

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

Order Instituting Rulemaking to Integrate
and Refine Procurement Policies and
Consider Long-Term Procurement Plans.

Rulemaking 13-12-010
(Filed December 19, 2013)

**COMMENTS OF THE CALIFORNIA WIND ENERGY ASSOCIATION
ON ALJ GAMSON RULING SEEKING COMMENT ON
DECEMBER 9, 2014 PROPOSAL**

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***On behalf of the California Wind
Energy Association***

January 12, 2015

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Pursuant to the December 16, 2014, Ruling of Administrative Law Judge Gamson seeking comment on his December 9, 2014, “nine-point plan” for the balance of this proceeding (“Ruling”), the California Wind Energy Association (“CalWEA”) provides these comments. In summary, CalWEA:

- enthusiastically supports all of the elements of the nine-point proposal, and believes that the proposed scope can be accomplished within the 15 months remaining, and
- encourages the Commission to carefully coordinate the balance of this proceeding with the proceeding addressing the implementation and administration of the Renewables Portfolio Standard (“RPS”) program (R. 11-05-005), given the related and overlapping missions of the two efforts. In particular, the Commission needs to ensure that an integration cost adder will be developed in time for the next RPS procurement cycle, and should coordinate all modeling efforts to develop effective policy guidance regarding how the utilities should meet capacity shortfalls.

I. The Nine-Point Plan Is the Most Efficient and Productive Path Forward

CalWEA strongly supports the nine-point plan put forth in the Ruling. The proposed plan wisely recognizes “what appears to be a small or zero flexible capacity need” (Ruling at 3) and, instead of litigating whether the amount is small or zero, use the balance of the proceeding to refine the models to be used in the next LTPP cycle, with appropriate emphasis on stochastic models. This refinement -- which is intended to provide greater (if not complete) consensus regarding modeling inputs, assumptions and methods, etc., as well as to explore ways of reducing long-term flexibility needs by assessing different mixes of resources and non-generation solutions – will lead to modeling results that will be more credible and more widely

accepted by the parties. Based on the testimony in this proceeding, it is quite clear that the current modeling results are not reliable -- indeed, neither the utilities nor the California Independent System Operator appear to be willing to act on the results of their own models.

The Ruling asks whether Phase 1B should be extended until the models can be refined, or whether the effort should be limited to the current timeframe of this proceeding, set to end on May 6, 2016. CalWEA believes that, with appropriate and timely prioritization of the issues by Energy Division staff, the most significant modeling issues can be addressed within the existing 15-month timeframe. Most essential will be to address the differences between the fundamental modeling methods used by the CAISO and most other entities evaluating high penetrations of renewables on the California grid. Maintaining the current timeframe will ensure that whatever flexibility need there may be – or whatever need might be avoided through prudent renewable energy procurements -- can be timely addressed.

II. The Commission Should Carefully Coordinate the Balance of this Proceeding with the RPS Proceeding

As part of the nine-point plan, alongside the modeling efforts, the Ruling envisions the development of the Commission’s policy guidance to the utilities ...

as to what they should do in future shortfall situations. As an example, the Commission might give guidance to minimize greenhouse gases to the greatest extent consistent with maintaining reliability. Or the Commission might explore trade-offs among cost, environmental needs, and reliability objectives.

Ruling at 3. CalWEA strongly supports the development of such policy guidance, however, we note important parallels with the Energy Division’s work in the RPS proceeding, particularly the Energy Division’s development of a significantly more robust “RPS Calculator,” and we strongly encourage the close coordination of this aspect of LTTP Phase 1B and related aspects of the RPS proceeding.

In particular, the revised RPS Calculator will have the capability to develop renewable energy portfolios that achieve particular renewable energy goals¹ at the least total cost and in consideration of indirect reliability-related costs. The Calculator can also develop portfolios that reflect possible policy influences, such as emphasis/de-emphasis on agricultural lands, public

¹ Governor Brown proposed a 50% renewable energy goal for 2030 in his inaugural speech.

lands, out-of-state resources, and/or distributed resources.² If the Commission uses the Calculator in these ways, it will help to inform the LTPP modeling efforts with regard to “trade-offs among cost, environmental needs, and reliability objectives,” and will also support “least-regrets” transmission planning – i.e., the development of backbone transmission lines that will be useful under a variety of potential development outcomes.³ It will also be important for the data and assumptions used in the RPS Calculator to be as consistent as possible with those used in the LTPP models as well as RPS procurement processes, and vice versa.

Further, one issue from the initial scope of the 2014 LTPP has been forgotten in the nine-point plan: the need to address the development of an integration cost adder.⁴ In adopting interim integration cost adder values in its decision on the utilities’ 2014 RPS procurement plans, the Commission noted that the development of a final integration cost adder methodology is a “top priority” for the Commission, and stated its intent to coordinate with this LTPP proceeding in developing that final methodology.⁵ It is CalWEA’s understanding that newer versions of the RPS Calculator will have the capability to generate integration cost values. The Commission should ensure that, one way or another, more accurate integration cost adder values will be developed via open, transparent processes using publically available data in time for the 2015 RPS procurement cycle, as the Commission promised as it adopted ad hoc interim values.⁶

For all of these reasons, close coordination between the LTPP’s revised Phase 1B and RPS proceedings would promote efficiency, ensure achievement of Commission goals, and help to inform policy and procurement decisions to be made by the Commission.

² See R.11-05-005, Comments of CalWEA on ALJ Ruling on Energy Division Proposal on the RPS Calculator (12-3-14), Section II.A.

³ *Id.* at 4-6.

⁴ R.13-12-010, “Scoping Memo and Ruling of Assigned Commissioner and Administrative Law Judge” (May 6, 2014) at 6-7.

⁵ CPUC D.14-11.042 at 53-54.

⁶ In CalWEA’s opinion, the final methodology is likely to produce far more accurate values than the interim methodology.

Respectfully submitted,



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