

**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
COMMENTS ON PROPOSED DECISION ADOPTING
2023 PREFERRED SYSTEM PLAN AND RELATED MATTERS**

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

January 30, 2024

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I. INTRODUCTION

Pursuant to Proposed Decision Adopting 2023 Preferred System Plan and Related Matters, and Addressing Two Petitions For Modification (“Proposed Decision” or “PD”) issued by Administrative Law Judge Julie Fitch on January 10, 2024, and Rule 14.3 of the Commission’s Rules of Practice and Procedure, the California Wind Energy Association (“CalWEA”) provides these comments on the Proposed Decision.

The 2023 Preferred System Plan (“PSP”) and portfolio serves as the “blueprint” for how state greenhouse gas (“GHG”) goals will be met. It will be sent to the California Independent System Operator (“CAISO”) for analysis in its 2024-2025 Transmission Planning Process (“TPP”), guide load serving entities (“LSEs”) in their procurement activities, be used as the basis for the next round of individual integrated resource plans (“IRPs”), and serve as the basis for analyses required under SB 100.¹

The Proposed Decision makes numerous changes to the Proposed System Plan (“PSP”) portfolio and 24-25 TPP base case that were proposed in the October 5, 2023, Administrative Law Judge Ruling (“Ruling.”)

II. SUMMARY

CalWEA supports the proposed 25 million metric ton (“MMT”) GHG target for the electric sector in 2035, and the greater resource diversity in the proposed portfolio which will significantly

¹ PD at pp. 48-49.

reduce the total capacity needed to achieve the state’s SB 100 goals. However, if the in-state and offshore wind contained in the portfolio is to be realized, it is imperative that the Commission take stock of the practical issues that need to be addressed to ensure that these location-constrained resources will be able to obtain the necessary transmission capacity. This requires carefully aligning the resources in the base case PSP portfolio and the TPP portfolio with resources in the queue and taking complementary actions. Specifically, the Commission should:

- Request that CAISO grant tariff waivers to Northeastern California resources that are currently in the NV Energy queue to enable them to enter CAISO’s Queue Cluster 15 (“QC15”);
- Include 60 MW of offshore wind in 2028, reflecting the proposed 60-MW demonstration offshore wind project that will facilitate the state’s offshore wind (“OSW”) goals;
- Clarify the Commission’s commitment to at least 4.5 GW of OSW procurement at the Central Coast by including that amount of capacity in both the PSP base case portfolio and TPP base case portfolio, and by coordinating with CAISO to provide the procurement assurances necessary to enable CAISO to award 4.5 GW of transmission planning deliverability (“TPD”) capacity to OSW projects in the current TPD allocation cycle;
- Enable TPD capacity to be allocated to OSW projects as the Commission intends by placing all 1.6 GW of North Coast OSW in the PSP and the TPP base cases in 2039, rather than including 0.9 GW in 2034; and
- Strongly encourage CAISO, in its ongoing Interconnection Process Enhancements 2023 (“IPE 2023”) process, to exempt offshore wind and other remote, location-constrained wind resources from the so-called zonal capacity availability screen; otherwise, OSW and remote California wind projects will not be studied in the QC15 study process.

III. COMMENTS

A. General Comments on Planned 25 MMT Core Case

CalWEA supports the PD’s statewide 25 million metric ton (“MMT”) GHG target for the electric sector in 2035 for the PSP portfolio and base case portfolio for CAISO’s 2024-2025 TPP. CalWEA also strongly supports the far more resource-diverse portfolio that is reflected in the 25 MMT Core Case relative to previous resource plans. To better understand one of the benefits of a more-diverse resource portfolio – a reduction in total capacity needed,² CalWEA ran two RESOLVE

² While staff conducted several sets of modeling analyses for the PSP, including a “least cost” case as well as sensitivity analyses, staff did not evaluate a more-diverse portfolio either quantitatively or qualitatively. After the Ruling was issued, in a December 8, 2023, webinar, staff provided further detail explaining the 25

scenarios, one with a total of 10.5 GW of wind capacity and another with 21 GW of wind capacity, finding a need for nearly 14 GW less overall capacity in the higher-wind case compared to the lower-wind case.³ A need for significantly less capacity overall will increase the likelihood that California will timely achieve its goals by reducing various types of risks that threaten achievement of the state's goals.⁴ We encourage the Commission to fully explore the benefits of planning for and achieving a resource-diverse portfolio in the next phase of this proceeding addressing a long-term, programmatic approach to procurement.

