

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

Order Instituting Rulemaking to  
Continue Implementation and Administration  
of California Renewables Portfolio Standard  
Program.

Rulemaking 11-05-005

(Filed May 5, 2011)

**REPLY COMMENTS OF THE BAY AREA MUNICIPAL TRANSMISSION GROUP  
OCTOBER 10, 2014 ALJ RULING ON THE RPS CALCULATOR**

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For the  
**BAY AREA MUNICIPAL TRANSMISSION  
GROUP**

December 22, 2014

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In accordance with California Public Utilities Commission (“Commission” or “CPUC”) Rules of Practice and Procedure (“Rules”) and the schedule established for this proceeding, the Bay Area Municipal Transmission Group (“BAMx”)<sup>1</sup> submits these reply comments to the Energy Division’s Proposal (“ED Proposal”), which was attached to the October 10, 2014 ALJ Ruling (“Ruling”) on the Renewables Portfolio Standards Calculator (“RPS Calculator”).

**I. INTRODUCTION**

The October 10th Ruling issued a proposal by the Commission’s Energy Division to revise components of the RPS Calculator for the purposes of developing policy based portfolios to potentially inform the Commission’s Long-Term Procurement Plan (“LTTP”) proceeding, Rulemaking (R.) 13-12-010, and the California Independent System Operator’s (“CAISO”) Transmission Planning Process (“TPP”). Several parties, including BAMx, submitted comments on December 3, 2014. BAMx is encouraged with the consensus among parties on some of the key assumptions and methodologies that are proposed in the RPS calculator. In particular:

- A. BAMx observes that there is a wide support among the stakeholders that the RPS calculator should be capable of evaluating energy-only (“EO”) projects.

Incorporation of EO projects is critical to selecting a set of projects in the

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

renewable resource portfolios that the California Energy Commission (“CEC”) and CPUC sends to the CAISO to approximate what is in the ratepayers’ interest. The assumption of allowing only Full Capacity (“FC”) resources has historically driven excessive large-scale expensive transmission projects, which are neither needed to reach the state’s 33% renewable portfolio standard goal nor to provide a reliable electric system. There is very strong stakeholder support for an early correction to the calculator’s mechanism that has led to the unnecessary cost and environmental impact of these unneeded transmission additions by allowing the incorporation of EO projects when they make economic sense.<sup>2</sup> We especially agree with PG&E in its comments on this topic that such changes need to be incorporated as soon as possible.

- B. BAMx notes that the overwhelming majority of the parties, including BAMx, recommended that the RPS calculator use marginal Effective Load Carrying Capacity (“ELCC”) values to estimate the capacity value of incremental resource additions, as required by state law.<sup>3</sup>
- C. Several parties support the proposed approach of calculating capacity value using the forecast of the avoided cost of system capacity.<sup>4</sup>

## II. BAMX REPLIES TO THE PARTY COMMENTS

### *A. The RPS Calculator should be capable of evaluating energy-only projects.*

As indicated above, there is wide support among the stakeholders that the RPS Calculator should be capable of evaluating energy-only (“EO”) projects. BAMx agrees with these stakeholders supporting the evaluation of EO projects including PG&E, SCE, SDG&E, CCSF,

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<sup>2</sup> Support for this approach was expressed in the December 3, 2014 comments include BAMx (see pp. 5, 9 and 10), Pacific Gas and Electric (“PG&E”) (see pp. 4, 5, and 12), Southern California Edison (“SCE”) (p.16), San Diego Gas and Electric (“SDG&E”) (see pp. 10-11), City and County of San Francisco (“CCSF”) (see pp. 2,3,4,5 & 6), Joint Environmental Parties (“JEP”) (p.12), California Wind Energy Association (“CalWEA”) (see pp. 1,5,6,11, 13 and 14), Independent Energy Producers Association (“IEP”) (See p.9), Calpine (See p.4) and TransWest Express (“TransWest”) (see p. 10).

