

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

Order Instituting Rulemaking to Continue  
Electric Integrated Resource Planning and  
Related Procurement Processes

Rulemaking 20-05-003

**CALIFORNIA WIND ENERGY ASSOCIATION  
REPLY COMMENTS ON PROPOSED DECISION ON  
TRANSFERRING RESOURCE PORTFOLIOS FOR THE  
2021-22 TRANSMISSION PLANNING PROCESS**

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*On behalf of the California Wind  
Energy Association*

February 1, 2021

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**I. INTRODUCTION AND SUMMARY**

Pursuant to Administrative Law Judge Fitch’s proposed *Decision Transferring Electric Resource Portfolios to California Independent System Operator for 2021-2022 Transmission Planning Process* (“Proposed Decision” or “PD”) issued on January 7, 2021, the California Wind Energy Association (“CalWEA”) submits these comments in reply to parties’ January 27, 2021, opening comments.

In summary, CalWEA highlights the congruity between the recommendations that we made in opening comments and the interests and concerns expressed by many other parties in their opening comments. CalWEA recommends that the Commission provide the CAISO with two different 38-MMT resource portfolios to serve as the basis for least-regrets transmission planning, which will pave the way for a variety of resource futures. This approach, along with our proposed bus-mapping recommendations, will promote competition among a wide array of resources, while at the same time creating the conditions necessary to enable the retirement of natural-gas power plants in the Los Angeles (“LA”) Basin and to provide access to lower-cost replacement resources outside of the basin.<sup>1</sup> In these reply comments, we highlight several complementary points made by other parties:

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<sup>1</sup> See CalWEA’s Comments on Portfolios to Be Used in the 2021-22 Transmission Planning Process (Nov. 10, 2020).

- Using a 38-MMT electric-sector greenhouse gas (“GHG”) target by 2030 as the basis for transmission planning is necessary to ensure achievement of the state’s GHG reduction goals and other state goals;
- Transmission planning will enable California to capture valuable tax credits for offshore wind and keep in step with the Biden Administration’s aggressive climate change planning actions;
- The Commission must plan for the orderly retirement of gas plants; and
- The Commission must recognize commercial interest in hybrid resources.

Finally, CalWEA points out that the CAISO’s opening comments are incongruous with its earlier positions stated in this proceeding.

## II. COMMENTS

### A. Using a 38-MMT Target as the Basis for Transmission Planning is Critical to Achieving Policy Goals

A diverse array of parties urges the use of a 38-MMT electric-sector GHG target by 2030 as the basis for transmission planning, rather than the 46-MMT target that the Proposed Decision would adopt. The comments of American Clean Power - California (“ACP-California”) echo CalWEA’s previously stated concerns that “the interaction between the Integrated Resource Planning (“IRP”) and [the Transmission Planning Process] is severely flawed and – without significant attention to procedural reform and holistic transmission planning – will undermine confidence in the Commission’s procurement order and jeopardize the state’s ability to meet its clean energy and climate requirements.”<sup>2</sup> The Center for Energy Efficiency and Renewable Technologies (“CEERT”) argues that “transmittal of the 46 MMT portfolio has the potential to stymie renewable energy development and interconnection due to a lack of transmission availability.”<sup>3</sup> The California Environmental Justice Alliance (“CEJA”) and Sierra Club express strong concerns that the proposed 46 MMT base case “will not enable California to meet its GHG and air quality requirements, increases dangerous emissions in disadvantaged communities (“DACs”), fails to ensure reliability, and does not reflect LSE plans.”<sup>4</sup> In previous comments,

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<sup>2</sup> ACP-California at p. 2.

<sup>3</sup> CEERT at p. 5.

<sup>4</sup> CEJA and Sierra Club at p. 1.

other parties also expressed concerns that adopting a 46-MMT for transmission planning purposes will put California on a trajectory that will fail to achieve its decarbonization goals.<sup>5</sup>

For these reasons, and others discussed below, we call on the CPUC to submit more aggressive scenarios to the CAISO as the basis for the upcoming 2021-22 TPP cycle.

**B. Transmission Planning Will Enable California to Capture Valuable Tax Credits for Offshore Wind and Keep in Step with the Biden Administration’s Aggressive Climate Change Plans**

ACP-California highlighted recent federal legislation that could bring tremendous additional value to California if it conducts transmission planning based on a 38-MMT target; that legislation authorizes a 30% investment tax credit for offshore wind projects and includes a 10-year safe harbor provision to projects that start construction by 2025.<sup>6</sup> ACP-California accurately observes the stark difference in planning between East Coast states, which are well ahead of California in setting offshore wind development goals and planning to achieve those goals.<sup>7</sup> ACP-California also references the Biden Administration’s aggressive clean energy goals; the Biden Administration more recently outlined aggressive goals to double offshore wind and expedite the associated federal permitting process, while investing in the nation’s transmission infrastructure.<sup>8</sup> California is no longer leading, but lagging, in taking the aggressive action necessary to meet the climate challenge.