B. Comments Related to Onshore Wind Issues

CalWEA supports the significant reduction to Southern Nevada wind potential that had mistakenly been made available for the RESOLVE model to select from for the PSP and TPP portfolio contained in the Ruling. And CalWEA very much appreciates the adjustment that was made to recognize 700 MW of wind potential in Northeastern California despite the lack of proximity to CAISO substations.⁵ While overall in-state wind capacity in the PSP has been reduced, it is now better focused on areas with realistic development potential. The adjustment for Northeastern California wind will enable CAISO to plan to strengthen the Northern California grid, potentially with an interconnection to NV Energy that would also enable deliveries of out-of-state wind.⁶

However, to ensure that the resulting planned transmission capacity enables wind resources in Northeastern California as intended, the Commission must do two things:

- (1) Request that CAISO grant tariff waivers to such resources that are currently in the NV Energy queue to enable them to enter QC15, which is closed but in an extended state of

GW drop in total capacity in the 23-24 TPP base case vs. the 24-25 TPP base case contained in the Ruling. Much of that difference was accounted for by a substantially increased baseline. Staff stated that, of the remaining 9 GW difference, an unspecified portion is due to the different (more diverse) resource mix in the Ruling's PSP portfolio.

³ CalWEA ran two sensitivity scenarios using the latest version of RESOLVE ("Resolve Public Release 01-12-2024"). The low-wind scenario included no offshore wind and 10.5 GW of onshore wind (3.7 GW in-state and 6.8 GW out-of-state). The high-wind scenario included 12 GW of offshore wind and 21 GW of onshore wind (8.3 GW in-state and 12.6 GW out-of-state).

⁴ See CalWEA's Nov. 13, 2023, comments on the Ruling at pp. 5-6.

⁵ PD at p. 63.

⁶ *Id.* at p. 20. We note that, for its updated 20-year Transmission Outlook, CAISO intends to study the injection of a portion of Wyoming and/or Idaho wind into Northern California (Tesla) as an alternative to routing all out-of-state wind to Southern California. See <https://www.caiso.com/InitiativeDocuments/Presentation-20-Year-Transmission-Outlook-Jan42024.pdf> at slide 19.

abeyance. Heretofore, there were no California substations to connect to in Northeastern California and thus the only option for these resources was to enter the NV Energy queue.

(2) Strongly encourage CAISO, in its ongoing IPE 2023 process, to exempt offshore wind and other remote, location-constrained wind resources from the so-called zonal capacity availability screen. As currently contemplated, CAISO intends to screen out resources from the QC15 study process beyond 150% of “zonal capacity” prior to the 2024-25 TPP process. As there is currently virtually no planned capacity in Northeastern California (or at Humboldt, as noted below), these wind resources will be frozen out of the QC15 study process absent an exemption for location-constrained resources.⁷

Absent these accommodations, the new transmission capacity could become fully subscribed before these resources have a chance to enter the subsequent queue.

The adjustment for Northeastern California wind partially compensates for the unexplained and unjustified incongruity between Southern and Northern California in RESOLVE’s treatment of deliverability limits that inappropriately limited in-state wind resources in the busbar mapping results.⁸ We hope and expect to see consistent approaches to overcoming deliverability limits in the next TPP base case sent to CAISO, which, along with other reforms to characterizing wind resources, should lead to a recognition of greater wind potential in Northern California.⁹

C. Comments Related to Offshore Wind Issues

The PD states that developing transmission to support North Coast OSW will not impede development of OSW on the Central Coast, “since that area already has sufficient transmission capacity to accommodate near-term wind generation development.”¹⁰ Thus, the PD directs staff to map just 2.9 GW at the Central Coast for transmission planning purposes, but places 4.5 GW of OSW at the Central Coast in the PSP portfolio.¹¹ While the PD is not entirely clear, we interpret this detail and the text to

⁷ For further detail on this issue, see CalWEA’s October 12, 2023, comments on CAISO’s IPE-2 Straw Proposal. Available at: <https://www.calwea.org/public-filing/comments-interconnection-process-enhancements-track-2-straw-proposal>.

