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**Comments to the Renewables Committee of the
California Energy Commission**

In the Matter of:
Phase I: Findings and Results of Costs of Integrating Renewables
(Publication # 500-03-108C)

Docket No. 03-RPS-1078
RPS Proceeding
And
Docket No. 02-REN-1038
Renewable Energy Program

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Introduction

The Center for Energy Efficiency and Renewable Technologies (CEERT) respectfully submits these comments on the costs of integrating renewables into California's electricity system. These comments are submitted pursuant to the Notice of Renewables Committee Workshop (Workshop) issued by the California Energy Commission (CEC) on February 11, 2004. CEERT participated in that Workshop held on February 20, 2004. CEERT offers these written comments in response to both the notice and the presentations made at that Workshop with respect to the Consultant Report entitled California RPS Integration Cost Analysis – Phase 1: One Year Analysis of Existing Resources (CEC Publication #500-03-108C) (Phase I Integration Cost Study).

CEERT Position

**The CEC Should Act Quickly to Adopt the
Phase I Integration Cost Study and Complete Phases II and III**

CEERT commends the CEC, its staff, and the coordinated efforts of Oak Ridge National Laboratory, the National Renewable Energy Laboratory, the California Independent System Operator (ISO), and the California Wind Energy Collaborative for their thorough analysis, timely release, and public review of the Phase I Integration Cost Study. CEERT supports the results of the Phase I Integration Cost Study, which are based on

analysis of appropriate and consistent data and well-reasoned conclusions. It is CEERT's position that the CEC should act promptly to adopt the Phase I Integration Cost Study and move quickly to undertake and complete any needed refinements to the methodology in the scheduled Phases II and III of this project (Phase 1 Integration Cost Study, at pp. 4-5.)

As CEERT indicated in its oral comments at the February 20 Workshop, timely decision-making by the CEC and the California Public Utilities Commission (CPUC) is critical to the successful implementation of the California Renewable Portfolio Standard (RPS) Program (Senate Bill (SB) 1078). CEERT greatly appreciates the CEC's ongoing efforts to complete all of its required implementation tasks under SB 1078 by its established deadlines. That commitment was reaffirmed by Commissioner Geesman at the February 20 Workshop when he confirmed that it was the CEC's intent to continue on that course with a goal of achieving a first RPS solicitation by June 2004.

Among the elements required for bid ranking in an RPS solicitation is the availability and application of a CEC-approved integration cost study, which "can serve as a proxy for the addition of new renewable generation in a given resource area." (CPUC Decision (D.) 03-06-071, at pp. 33-34; Finding 31, at p. 68.) CEC approval and adoption of the Phase 1 Integration Cost Study is a key step toward that end, and CEERT urges the CEC to take that step and move quickly to planned Phases II and III of this study project as soon as possible.

The Phase 1 Integration Cost Study deserves the support of all parties. Both by its terms and in its presentation at the February 20 Workshop, it is clear that this first phase study has been based on sound assumptions and thorough analysis of appropriate and available data by a well-regarded team of experts. Further, the phased approach will permit further refinement to any final methodology adopted for evaluating the costs of integrating renewables into California's electricity system. While those subsequent phases are scheduled to be completed by mid-year, achieving that end requires the CEC's prompt adoption of the Phase 1 report.

CEERT believes, based on both written and oral comments offered during the Workshop, that most parties share this view, even if minor changes to the Study may have been suggested and other refinements are expected in Phases II and III. Most parties, with one notable exception, appear to understand the value of the Phase I Integration Cost Study and the need for timely resolution of this study project.

That one exception is Southern California Edison Company (SCE), which, at the February 20 Workshop, for the first time offered the outline of a "study" that it had recently commissioned to challenge the conclusions reached in the Phase I Integration Cost Study on the issue of the Effective Load Carrying Capability (ELCC) of Wind Generation. This SCE study was not made available in advance to the parties or apparently the CEC, its staff, or the consultants who prepared the Phase 1 Integration Cost Study. Instead, only a few illustrative slides were offered by Dr. Ed Kahn, on

behalf of SCE, at the Workshop. The SCE study itself will not be submitted until today, when neither staff nor parties will have a further opportunity to respond to its content.

Based on these circumstances, CEERT objects on process grounds alone to any consideration being given to the SCE ELCC study in evaluating and adopting the Phase I Integration Cost Study. While the SCE study might be evaluated in a later phase of the study project, its present use to delay adoption of the Phase I Integration Cost Study, without an opportunity for parties to be heard on its content, is completely inappropriate.

Other reasons also exist for questioning both the value and relevance of the SCE Study in response to the Phase I Integration Study. Based on the brief slide presentation made at the February 20 Workshop, it is apparent that the differences in results achieved by SCE in calculating its ELCC are directly traceable to SCE's use of a different data set and methodology than used in the Phase I Integration Cost Study. Those differences included a change in the hydro year (from 2002 to 2000) and reliance on SCE-only, as opposed to statewide, loads and wind production. No tangible justification was offered for this departure from the consistent assumptions and broader examination conducted in the Phase I Integration Cost Study.

Further, Dr. Kahn appeared to admit that combining data from 2000 and 2002 is likely to lead to flawed results when he acknowledged the ELCC results achieved by his group for 2003 were in fact "close to the results of the RPS study" (the Phase I Integration Cost Study). Clearly, all parties and this process would have been better served by SCE presenting its 2003 ELCC results and analysis than the one it actually offered for 2002.

SCE's presentation does raise a question that should be answered in Phase II or III of this study project. Namely, whether an ELCC should be calculated for each of the three main wind resource areas or whether one should be established on a statewide basis. Consideration of this issue, however, is not a reason to delay adoption of the Phase I Integration Cost Study, but instead can be deferred to Phases II and III.

Conclusion

For the reasons stated above, CEERT urges the CEC to move quickly to adopt the Phase I Integration Cost Study and to complete Phases II and III of that study project.