

February 13, 2023

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Re: Comments of the California Energy Storage Alliance on Draft Resolution E-5252: Establishing the Transmission Project Review Process

Dear Sir or Madam:

Pursuant to the provisions of General Order 96-B, the California Energy Storage Alliance (“CESA”) hereby submits these comments to the above-referenced Draft Resolution E-5252 (“Draft Resolution”) issued on December 13, 2023, establishing the Transmission Project Review (“TPR”) Process beginning January 1, 2024 to include involvement of the state’s investor-owned utilities (“IOUs”), Pacific Gas and Electric Company (“PG&E”), Southern California Edison Company (“SCE”) and San Diego Gas & Electric Company (“SDG&E”).

I. INTRODUCTION & SUMMARY.

CESA generally appreciates the Commission’s proactive development of a new TPR Process to provide greater transparency to the various costs, buildout timelines, and other status indicators for transmission projects. As the Draft Resolution correctly notes, the state is faced with an immense challenge in decarbonizing the electric sector, which necessitates a significant buildout and improvements to our transmission infrastructure to be more resilient to wildfires and extreme weather events and to be able to access zero-carbon electricity generation. As a result of these goals and requirements, the California Independent System Operator (“CAISO”) forecasted approximately \$30 billion in transmission investments required in their *20-Year Transmission Outlook*, but the Commission also highlighted how the actual cost impact is higher after accounting for IOU self-approved projects, which are less transparent in nature and are built outside of regional planning processes. While these concerns were raised in various proceedings at the Federal Energy Regulatory Commission (“FERC”),¹ the Commission has good intentions in proposing to establish a TPR Process to inform various programs and proceedings at the Commission and at FERC.

¹ See, e.g., comments made in response to the Notice of Proposed Rulemaking (“NOPR”) for transmission reform and cost oversight (RM21-17, AD22-8).

CESA agrees with the Commission that the current and potential future cost burden in transmission rates require greater transparency into transmission buildout projects, including self-approved projects. As the Draft Resolution details, this falls within the broad authority of the Commission to require information from the IOUs and advances greater uniformity on the comprehensiveness of the provision of information in order to understand the prioritization of needs and to support a more holistic evaluation.² With this in mind, CESA offers the following comments:

- The TPR Process has the potential to ensure appropriate prioritization of transmission solutions and network upgrades and inform whether alternative build strategies could be pursued.
- The Commission should refine the threshold for transmission projects that fall under the TPR Process over time in order to ensure that the IOUs do not expend excessive time and resources on reporting about transmission projects rather than doing the actual transmission buildout.
- Energy storage systems and other distributed energy resources (“DERs”) should be strongly considered as an alternative to self-approved transmission projects where appropriate, but the TPR Process should not re-litigate transmission solutions that were already approved via established transparent vetting and review processes.

II. COMMENTS.

In these comments, CESA expresses our broad support for the proposed TPR Process if the scope is better defined, but we also seek certain key clarifications.

1. The TPR Process has the potential to ensure appropriate prioritization of transmission solutions and network upgrades and inform whether alternative build strategies could be pursued.

CESA generally supports the Commission establishing the TPR Process and strongly believes that the establishment of said process is a step in the right direction in ensuring that the appropriate transmission solutions and network upgrades are being prioritized. Given the lack of transparency from the IOUs on capital transmission projects sanctioned through the “self-approved” process, coupled with rising utility transmission rate bases,³ it is helpful to have a TPR Process that establishes a framework that protects ratepayers and prioritizes transmission projects that balance against multiple objectives and goals.

² Draft Resolution E-5252 at 4-5 and 8.

³ Draft Resolution E-5252 at 7.

To that end, the Transmission Development Forum (“TDF”) has shown that there have been extensive delays to a wide range of transmission projects, making it crucial to ensure that construction work plans are appropriately prioritizing and balancing different objectives and to understand the nature of self-approved projects and whether/how they are impacting the priorities and timelines of other transmission project types. To give an illustration, PG&E presented at recent TDFs and highlighted that many transmission projects and network upgrades in their territory have been significantly delayed.⁴ The delays range anywhere from 6-18 months and some projects have even experienced multiple delays which has resulted in some projects being delayed for years due re-prioritizing PG&E’s resources towards wildfire mitigation.⁵ According to data from previous TDF presentations by PG&E, 40 out of the 82 active transmission projects in their territory that were previously approved through the TPP have been delayed significantly due to work reprioritization related to wildfire mitigation.⁶ Similarly, 17 out of the 42 generator-related network upgrades in their territory have also been significantly delayed for the same reasons.⁷ While wildfire mitigation and the safety of the public is an important issue, disproportionate re-prioritization to wildfire mitigation projects (or potentially to self-approved projects) may be a major issue, causing delays to equally critical transmission projects and generator-related network upgrades.

Furthermore, given the limited amount of resources and supply chain issues that PG&E and generally the IOUs claim have caused most delays to transmission projects and generator-related network upgrades, it vitally important that the limited resources available be used carefully and that a balance is found between prioritizing wildfire mitigation, generator-related network upgrades, and transmission project buildout. However, if limited resources do not allow for generator-related network upgrades to be built within a reasonable time, alternative options must be considered. Pursuing alternative forms of generator-related upgrade buildouts is an innovative solution that could help overcome the challenges of limited resources the IOUs are facing. One alternative form of buildout that could be pursued is co-ownership of projects with third parties who can construct the necessary facilities. This option involves the development of specifications and standards for the self-build process, which can help reduce the costs associated with these upgrades. By partnering with third-party entities, the Commission and IOUs can take advantage of their expertise, resources, and experience in building and maintaining these facilities. This will also help to minimize the risk of

⁴ PG&E, “Generation Interconnection Project (GIP) Upgrades and Transmission Planning Process (TPP) Upgrade Status”. (Transmission Development Forum, July 29, 2022) *Available at:* <http://www.caiso.com/Documents/PGEPresentation-TransmissionDevelopmentForum-Jul292022.pdf>

⁵ *Ibid* 5.

