

**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 ADOPTING
2023 PREFERRED SYSTEM PLAN AND RELATED MATTERS**

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

February 5, 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 reply comments on the Proposed Decision.¹

II. COMMENTS

A. Onshore Wind

CalWEA agrees with SCP’s call for the Commission to “strongly encourage the CAISO to approve upgrades for the 2039 horizon—particularly upgrades that are aligned with its 20-year outlook and offer the opportunity to enable a diverse set of resources to interconnect.”² SCP also makes the important point that “in-state wind needs to play a significant role in meeting state decarbonization and reliability goals” and that the Commission should “prioritize investing in the necessary infrastructure and identifying opportunities to de-risk its development.” To that end, CalWEA put forward two specific, critical steps that the Commission can take: request CAISO to ensure that Northeastern California wind

¹ CalWEA comments on the January 30, 2024, opening comments of the California Independent System Operator (“CAISO”), Equinor Wind US LLC (“Equinor”), Invenergy, LLC (“Invenergy”), Sonoma Clean Power Authority (“SCP”), and RWE Offshore Wind Holdings, LLC (“RWE”).

² SCP at p. 5.

resources can compete for the transmission being planned for those resources³ (and take similar steps with regard to offshore wind discussed below), and encourage CAISO, in its ongoing Interconnection Process Enhancements 2023 process, to exempt offshore wind and other remote, location-constrained wind resources from the so-called zonal capacity availability screen to ensure that they will not be frozen out of the study process.⁴

B. Offshore Wind - Central Coast

CalWEA agrees with the comments of Equinor that the PD’s recommendations rest on “a simplistic conclusion that the Central Coast has ‘sufficient transmission capacity to accommodate near-term wind generation development.’”⁵ CalWEA provided substantial detail supporting Invenenergy’s related point that the potential exists for other land-based resources in the queue to use existing deliverability capacity and increase existing congestion.⁶ Moreover, Equinor and Invenenergy correctly highlight the possibility that federal relicensing could enable the Diablo Canyon Nuclear Power Plant to operate well beyond 2030.⁷

As CalWEA also advocated, particularly for the Central Coast,⁸ more proactive transmission planning for at least 6 GW of OSW “could alleviate congestion and improve deliverability for all resources, including OSW, thereby reducing costs for all ratepayers in the long run.”⁹ This point is underscored by SCP, which stated that “expanding PG&E and Path 26 transmission capacity are large endeavors and the state cannot afford to delay starting the required planning to a future IRP cycle.”¹⁰

C. Offshore Wind - North Coast

In its comments, CAISO supports the inclusion of North Coast offshore wind resources because it “align(s) with the base case portfolio the CAISO is studying in the 2023-24 TPP” and will thus “ensure consistency and stability in integrated resource planning (IRP) portfolios over successive years

³ CalWEA proposed that the Commission request that CAISO grant tariff waivers to Northeastern California resources that are currently in the NV Energy queue to enable them to enter QC15. We further note that this would be an administrative action, as QC-15 studies will not begin for some time, and thus such projects would move through the study and TPD allocation processes in the normal course.

⁴ See CalWEA comments at pp. 3-4.

⁵ Equinor at p. 3. Also see Invenenergy at p. 7.

⁶ See CalWEA opening comments at pp. 5-6 and CalWEA Nov. 13, 2023, comments on the Ruling at Section IV; Invenenergy at p. 7.

⁷ Equinor and Invenenergy, *supra* note 1.

⁸ CalWEA at p. 6.

⁹ Equinor at p. 4.

¹⁰ SCP at p. 4

to support both planning and commercial certainty in forward years.”¹¹ RWE also noted the importance of consistency between TPP portfolios and supported the PD’s direction that OSW be mapped to the Humboldt/North Coast area for the 2024-25 TPP.¹²

CalWEA certainly agrees that consistency in transmission planning is highly desirable. However, as with onshore wind resources, to ensure that OSW resources will have an opportunity to compete for the transmission capacity that is being planned for them, it is critically important to align the CPUC’s TPP portfolios, OSW interconnection applications, and the CAISO’s TPP and its process for allocating the resulting Transmission Planning Deliverability (“TPD”) capacity. Otherwise, there is a high risk that the capacity will be allocated to battery storage projects that have far greater locational flexibility. Given the cost and long timelines of new transmission, such an outcome would be most unfortunate.