⁸ See CalWEA’s Nov. 13, 2023, comments on the Ruling at p. 7.

⁹ We note that, while Energy Division stated that “all” northern California wind is included in the 700 MW of wind resource potential, that potential was likely underestimated due to the coarse methodology used by staff, among other reasons. We look forward to a more accurate representation of in-state wind potential in the next IRP cycle. See Slide 7 of Energy Division Staff’s January 12, 2024, slide deck on the modeling and analysis of the PD’s PSP and CalWEA’s Nov. 13, 2023, comments on the Ruling at p. 21.

¹⁰ PD at p. 72.

¹¹ In the “Summary by RESOLVE area” tab in the Dashboard excel file linked to the PD on p. 84, 2.9 GW of Morro Bay OSW capacity is included in the “23-24 TPP Base Case - Mapped Portfolio (2035)” table, with 1.6 GW shown at Humboldt, while all 4.5 GW is shown at Morro Bay in the Base Case Portfolio.

mean that procurement of 4.5 GW at the Central Coast is envisioned beginning in 2034 and that CAISO should plan transmission for 1.6 GW at the North Coast despite the lack of a specific plan for procurement. While this plan makes some sense at a gross level, there are several serious practical problems with the approach that should be addressed in the Commission's adopted plans.

First, as the Commission must be aware, development of highly capital-intensive projects requires that investors have sufficient confidence to place at risk the development capital that is necessary to advance the projects. The PD should be very clear that the Commission is committed to at least 4.5 GW at the Central Coast and 1.6 GW at the North Coast by placing these amounts of OSW into the PSP Base Case and TPP Base Case Portfolios. In addition, the PD should include 60 MW of offshore wind in 2028, reflecting the proposed 60-MW CADEMO demonstration offshore wind project near the Vandenberg Space Force Base, which will help to achieve the PSP's goals for OSW and thus warrants inclusion in the PSP, as discussed in CalWEA's earlier comments.¹² The economic and workforce development benefits of CADEMO are discussed in the Energy Commission's draft AB 525 Strategic Plan.¹³

Second, regarding the 4.5 GW of Central Coast OSW, it is essential that the Commission coordinate with CAISO to provide the procurement assurances necessary to enable CAISO to award 4.5 GW of TPD capacity to OSW projects in the current TPD allocation cycle (January to May/June 2024).¹⁴ CAISO awards TPD capacity to projects that can show a power purchase agreement ("PPA"), demonstrate that they are in active negotiations for a PPA, or have been placed on an active shortlist to potentially receive a PPA. OSW leaseholders are not currently able to make such showings. Therefore, as CalWEA explained in our comments on the Ruling, the Commission will need to coordinate with CAISO to enable OSW developers to demonstrate the procurement interest that is necessary to obtain TPD capacity allocations. For example, the Commission could provide CAISO with assurances that it intends to direct DWR to procure the OSW capacity contained in the base case portfolio.¹⁵

As CalWEA explained in earlier comments,¹⁶ some 3 GW of storage resources are already competing for the TPD capacity in the constrained Central Coast area (only 0.5 GW of storage is

¹² CalWEA Nov. 13, 2023, comments on the Ruling at p. 9.

¹³ See California Energy Commission, Assembly Bill 525 Offshore Wind Strategic Plan (January 2024), Volume II at pp. 8-9, 40-42, and 172-173.

¹⁴ As CalWEA explained in Section IV of our Nov. 13, 2023, comments on the Ruling, TPD allocations made in May/June 2024 must be secured by late-2024/early-2025.