**C. The Commission Must Plan for The Orderly Retirement of Gas Plants**

CEERT continues to accurately argue that planning to the 46 MMT target and truncating transmission planning “remains out of sync with the goals of the State and the well-being of California ratepayers” and has caused “unnecessary reversion to dependence on natural gas procurement for reliability.”<sup>9</sup> Similarly, CEJA and Sierra Club argue that the “Commission cannot shirk its responsibility to ensure the swift and orderly retirement of gas plants that harm

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<sup>5</sup> See Comments on Administrative Law Judge’s Ruling Seeking Comments on Portfolios to be Used In the 2021-22 Transmission Planning Process (Nov. 10, 2020) of the Natural Resources Defense Council (at pp. 1-2) and the California Community Choice Association (at p. 3).

<sup>6</sup> ACP-California at p. 5.

<sup>7</sup> *Ibid.*

<sup>8</sup> See “Biden order aims to double offshore wind, boost transmission, end fossil fuel subsidies,” *Utility Dive* (Jan. 28, 2021). (Available at: <https://www.utilitydive.com/news/biden-order-aims-to-double-offshore-wind-boost-transmission-end-fossil-fu/594101/>).

<sup>9</sup> CEERT at pp. 3-4.

[disadvantaged communities].”<sup>10</sup> CalWEA’s proposal to base transmission planning on two 38-MMT portfolios, prioritize gas-plant retirements in disadvantaged communities (“DACs”) and center busbar mapping around commercial activity will achieve these goals.<sup>11</sup>

**D. The Commission Must Recognize Commercial Interest in Hybrid Resources**

CEERT underscores the problem with the Commission’s assumption (absent indications of commercial interest) that batteries will be built as stand-alone projects, stating: “hybrid resources ... are much more efficient at utilizing scarce transmission capacity than the same resources built as standalone projects” and “ignoring hybrids will result in inadequate transmission development and ultimately fail to incentivize the development of clean energy resources at a rate that allows the State to successfully achieve the goals of maintaining reliability, decarbonizing the grid, and limiting ratepayer cost.”<sup>12</sup> To remedy these problems, the Commission should adopt CalWEA’s proposal to locate gas-plant retirements within DAC/local-capacity-resource areas and base busbar mapping for replacement resources on commercial indications of interest whether or not resources are inside or outside of the LCR area.<sup>13</sup>

**E. CAISO’s Opening Comments are Incongruous with Its Earlier Positions**

CAISO’s opening comments are supportive of the PD’s proposed 46-MMT portfolio, stating that “Commission Energy Division staff worked closely and collaboratively with CAISO staff to develop the portfolios though consistent and open dialogue.”<sup>14</sup> CalWEA is curious about that behind-the-scenes dialogue, which caused the CAISO to abandon its previous positions. In previous comments, the CAISO stated:

through the course of the 2019-2020 IRP process and future IRP proceedings, the Commission should provide policy direction to ... Diversify the resource fleet and 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... ”<sup>15</sup>

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<sup>10</sup> CEJA and Sierra Club at pp. 4-5.

<sup>11</sup> Note 1 *supra*.

<sup>12</sup> CEERT at p. 4.

<sup>13</sup> Note 1 *supra* at p. 10-13.

<sup>14</sup> CAISO opening comments at p. 2.

<sup>15</sup> CAISO opening comments on the Proposed Decision of Administrative Law Judge Julie Fitch on Electric Resource Portfolios to Inform Integrated Resource Plans and Transmission Planning (March 12, 2020), at pp. 4 and 6. (Emphasis added.)

The CAISO also stated that its production cost modeling analysis shows that load-serving entities (“LSEs”) will need to procure resources in excess of the Commission’s 46 MMT Reference System Plan and its 38 MMT portfolio to maintain reliability as early as 2026.<sup>16</sup>

CalWEA’s recommendations are consistent with the CAISO’s earlier policy positions.

Respectfully submitted,

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

February 1, 2021

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<sup>16</sup> Comments of the CAISO (on individual integrated resource plan filings) at p. 2-3 (October 23, 2020).

## VERIFICATION

I, Nancy Rader, am the Executive Director of the California Wind Energy Association. I am authorized to make this Verification on its behalf. I declare under penalty of perjury that the statements in the foregoing copy of “California Wind Energy Association Reply Comments on Proposed Decision on Transferring Resource Portfolios for the 2021-22 Transmission Planning Process” 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 February 1, 2021, at Berkeley, California.

*/s/ Nancy Rader* \_\_\_\_\_  
Nancy Rader  
Executive Director  
California Wind Energy Association