

**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

**REPLY COMMENTS OF THE BAY AREA MUNICIPAL TRANSMISSION GROUP IN
RESPONSE TO PROPOSED DECISION ADOPTING 2021 PREFERRED SYSTEM
PLAN, DATED DECEMBER 22, 2021**

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January 19, 2022

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The Bay Area Municipal Transmission Group (“BAMx”)¹ appreciates the opportunity to provide reply comments on the party opening comments, dated January 14, 2022, in response to Proposed Decision (“PD”) Adopting 2021 Preferred System Plan (“PSP”), dated December 22, 2021.

I. BAMx REPLY COMMENTS

BAMx Agrees With CMUA that the PD’s Statements Regarding The Use Of In-CAISO POU Information Should Be Adopted In A Conclusion Of Law

BAMx strongly supports both the PD’s clarification that the Commission is not seeking to assert control over POU’s IRP processes or requirements and the PD’s statement that the Commission will consider the requirements and procurement of in-CAISO POU’s as inputs to the Commission’s IRP process.² BAMx echoes the California Municipal Utilities Association’s (“CMUA”) assertion that “The Commission does not have the jurisdiction to determine the adequacy of POU’s IRP procurement, impose the responsibility for any shortfalls in achieving the Commission’s selected portfolios on POU’s, or order/direct POU procurement.”³ BAMx

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

² PD, p. 152-153

³ CMUA Opening Comments, pp.1-2.

supports CMUA’s request that the Commission modify the PD to adopt the new Conclusion of Law set forth in Attachment A to CMUA’s comments, memorializing the Commission’s discussion of this issue.⁴

Need to Distinguish Between the Need for New Transmission to Access OOS Wind Paid Via CAISO TAC Versus Those That Do Not Require CAISO TAC Funding

BAMx agrees with Southwestern Power Group (“SWPG”) and Pattern Energy Group LP (“Pattern”) joint comments that “the Proposed Decision focuses on the need for “new transmission,” a term that is in desperate need of clarification. Commission staff would do a disservice to the people of California by limiting the definition of “new transmission” to only those power lines approved by a CAISO TPP and financed through CAISO TAC rate recovery.”⁵ SWPG/Pattern points out that “projects, with bundled [Power Purchase Agreements] PPAs in which the overall price accounts for both the extraordinarily low cost of generation for OOS wind at scale and also the relatively low cost of independent merchant transmission, have nevertheless proved cost competitive in open RFPs from IOUs, CCAs, ESPs, and municipal utilities throughout California over the course of the past five years.”⁶

SWPG/Pattern comments are consistent with the concept BAMx introduced in its opening comments, that is, capturing the costs of new transmission outside CAISO in the PPA pricing with LSE off-takers would lead to fair and equitable outcomes where the costs are allocated in a way that is roughly commensurate with benefits.⁷

BAMx Agrees With the CAISO that The Commission Should Adopt the Proposed Decision’s Storage Procurement Proposals for the Kern-Lamont and Mesa Substation Projects

The Proposed Decision directs Pacific Gas and Electric (PG&E) to conduct a competitive solicitation for a 95 MW battery storage resource at the Kern-Lamont substation and identify a

⁴ CMUA Opening Comments, Appendix A: Appendix of Proposed Modifications.

⁵ SWPG/Pattern Opening Comments, p.2.

⁶ SWPG/Pattern Opening Comments, pp.2-3.

⁷ BAMx Opening Comments, p.5.

50 MW four-hour storage project battery storage resource at the Mesa 115 kV substation.⁸ For the proposed 95 MW battery storage resource to address reliability issues at the Kern-Lamont substation, the PD requires PG&E to “show significant progress by filing a Tier 2 Advice Letter by August 1, 2022 showing that this resource will be online by Summer 2023 to meet the transmission needs found by the CAISO.”⁹ The CAISO has indicated that if there is insufficient progress, the CAISO could still move forward with a transmission upgrade to meet reliability needs.¹⁰ BAMx supports CAISO’s observations that “Commission action to align procurement directly with grid needs will (1) address load growth when and where needed, (2) avoid transmission expansion while meeting reliability needs, and (3) meet state clean energy goals.”¹¹

II. CONCLUSION

BAMx appreciates the opportunity to provide responses to the PD for use in the IRP and procurement and to be analyzed by the CAISO in the 2022-2023 TPP - and looks forward to continued participation in the IRP proceeding.

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Respectfully submitted,

/s/ Lena Perkins

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⁸ PD, pp. 157-158.

⁹ *Ibid.*

¹⁰ CAISO Opening Comments, p.3.

¹¹ *Ibid.*