<sup>3</sup> See the December 3, 2014 comments of BAMx (pp. 10-11), PG&E (p.14), SCE (p.17), SDG&E (pp. 12-13), CCSF (pp. 7-8), CalWEA (pp.15-16), IEP (p.9), Calpine (p.6) and TransWest (pp.12-13).

<sup>4</sup> See the December 3, 2014 comments of BAMx (p. 11), PG&E (p.16), SCE (p.18), SDG&E (p.16), CCSF (p.8), CalWEA (pp.15-17), Calpine (p.7) and TransWest (p.13).

JEP, CalWEA IEP Calpine and TransWest.<sup>5</sup> PG&E, in its opening comments states the following.

*“The omission of energy-only resources will have a major and direct impact on the reliability of CAISO’s planned 2015 special study and will lead to higher-than-necessary RPS implementation costs....*

*PG&E has spent considerable time testing the revised RPS Calculator and analyzing its results. These results bear little resemblance in some cases to PG&E’s expectations (based on recent solicitation data) of the types and locations of resources that could be added to its RPS portfolio, and PG&E eventually identified the RPS Calculator’s requirement that all incremental resources be fully deliverable as the primary driver of the unexpected results...*

*Enabling the energy-only functionality in the RPS Calculator would therefore allow for an RPS portfolio that may deliver the same volume of renewable energy at a lower cost to ratepayers and avoid potentially unnecessary transmission costs.”<sup>6</sup>*

SDG&E has also cited several reasons in support of adding “energy-only” functionality, including “those (resources) that are energy-only do not require transmission upgrades, and those that are fully deliverable usually do require transmission upgrades in order to provide RA deliverability” and “SDG&E’s portfolio of RPS projects includes both types of facilities, therefore it is reasonable to assume that new renewable generation going forward will also be a mix of EO and FC projects.”<sup>7</sup> Likewise, SCE has indicated that it is not opposed to the RPS Calculator including energy-only and/or partially deliverable projects.<sup>8</sup> CalWEA states that

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<sup>5</sup> See the December 3, 2014 comments of BAMx (pp. 5, 9 and 10), PG&E (pp. 4, 5, and 12), SCE (p.16), SDG&E (pp. 10-11), CCSF (pp. 2,3,4,5 & 6), JEP (p.12), CalWEA (pp. 1,5,6,11, 13 and 14), IEP (p.9), Calpine (p.4) and TransWest (p. 10).

<sup>6</sup> See PG&E Comments (pp.4-5)

<sup>7</sup> See SDG&E Comments (pp. 10-11).

<sup>8</sup> See SCE Comments (p. 16)

*“Enabling the evaluation of energy-only and partially deliverable projects will be essential if the RPS Calculator is to identify least-total-cost renewable energy portfolios.”<sup>9</sup>*

CCSF, IEP, Calpine and TransWest also have made statements indicating that the RPS Calculator should be capable of evaluating energy-only projects.

BAMx agrees with the above statements and further supports PG&E’s recommendation of “introducing evaluation of energy-only projects in Version 6.1 of the RPS Calculator, rather than waiting until Version 6.2 as contemplated by the Staff Proposal.”<sup>10</sup> We concur with PG&E’s assessment that “[f]or new projects, the RPS Calculator would choose between EO and FCDS<sup>11</sup> based on the value proposition between the difference in capacity value and transmission costs for deliverability.”<sup>12</sup> EO resources can be modeled in the RPS calculator version that would be used to perform the special study in the CAISO 2015-16 TPP with little time and effort, as it can be accommodated within the existing framework of the RPS Calculator. As PG&E has indicated, capacity values and transmission costs are available in the RPS Calculator. Furthermore, the different transmission costs could then be weighed against the added value of capacity to make the most cost-effective selection for each new project.

Given the overwhelming endorsement of the parties to incorporate EO resources, we urge the CPUC ED to implement the BAMx-suggested or similar mechanism in the RPS calculator as soon as possible. As we had stated in our opening comments, the resource ranking and selection methodology could be further enhanced with the iterative process between the CPUC and CAISO, where a feedback loop between the RPS calculator and the CAISO’s technical assessment would determine the ultimate need for transmission given its capability and cost to accommodate a mix of EO and FC resources selected under an RPS portfolio.