In opening comments, CalWEA explained that, if the upgrade intended for Humboldt OSW is approved in the current 2023-24 TPP cycle, all the resulting TPD capacity could be awarded to non-OSW projects in Queue Cluster 14 (QC14) because there are no OSW projects in QC14. This is why the Commission must take steps to ensure that OSW projects with interconnection applications in QC15 will have an opportunity to compete for the new capacity. One option would be for the Commission to request that CAISO include the Humboldt upgrade in the 2023-24 TPP cycle but hold off on allocating the resulting TPD capacity until QC15 projects are able to compete for it in March of 2026. Alternatively, the Commission could request that CAISO address the Humboldt upgrade in the 2024-25 cycle, rather than the 2023-24 cycle, so that OSW projects in QC15 can compete for it, again, in March of 2026.¹³

To elaborate: if CAISO approves the upgrades for 1.6 GW of Humboldt OSW capacity in the current 2023-24 TPP cycle, the approximately 7 GW of storage projects in QC14 could absorb all of that capacity¹⁴ when CAISO allocates it in March 2025. Planned transmission included in the 2023-24 TPP cycle is scheduled for CAISO Board approval in May 2024 and the resulting TPD capacity will not be allocated when CAISO makes initial TPD allocations that same month. However, CAISO allows projects to “park” until March 2025 when the TPD capacity from the 2023-24 TPP cycle will be available for allocation. At that time, QC15 projects are highly unlikely to be able to compete for the

¹¹ CAISO at p. 2. Emphasis added.

¹² RWE at p. 3. Emphasis added.

¹³ In either case, the Commission could retain the 0.9 GW of OSW that was included in the 2034 portfolio, rather than moving it to 2039, as CalWEA suggested in opening comments.

¹⁴ Storage projects anywhere along the transmission path between Humboldt and Bay Area load centers could use the capacity planned for OSW, which is likely to be economically sized at 3 GW rather than 1.6 GW.

allocation as they will still be going through the QC15, yet to be designed, cluster study process, which has been substantially delayed.¹⁵

We note that, while CAISO raised for stakeholder comment the idea of establishing a new capacity reservation policy for “long lead-time” resources, it has not made such a proposal. Stakeholder comments made in response to the idea indicated the proposal was controversial for both open-access-transmission policy and technical reasons.¹⁶ Even if CAISO approves such a policy, and the policy is accepted by FERC, it seems unlikely that the policy will be in force as of March 2025 when final QC14 allocations will be made. In any case, QC15 OSW projects will not be through the cluster study process and in a position to obtain any capacity made available for OSW.

D. Importance of Resource Diversity

Invenergy notes that, while the RESOLVE model finds large amounts of resources, such as solar and battery energy storage, to be cost-competitive, these resources “are facing delays in development due to supply chain issues, permitting challenges and land use constraints; these problems can continue even if these technologies are cost-competitive.”¹⁷ This point echoes CalWEA earlier comments on the importance of a diverse resource portfolio.¹⁸ In CalWEA’s opening comments on the PD, we reported on our RESOLVE modeling runs showing that a higher-wind portfolio reduced the overall need for capacity by 14 GW.¹⁹ We note in addition that this same high-wind portfolio reduced the heavy reliance on solar and battery storage by almost 16 GW.

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¹⁵ It would be difficult, if not impossible, to move QC15 projects into the QC14 process at that late stage in the TPD allocation process.

¹⁶ See CAISO’s [Initiative on Transmission Planning Process Enhancements](#) and parties’ October 14, 2022, comments. In CalWEA’s own comments, we explained why it would be technically difficult, if not impossible, and legally questionable to attempt to reserve transmission capacity for offshore wind resources.

¹⁷ Invenergy at p. 6.

¹⁸ See CalWEA’s Nov. 13, 2023, comments on the Ruling at pp. 5-6.

¹⁹ CalWEA at pp. 2-3.

Respectfully submitted,

/s/ Nancy Rader

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

February 5, 2024

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 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 February 5, 2024, at Berkeley, California.

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