¹⁵ CalWEA Nov. 13, 2023, comments on the Ruling at p. 25. Note that QC14 projects must show procurement interest by late 2025/early 2026 to retain deliverability.

¹⁶ *Id.* at section IV.

reflected in Energy Division’s Dashboard Base Case by CAISO substation). Were these storage projects to be awarded TPD capacity, only 4.2 GW of deliverability capacity would remain. Additional non-OSW resources could enter the next CAISO queue. Therefore, to provide OSW developers with confidence that TPD transmission capacity will be available for at least 4.2 GW, the Commission should provide procurement assurances that will enable TPD capacity to be awarded to these projects.

However, the best approach would be for the Commission to take a more proactive approach to better meet the spirit, if not the letter, of SB 887 “to identify and approve transmission facilities sufficient to make OSW deliverable to load centers.” To do so, it should place at least 6 GW of OSW capacity at the Central Coast, as we know that the three Morro Bay lease areas can accommodate that much capacity,¹⁷ and it should request that CAISO plan for reduced thermal Resource Adequacy capacity in the Los Angeles Basin to ensure sufficient capacity to reliably meet electrification needs in that transmission-constrained area and enable (not require) the retirement of the dirtiest power plants in the basin.¹⁸ We know that Paths 15 and 26 are constrained. This more pro-active approach, as CalWEA discussed in earlier comments, would promote the backbone upgrades that will almost certainly be needed to support the state’s SB 100 goals.¹⁹

Third, while CalWEA very much appreciates and supports the PD’s mapping of 1.6 GW of offshore wind in Humboldt in 2039 to enable CAISO to plan the necessary transmission, we recommend that the Commission place all 1.6 GW in the TPP mapping portfolio in 2039, rather than including 0.9 GW in 2034. This is necessary to enable the resulting TPD capacity to be allocated to OSW projects as the Commission intends.

There are no OSW projects at Humboldt in QC14, and there are enough non-OSW projects in QC14 to absorb all 1.6 GW of capacity in the current TPD allocation cycle, were CAISO to include the necessary upgrades in this year’s transmission plan.²⁰ The Commission should advise CAISO to postpone placing the needed capacity in the CAISO transmission plan until the next (2024-25) TPP-TPD cycle so that the two 1,150-GW OSW applications in QC15 can enter the QC15 study process. Then, during that process, as is also necessary for Central Coast OSW, the Commission should work with CAISO to provide the necessary procurement assurances to enable CAISO to award TPD capacity to the

¹⁷ See the Nov. 13, 2023, comments of Offshore Wind California (at p. 5) and American Clean Power - California (at p. 16).

¹⁸ CalWEA Nov. 13, 2023, comments on the Ruling at pp. 14-15. We note that an additional 0.6 GW of gas capacity is not retained under the PD’s PSP, for a total of 2.7 GW (see slides 16 and 18 of Energy Division Staff’s January 12, 2024, slide deck).

¹⁹ CalWEA Nov. 13, 2023, comments on the Ruling at p. 26.

²⁰ Resources anywhere along the transmission path between Humboldt and Bay Area load centers could use the capacity planned for OSW.

OSW projects under forthcoming reforms to the CAISO’s interconnection process. This approach is consistent with the statement in the PD that the Commission intends to “maintain progress toward studying and potentially developing transmission to support North Coast OSW.”²¹

As importantly, as discussed above regarding Northeastern California wind, the Commission must strongly encourage CAISO to exempt offshore wind and other remote, location-constrained wind resources from the so-called zonal capacity availability screen in the Interconnection Process as reformed under IPE 2023.

Respectfully submitted,

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On behalf of the California Wind Energy Association

January 30, 2024

²¹ PD at p. 72.

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 COMMENTS ON PROPOSED DECISION ADOPTING 2023 PREFERRED SYSTEM PLAN AND RELATED MATTERS 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 January 30, 2024, at Berkeley, California.

/s/ Nancy Rader _____
Nancy Rader
Executive Director
California Wind Energy Association