⁶ PG&E TPP Projects Spreadsheet, “Approved-Projects-Transmission-Planning-Process-Jan252023”. (January 25, 2023) *Available at:* <http://www.caiso.com/informed/Pages/MeetingsEvents/UserGroupsRecurringMeetings/Default.aspx>

⁷ PG&E GIP Projects Spreadsheet, “Network-Upgrades-Generator-Interconnection-Jan25-2023”. (January 25, 2023) *Available at:* <http://www.caiso.com/informed/Pages/MeetingsEvents/UserGroupsRecurringMeetings/Default.aspx>

delays and ensure that the projects are completed on time and within budget. With this in mind, the TPR Process can provide important information that would help the Commission develop specifications, standards, and implementation of a co-ownership or self-build option.

By exploring these options, the Commission can find a solution that works for all parties involved and helps to mitigate the extensive delays that have been seen with some transmission projects and will alleviate the financial burden that ratepayers are experiencing.

2. The Commission should refine the threshold for transmission projects that fall under the TPR Process over time in order to ensure that the IOUs do not expend excessive time and resources on reporting about transmission projects rather than doing the actual transmission buildout.

Refining the threshold over time for transmission projects that fall under the TPR Process can help ensure that the resources of the involved utilities are being used efficiently and effectively. While supportive of more transparent and uniform reporting and processes, the current proposed process may require significant time and resources from the utilities due the scope and detail of information that must be reported, which could be better spent on actual transmission buildouts. This can result in delays in completing important transmission projects that are crucial for maintaining a stable and reliable power grid. As a new process with a wide range of data points to report, the TPR Process will require significant upfront time from the utilities to establish, diverting critical resources needed to support transmission buildout needed for, among other things, generator-related network upgrades. Rather, if too burdensome, the Commission should consider a minimum viable product for the Project Spreadsheet. Additionally, once the Commission and stakeholders have a better understanding of the IOUs' methodologies for procuring capital transmission projects, the TPR Process threshold should also be refined over time to prevent excessive use of the IOUs' limited resources solely on project reporting instead of actually building them out. It would also help to reduce the burden on ratepayers, as the utilities would be able to focus their efforts on delivering transmission projects that deliver the greatest benefits to the grid and the public.

3. Energy storage systems and other DERs should be strongly considered as an alternative to self-approved transmission projects where appropriate, but the TPR Process should not re-litigate transmission solutions that were already approved via established transparent vetting and review processes.

Energy storage systems and other DERs have emerged as a viable alternative to traditional transmission projects. These systems can provide similar benefits, including grid reliability and stability, while also offering additional advantages such as reduced energy loss, lower costs, and the ability to store energy for times of peak demand. By leveraging energy storage systems and DERs, the Commission can not only reduce costs, but also increase the overall resilience and flexibility of the grid. These systems can be located closer to the point of consumption, reducing the need for extensive transmission infrastructure, and reducing the impact of transmission-related outages. Additionally, they can be configured to provide a range of services to the grid, including peak shaving, demand response, and voltage regulation, which can further increase the efficiency and stability of the grid.

The Commission should take a proactive approach in evaluating the feasibility of energy storage systems and DERs as a means of reducing the need for self-approved transmission projects. This would involve working with stakeholders, including utilities, regulators, and technology providers, to identify areas where energy storage systems and DERs can be deployed and determining the best way to integrate these systems into the grid. By embracing alternative energy solutions, the Commission can help ensure that the most cost-effective and appropriate transmission projects are being prioritized, while also laying the foundation for a more sustainable and resilient energy future. Yet, one of the key purposes of the TPR Process will be to better understand and gain greater transparency into the nature and purpose of self-approved projects. It is currently unclear whether and how energy storage systems and DERs can serve as non-wires alternatives, but once understood, the Commission should explore whether the intended purpose of these self-approved projects could be addressed by energy storage and DER alternatives at lower cost.

However, while it is crucial to consider every possible alternative to address delays and challenges to develop transmission projects and solutions, the Commission must clarify that the TPR Process should not and will not be used to re-litigate decisions made on project approvals through a transparent and vetted process (*e.g.*, Transmission Planning Process, Wildfire Mitigation Plan, etc.). Given that these projects were approved after extensive technical and economic analysis, it would be counterproductive and a waste of precious resources that have already gone into approving these projects. It would also infringe on the authority and significance of these other planning and stakeholder venues. CESA recommends that the Commission reaffirm that the TPR Process shall be used for information purposes only that can be used in the appropriate venues.

III. CONCLUSION.

CESA appreciates the opportunity to submit these comments to Draft Resolution E-5252 and looks forward to collaborating with the Commission and the IOUs.

Respectfully submitted,



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Service lists: A.19-08-013, A.21-06-021, A.22-05-016, et al., I.00-11-001, R.20-05-003, and R.20-07-013