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 (Filed on May 7, 2020)

REPLY COMMENTS OF THE CALIFORNIA ENERGY STORAGE ALLIANCE ON THE ADMINISTRATIVE LAW JUDGE'S RULING SEEKING COMMENTS ON ELECTRICITY RESOURCE PORTFOLIOS FOR 2023-2024 TRANSMISSION PLANNING PROCESS

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In accordance with the Rules of Practice and Procedure of the California Public Utilities Commission ("Commission"), the California Energy Storage Alliance ("CESA") hereby submits these reply comments on the *Administrative Law Judge's Ruling Seeking Comments on Electricity Resource Portfolios for 2023-2024 Transmission Planning Process* ("Ruling"), issued by Administrative Law Judge ("ALJ") Julie Fitch on October 7, 2022.

I. <u>INTRODUCTION</u>.

CESA appreciates the opportunity to provide responses to the opening comments submitted by parties of this proceeding on the portfolios the Commission intends to transmit to the California Independent System Operator ("CAISO") for the purposes of the 2023-2024 Transmission Planning Process ("TPP"). CESA's review of opening comments suggests that most parties support, at least at a high level, the direction in which the Commission is moving with the transmittal of portfolios that will enable the accomplishment of California's ambitious energy and climate targets. While parties have commended the Commission's determination to move forward with a portfolio with more stringent carbon targets, some stakeholders have raised valid concerns regarding the alignment of this process with other applicable policies. Thus, in these reply comments, CESA focuses on the following topics:

- The Commission should extend the time horizon of the TPP portfolios in accordance with Senate Bill ("SB") 887.
- The Commission should clarify that the CAISO should consider opportunities to expand the maximum import capability ("MIC") and provide incremental transmission necessary for long lead-time ("LLT") resources, including long-duration energy storage ("LDES").
- The Commission should transmit the Limited Wind Sensitivity as it merits evaluation.
- The sensitivity proposed by the Bay Area Municipal Transmission Group ("BAMx") fails to consider the provisions of SB 846.
- The Commission should disregard baseless claims that energy storage technologies have yet to prove themselves in a wholesale market context.

II. THE COMMISSION SHOULD EXTEND THE TIME HORIZON OF THE TPP PORTFOLIOS IN ACCORDANCE WITH SB 887.

Several parties recommend that the Commission extend the time horizon considered within the portfolios transmitted to the CAISO in accordance with SB 887,[1] which specifically directs the Commission to use 15-year planning horizons in its transmission-focused guidance provided to the CAISO as soon as possible.[2] In contrast, the portfolios the Commission intends to transmit to the CAISO for the 2023-2024 TPP only consider resource additions until 2035, hindering the

[1] *See, e.g.*, NRDC comments at 2-3, ACP comments at 1, and Avangrid Renewables comments at 3-4.
[2] PUC § 454.57(d) and (e)(1).

CAISO's ability to engage in longer-term transmission planning. Given the importance of timely transmission planning, CESA agrees with said parties and urges the Commission to revise the proposed portfolios so that their time horizon complies with the requirements set forth in SB 887.

III. THE COMMISSION SHOULD CLARIFY THAT THE CAISO SHOULD CONSIDER OPPORTUNITIES TO EXPAND THE MIC AND PROVIDE INCREMENTAL TRANSMISSION NECESSARY FOR LLT RESOURCES, INCLUDING LDES.

The CAISO requests that the Commission clarify if the CAISO should retain the same study expectations transmitted in the July 1, 2022 letter regarding the 2022-2023 TPP cycle.[3] Specifically, in said letter, Commissioners requested the CAISO "study opportunities to provide Maximum Import Capability (MIC) expansion and incremental transmission capacity necessary for deliverability of long-lead time renewable resources, such as geothermal and out-of-state wind."[4] CESA agrees that clarification regarding this expectation is warranted but recommends a minor modification to the language. Critically, the wording used by the Commission in that July 1, 2022, letter fails to account for all types of LLT resources, as it does not make mention of LDES assets which are included under the LLT umbrella within the Decision ("D.") 21-06-035. In this context, in alignment with CAISO's request for clarification, CESA urges the Commission to clarify that, in the 2023-2024 TPP, it should consider opportunities to expand the MIC and provide incremental transmission necessary for *all* LLT resources, including renewable resources and LDES.

[3] CAISO comments at 2.

