

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

Order Instituting Rulemaking to Integrate and
Refine Procurement Policies and Consider
Long-Term Procurement Plans.

RULEMAKING 13-12-010
(Date of Issuance 12/30/2013)

**COMMENTS OF THE BAY AREA MUNICIPAL TRANSMISSION GROUP
ON THE PRELIMINARY SCOPING MEMO AS OUTLINED IN THE ORDER
INSTITUTING RULEMAKING**

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For the
BAY AREA MUNICIPAL TRANSMISSION GROUP

February 3, 2013

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In accordance with California Public Utilities Commission (“Commission”) Rules of Practice and Procedure (“Rules”), the Bay Area Municipal Transmission Group (“BAMx”)¹ submits these comments on the preliminary scoping memo (Scoping Memo) as outlined in the order instituting rulemaking (OIR) issued on December 30, 2013.

I. INTRODUCTION

BAMx applauds the Scoping Memo that seeks “to develop scenarios that explore a range of potential policy futures, including renewable portfolio standard (RPS) implementation, variations of load, distributed generation, nuclear retirement, transmission options and resource strategies to develop higher levels of preferred resources.” The purpose of this filing is to provide solicited comments on the preliminary scoping memo as outlined in the OIR issued on December 30, 2013. BAMx’s comments pertain to developing resource plans that are cost-effective to ratepayers while taking into account the overall cost of procurement including transmission cost. In particular, BAMx suggests an additional topic that should legitimately be in the scope in this proceeding.

¹ The members of BAMx are Alameda Municipal Power, City of Palo Alto Utilities, and City of Santa Clara, Silicon Valley Power.

II. COMMENTS

BAMx requests that the Commission expand the scope of this proceeding to include an investigation of the need for transmission projects that are deemed necessary purely to provide resource adequacy (RA) capacity to interconnecting generators. In the past few years, several major transmission projects have been identified by the CAISO that are needed “only” to provide RA to interconnecting resources, based upon the CAISO’s deliverability criteria.

BAMx believes that the proposed topic meets the Commission’s scoping standard for the following four reasons.

- First, given the billions of dollars of cost associated with some major transmission projects, this topic has a major cost impact on the resource procurement policies, practices and procedures and impacts California ratepayers over the long term. Currently there is no forum or process that performs a cost-benefit analysis to determine the need for transmission delivery network upgrades that are developed purely to provide RA capacity credit to interconnecting generators. With growing transmission costs in the past several years, it has become critical to perform such an assessment. The Scoping Memo correctly identifies the potential interrelationship between satisfying flexible capacity needs, local capacity requirement (LCR) and System RA. Therefore, it is appropriate to determine, as part of this proceeding, whether there is any residual system RA need after the first two requirements (flexible and LCR) are satisfied and whether the residual requirement is most economically satisfied by building transmission to make interconnecting resources deliverable or whether there may be better, more cost-effective options.
- Second, the BAMx-proposed topic is narrowly defined. It purely focuses on a particular issue that is key to implementing the Long-Term System and Local Reliability Resource Plan in a least-cost best-fit (LCBF) manner.
- Third, this topic is consistent with meeting the LTPP proceeding goals. As outlined in Section 3.3 of the Scoping Memo, this proceeding will look to develop scenarios that explore a range of potential policy futures including *transmission options*.
- Fourth, the BAMx-proposed topic is not addressed in any other CPUC proceeding identified in Table 1 in Section 3.6 of OIR.

III. CONCLUSION

The LTPP proceedings were established to ensure a **safe, reliable, and cost-effective** electricity supply in California.² BAMx is hopeful that the Commission will consider BAMx's request to include a topic in the 2014 LTPP scope favorably that investigates whether building major transmission upgrades is the most cost-effective way of procuring RA capacity in California.

February 3, 2014

Respectfully submitted,

/s/ Pushkar G. Wagle

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For the

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² Pursuant to AB 57 (Stats. 2002, ch. 850, Sec 3, Effective September 24, 2002), added Pub. Util. Code § 454.5., enabling resources to resume procurement of resources. See also OIR 3/27/2012, Scoping Memo 1.