

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

Order Instituting Rulemaking to Develop  
Additional Methods to Implement the California  
Renewables Portfolio Standard Program

Rulemaking 06-02-012  
(Filed February 16, 2006)

**REPLY OF THE CALIFORNIA WIND ENERGY ASSOCIATION  
TO THE RESPONSES TO THE JOINT PETITION OF  
SOUTHERN CALIFORNIA EDISON COMPANY, PACIFIC GAS AND ELECTRIC  
COMPANY, AND SAN DIEGO GAS & ELECTRIC COMPANY  
FOR MODIFICATION OF DECISION 10-03-021**

Nancy Rader  
Executive Director  
California Wind Energy Association  
2560 Ninth Street, Suite 213A  
Berkeley, California 94710  
Telephone: (510) 845-5077  
Email: [nrader@calwea.org](mailto:nrader@calwea.org)

May 10, 2010

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

Order Instituting Rulemaking to Develop  
Additional Methods to Implement the California  
Renewables Portfolio Standard Program

Rulemaking 06-02-012  
(Filed February 16, 2006)

**REPLY OF THE CALIFORNIA WIND ENERGY ASSOCIATION  
TO THE RESPONSES TO THE JOINT PETITION OF  
SOUTHERN CALIFORNIA EDISON COMPANY, PACIFIC GAS AND ELECTRIC  
COMPANY, AND SAN DIEGO GAS & ELECTRIC COMPANY  
FOR MODIFICATION OF DECISION 10-03-021**

**I. INTRODUCTION**

Pursuant to the April 14, 2010, Ruling of Assigned Commissioner Peevey, the California Wind Energy Association (“CalWEA”) submits limited replies to the responses filed individually by the California Independent System Operator (“CAISO”), The Utility Reform Network (“TURN”), and Zephyr Power Transmission and Chinook Power Transmission (“Zephyr/Chinook”) to the Joint Petition of Southern California Edison Company, Pacific Gas and Electric Company, and San Diego Gas & Electric Company (“Joint Petition”) to modify the Commission’s decision on tradable renewable energy credits (“TREC’s”) in Decision 10-03-021 (“Decision”).

**II. RESPONSE TO CAISO COMMENTS**

The CAISO supports the Joint Petition’s “fundamental point ... that the Commission should reduce limitations on the use of out-of-state renewable generation for renewable portfolio standard (“RPS”) compliance purposes.” (CAISO Response at p. 1.) The CAISO supports its position by arguing that the Decision will reduce the geographic diversity of renewable energy supply, which may reduce operational challenges and by noting that the CAISO does not support

the Decision's establishment of a "preference" for dynamic transfers of out-of-state renewable generation because of the operational challenges it presents. These arguments are without merit.

The CAISO correctly identifies the integration of a wider geographic diversity of variable renewable energy resources as an operational benefit:

[f]rom an operations perspective, a geographically diversified supply of renewable generation can help mitigate operational challenges posed by the intermittency of wind and solar generation. Of particular importance in this regard is the greater diversity of weather conditions that exist over larger geographic areas during any given operating hour, and the impact of such weather diversity in reducing the aggregate variability of output of wind and solar generating resources. (CAISO Response at p. 3.)

The CAISO ignores several facts, however, when it expresses the concern that classifying shaped and firmed<sup>1</sup> transactions as REC-only transactions "may serve to limit the amount and geographic diversity of renewable energy imported into California." (CAISO Response at p. 3.) First, geographic diversity is beneficial for operations only if the diversity is handled by the same Balancing Authority area (BAA) since the uncorrelated variability of output results in lower net variability within the control area. In contrast, importing variable renewable generation via firming and shaping keeps the diversity of renewables separated within different BAAs. When the CAISO states that "[a]llowing out-of-state resources that are firmed and shaped by their host balancing authority areas can provide significant operational, cost and environmental policy benefits" (pp. 4-5), it is merely extolling the benefits of shifting the operational challenges away from the CAISO and to the host balancing authorities that are significantly less able than CAISO to manage such integration, as we noted in our initial response.

Although the CAISO complains about the operational challenges of dynamic transfers (CAISO Response at p.4), those operational challenges are likely to be mitigated as compared to directly interconnected renewables, since dynamically transferred resources will offer greater geographic diversity. Hence, by classifying dynamic transfers as bundled products, the Decision promotes the goal of integrating a wider geographic diversity of variable renewable energy resources into the same control area.

Therefore, the CAISO's argument that the Decision somehow prevents the mitigation of operational challenges through geographic diversity is simply not valid. We urge the CAISO to

---

<sup>1</sup> That is, transactions that (1) do not have a first point of interconnection with a California balancing authority ("BA"); or (2) do not dynamically transfer renewable energy to a California BA. (CAISO Response at p. 2.)

embrace the operational challenges presented by renewables, as their counterparts in Texas and Europe have done, rather than try to shift them to smaller balancing authorities with fewer capabilities to address them.

In any case, we agree with the CAISO that, “[a]t this time, it is unclear if and/or when dynamic transfers for intermittent renewable generation will be available in any significant quantity.” (CAISO Response at p. 5.) Even if the CAISO were to establish workable rules, making use of dynamic transfers will require wind generators to obtain firm transmission around the clock, and there is an extreme lack of such transmission currently available or clearly foreseeable.

### **III. RESPONSE TO TURN**

CalWEA agrees with TURN’s position that the Commission should grant IEP’s request to allow energy and REC transactions to be considered bundled if the resource delivers energy from the facility into a California Balancing Area Authority (CBAA) in real-time using firm transmission and no substitute energy. (TURN Response at p. 5.) The commission should, however, provide for the limited amount of substitute energy that may be necessary to address scheduling imbalances, where negative imbalances are offset by positive imbalances.

This modest change would promote much needed west-wide transmission development, particularly development of HVDC lines into California Balancing Authority substations, which, among other numerous benefits, would promote direct delivery of renewables into California.

### **IV. CONCLUSION**

For the foregoing reasons, CalWEA respectfully requests that the Commission uphold the Decision, with the limited modification proposed by IEP and supported by TURN. Specifically, the Commission should allow energy and REC transactions to be considered bundled if the resource delivers energy from the facility into a CBAA in real-time using firm transmission and no substitute energy, allowing for imbalance energy.

Respectfully submitted,

/s/ Nancy Rader

---

Nancy Rader  
Executive Director  
California Wind Energy Association  
2560 Ninth Street, Suite 213A  
Berkeley, California 94710  
Telephone: (510) 845-5077  
Email: [nrader@calwea.org](mailto:nrader@calwea.org)

May 10, 2010

## Certificate of Service

I hereby certify that I have this day served a copy of the

**REPLY OF THE CALIFORNIA WIND ENERGY ASSOCIATION  
TO THE RESPONSES TO THE JOINT PETITION OF  
SOUTHERN CALIFORNIA EDISON COMPANY, PACIFIC GAS AND ELECTRIC  
COMPANY, AND SAN DIEGO GAS & ELECTRIC COMPANY  
FOR MODIFICATION OF DECISION 10-03-021**

on all known parties to R.06-02-012 by sending a copy via electronic mail and by mailing a properly addressed copy by first-class mail with postage prepaid to each party named in the official service list without an electronic mail address.

Executed on May 10, 2010, at San Francisco, California.

/s/ Marcus Hidalgo  
Marcus Hidalgo