[4] *Ibid.*

IV. THE COMMISSION SHOULD TRANSMIT THE LIMITED WIND SENSITIVITY AS IT MERITS EVALUATION.

The CAISO advises against the adoption of the Limited Wind sensitivity as the second proposed policy-driven sensitivity for the purposes of the 2023-2024 TPP. The CAISO argues that this portfolio largely duplicates the base case portfolio, fails to meet the objectives described in the Ruling, and would unduly require time and resources from the CAISO.[5] CESA respectfully disagrees with the CAISO and, like other parties, considers that there is merit in exploring the Limited Wind sensitivity. As underscored by the Public Advocates Office ("Cal Advocates"), the Limited Wind sensitivity will help identify "least-regrets" projects that are necessary across a variety of future scenarios – an approach that is consistent with best practices in modeling.[6] Pacific Gas & Electric ("PG&E") echoes this position, noting that studying such a sensitivity portfolio in the TPP will provide insights into overlapping transmission needs in the proposed base case portfolio and an alternative portfolio, which captures limited OSW and OOSW development, allowing transmission development to be aligned with a "least-regrets" principle.[7] CESA strongly agrees with these arguments and recommends that the Commission communicate the Limited Wind sensitivity as the second sensitivity portfolio to be considered by the CAISO.

V. THE SENSITIVITY PROPOSED BY THE BAMX FAILS TO CONSIDER THE PROVISIONS OF SB 846.

BAMx requests the Commission consider replacing the Limited Wind sensitivity for another sensitivity that assumes the continued operation of Diablo Canyon Power Plant ("DCPP") for a defined period of time and assumes the delayed retirement of existing gas-fired power plants.[8]

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[5] CAISO comments at 2.

[6] Cal Advocates comments at 7.

[7] PG&E comments at 4.

[8] BAMx comments at 11.

BAMx thus strongly urges the Commission to develop and analyze said DCPP+ portfolio that entails retaining DCPP and gas-fired generation by deploying carbon-free fuel sources, and use it as a replacement for the Limited Wind sensitivity.[9] However, in CESA's view, the BAMx recommendation fails to recognize some crucial provisions of SB 846. In particular, SB 846 states that the Commission "shall not include the energy, capacity, or any attribute from Diablo Canyon Unit 1 beyond November 1, 2024, or Unit 2 beyond August 26, 2025, in the adopted integrated resource plan portfolios, resource stacks, or preferred system plans" and that it "shall disallow a load-serving entity from including in their adopted integrated resource plan any energy, capacity, or any attribute from the Diablo Canyon Unit 1 beyond November 1, 2024, or Unit 2 beyond August 26, 2025".[10] Considering that DCPP may not be part of the IRP portfolios regardless of the action ultimately taken by the Commission, PG&E, and the other agencies and parties involved, the Commission would be amiss if it were to communicate a sensitivity portfolio to the CAISO that included said asset. As such, CESA urges the Commission to consider the spirit of SB 846 and reject the recommendation to develop and communicate a sensitivity scenario that assumes its continued operation.

VI. THE COMMISSION SHOULD DISREGARD BASELESS CLAIMS THAT STORAGE TECHNOLOGIES HAVE YET TO PROVE THEMSELVES IN A WHOLESALE MARKET CONTEXT.

The Green Power Institute ("GPI") says that it believes that many of the energy storage technologies included in the base case scenario face serious risks to their widespread deployment.[11]

[9] BAMx comments at 12.
[10] PUC § 454.52(f)(1) and (f)(2).
[11] GPI comments at 3-4.

GPI also argues that batteries, like out-of-state and offshore wind resources, have yet to be fully proven in the commercial marketplace.[12] GPI offers no supporting evidence to their belief.

GPI's baseless claim should be disregarded by the Commission, particularly with regards to energy storage, which has demonstrated to be a reliable form of dispatchable capacity that enabled the CAISO to ride through significant reliability events during early September 2022. The CAISO's own Summer Market Performance Report for September 2022 clearly states that there were more than 4 GW of installed storage capacity that, in both the Day-Ahead and Real-Time markets, primarily charged during peak solar hours of the day and discharged in the evening peak net-load hours.[13] Moreover, storage resources contributed a significant share of total regulation, even providing all of the regulation during some hours.[14] In sum, there is substantial evidence of successful commercial operation of energy storage at scale, contrary to GPI's unfounded claims.

VII. CONCLUSION.

CESA appreciates the opportunity to submit these reply comments to the Ruling and looks forward to working with the Commission and stakeholders in this proceeding.

Respectfully submitted,

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[12] GPI comments at 4.

[13] CAISO, "Summer Market Performance Report – September 2022", November 2022, at 149, available at http://www.caiso.com/Documents/SummerMarketPerformanceReportforSeptember2022.pdf

[14] *Ibid* at 148.