renewable Portfolio Assumptions for use in the 2013/2014 California Independent System Operator (CAISO) Transmission Planning Process (TPP).

As a guiding principle, the 2013/2014 TPP base case should rely on a resource portfolio that best approximates a likely and realistic renewable resource development scenario. This will allow the resulting transmission plan to facilitate achievement of the state's Renewable Portfolio Standard (RPS).

Accordingly, the California Public Utilities Commission (CPUC) should request that the CAISO use as a base case a portfolio that takes into account the most up-to-date commercial information so that transmission planning is properly aligned with the actual renewable energy development plans in the state. That portfolio should be the CPUC's Commercial Interest Scenario, as updated to reflect more recent procurement information. Furthermore, PG&E suggests that the TPP should include a scenario that captures a range of load forecasts. Finally, stakeholders' review of the plan could benefit from increased transparency on existing and planned resources, as well as transmission planning assumptions.

II. THE COMMERCIAL INTEREST SCENARIO SHOULD SERVE AS THE BASE CASE FOR THE 2013/2014 TPP

As noted above, PG&E recommends that the CPUC request that the CAISO use the CPUC's Commercial Interest Scenario as the Base Case for the 2013/2014 TPP, because the Commercial Interest Scenario provides the most balanced weighting of considerations between cost, commercial realities, and environmental impact. However, PG&E notes that the current RPS

calculation does not appear to capture the most up-to-date and available information on PG&E's RPS activities and, therefore, PG&E recommends additional updates to the Commercial Interest Scenario to include: (1) projects from the PG&E's PV Program; (2) projects from PG&E's Renewable Auction Mechanism (RAM) solicitation; and (3) projects from PG&E's 2011 RPS Request for Offer (RFO). All sensitivity analyses should also be updated to reflect the most up-to-date and available information on these projects, which may be available from public CPUC reports or various regulatory filings made by PG&E to the CPUC (e.g., advice letters indicating outcomes of solicitations, contract approval advice letters, PV Program compliance reports).

PG&E respectfully suggests that the requested updates to the Commercial Interest Scenario be incorporated expeditiously so that the CPUC, CAISO, and IOUs can ensure that the renewable portfolios for the TPP are approved in a timely manner. This will then allow sufficient time to perform the transmission reinforcement and other analyses that are part of the CAISO's TPP cycle.

III. THE CAISO SHOULD STUDY HOW CHANGING LOAD MAY AFFECT THE TPP OUTCOMES

PG&E notes that the suggested four renewable portfolios are all based on a single load forecast. The TPP would likely be more robust if a scenario considering a range of loads and future renewable resources was studied. Therefore, PG&E suggests that the CPUC recommend that the CAISO include at least one scenario that captures a higher load forecast. The CPUC developed such a forecast (the "trajectory-high load scenario") as part of 2010 Long-Term Procurement Plan (LTPP). This high load scenario is relatively simple to derive (loads increased by 10%) and the load is much closer to the loads assumed by the investor-owned utilities (IOUs) in their joint submittal (Joint Case) to the CPUC in the LTPP process. Scenarios on both the Joint Case and the Higher Load (i.e., Joint Case + 10%) would be valuable additions to the analysis.

IV. MORE INFORMATION IS NEEDED ON RENEWABLE AND TRANSMISSION ASSUMPTIONS

Stakeholders would likely benefit from more information transparency in two areas: the "Renewable Existing and Expected Supply" and the transmission assumptions in the RPS calculator.

Given existing resources are known, it would be helpful for stakeholders to have a list of all existing generation (at a minimum) by technology and Competitive Renewable Energy Zone (CREZ). Expected Renewable Supply, to the extent contracts have been submitted, would also be helpful. This information is likely routinely reported or tracked by the California Energy Commission or the CPUC and provision of such a list, by CREZ and technology, would lend greater transparency to the RPS calculator by removing the "guess work." PG&E suggests that the CPUC provide a summary of the Existing and Expected Renewable Supply by technology and CREZ, similar to the summaries drawn from the output modules of the RPS Calculator that define the portfolios to fill the Net Short. Having a similar summary of the Existing and

Expected Supply will help stakeholders evaluate the reasonableness of the Net Short calculation and of the overall RPS buildout being assumed.

A second area that could benefit from increased transparency is the transmission assumptions used in the RPS Calculator. These assumptions should be fully vetted by stakeholders, given their importance in the planning process.

As an example, PG&E notes that the May 2012 update to the RPS Calculator included a new assumption on the TxInputs tab where 1500 MW of capacity was assumed available in the Westlands CREZ with only minor transmission upgrades (the Los Banos-Westley reconductor).¹ PG&E's understands that this assumption was not based on specific upgrades that were evaluated in the TPP or GIP processes, but instead represented a generalized upgrade that may or may not be built. PG&E suggests that stakeholders should have the opportunity to vet these types of assumptions, particularly if they drive the resulting portfolios in such a significant way. The current 2013/2014 analysis appears to still include the Los Banos-Westley reconductor assumption, which is driving 1,285 MW in Westlands in the Environmental case.

V. PROCUREMENT

PG&E appreciate Energy Division's estimates of Senate Bill (SB) 1122 bioenergy resource locations for transmission planning purposes. PG&E agrees that this forecast does not prejudice any future implementation or procurement decisions. PG&E looks forward to participating in a future CPUC process to determine the allocation of SB 1122's procurement obligations.

VI. CONCLUSION

PG&E recommends that the CPUC request that the CAISO use the recently updated Commercial Interest Scenario as the base case for the 2013/14 TPP, with the modifications suggested above. Further, PG&E recommends that the CAISO study a scenario that takes into account higher loads and transmission utilization. Use of such assumptions are important for developing a transmission plan that identifies transmission projects that are adequate not just to interconnect the renewable generation needed to meet the State's renewable goals under a single set of load and resource assumptions, but also to deliver output to load and to operate the system reliably under a variety of possible futures. PG&E is happy to meet with CPUC staff on these important topics should additional information be needed.

¹ The Los Banos-Westley reconductor assumption was added as part of the May "transmittal letter" to the CAISO, which was sent after the CAISO ran its stakeholder process on the 2012/2013 TPP RPS Portfolio scenarios.

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Sincerely,

/s/

Valerie J. Winn

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