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<sup>9</sup> See CalWEA Comments (p.13)

<sup>10</sup> See PG&E Comments p.12.

<sup>11</sup> Full Capacity Deliverability Status

<sup>12</sup> Ibid.

***B. The RPS calculator should use marginal ELCC values to estimate the capacity value of incremental resource additions.***

BAMx agrees with several rationales articulated by PG&E, SCE, SDG&E, CCSF, CalWEA, IEP, Calpine and TransWest in support of the RPS calculator utilizing marginal ELCC values to estimate the capacity value of incremental resource additions.<sup>13</sup> In particular, BAMx supports the following three reasons stated by SDG&E in their opening comments.<sup>14</sup>

1. ELCC values account for the cumulative impact of renewables on the grid and are therefore more sophisticated than NQC values;
2. Utilizing ELCC values will maintain alignment between the Calculator and RPS procurement practices; and
3. Adopting the ELCC values from the RA proceeding will provide consistency across Commission proceedings.

Given the significant support across multiple stakeholder groups, BAMx believes that it would not be appropriate to continue deferring implementation of ELCC values, especially given that state law<sup>15</sup> requires its implementation.

***C. The Energy Division's proposed approach of calculating capacity value using the forecast of the avoided cost of system capacity should be adopted.***

BAMx's support of the proposed approach of calculating capacity value using the forecast of the avoided cost of system capacity is echoed by several other parties including PG&E, SCE, SDG&E, CCSF, Calpine and TransWest.<sup>16</sup> We disagree with the Large-Scale Solar Association's ("LSA") claim that the avoided capacity cost methodology is "problematic,"<sup>17</sup> as the CPUC ED-proposed methodology is a straightforward implementation of accounting for the economic impact of standard utility planning practices. In addition to BAMx, several other parties including CCSF, PG&E and SDG&E have provided specific reasons for

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<sup>13</sup> See the December 3, 2014 comments of BAMx (pp. 10-11), PG&E (p.14), SCE (p.17), SDG&E (pp. 12-13), CCSF (pp. 7-8), CalWEA (pp.15-16), IEP (p.9), Calpine (p.6) and TransWest (pp.12-13).

<sup>14</sup> See SDG&E Comments (p.13).

<sup>15</sup> Senate Bill 2 (1X) (Simitian, Stats. 2011, ch.1)

<sup>16</sup> See the December 3, 2014 comments of BAMx (p.11), PG&E (p.16), SCE (p.18), SDG&E (p.16), CCSF (p.8), CalWEA (pp.15-17), Calpine (p.7) and TransWest (p.13).

<sup>17</sup> See LSA Comments (p.4)

endorsing the CPUC ED's approach of calculating capacity value.<sup>18</sup>

### III. CONCLUSION

BAMx appreciates the opportunity to submit the reply comments on the development of the revised RPS Calculator and acknowledges the significant effort of CPUC, CEC and the CAISO staff in this extremely important endeavor.

December 22, 2014

Respectfully submitted,

/s/ Pushkar G. Wagle

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<sup>18</sup> See the December 3, 2014 comments of BAMx (p.11), CCSF (p.8), PG&E (p.16), SDG&E (p.16),

## Verification

I, **Pushkar G. Wagle**, am the representative of the **Bay Area Municipal Transmission Group**. I am authorized to make this Verification on its behalf.

The statements in the foregoing copy of *REPLY COMMENTS OF THE BAY AREA MUNICIPAL TRANSMISSION GROUP* *OCTOBER 10, 2014 ALJ RULING ON THE RPS CALCULATOR* are true of my own knowledge, except as to 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 this 22nd day of December 2014 at San Francisco, California.

A handwritten signature in black ink that reads "Pushkar Wagle". The signature is written in a cursive style with a horizontal line underneath the name.

Pushkar Wagle, Ph.D.

For the

**BAY AREA MUNICIPAL TRANSMISSION GROUP**