

California Community Choice Association

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Contact

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1. Please provide your organizations comments on the proposed approach by the CAISO for accessing out-of-state wind resources:

California Community Choice Association (CalCCA) appreciates the opportunity to comment on the CAISO's proposed approach for gauging interest in accessing out-of-state wind resources. CalCCA understands the origination of this process as stemming from the 2021-2022 Transmission Planning Process (TPP) in which the California Public Utilities Commission (CPUC) Integrated Resource Planning (IRP) base portfolio included over 1,000 megawatts (MW) of out-of-state wind in either Wyoming/Idaho or New Mexico areas that are expected to require new transmission. In the 2021-2022 TPP, the CAISO performed an economic study on the base and sensitivity scenarios provided by the CPUC. While several transmission upgrade scenarios showed positive benefits to California Independent System Operator Corporation (CAISO) ratepayers, the CAISO indicated there was not sufficient economic justification to approve any upgrades in the 2021-2022 cycle. The CAISO also indicated that it had trouble directly comparing the cost-benefit ratios due to the differing cost/cost-recovery mechanisms proposed and differing output profiles from the various regions.

CalCCA supports load-serving entities (LSEs) providing the CAISO with information about their commercial interest in accessing out-of-state wind in these regions to allow the CAISO to identify the resource adequacy (RA) potential of clean resources in different regions and compare the costs and benefits of transmission upgrades in these different regions. However, the CAISO should not require LSEs to put down a deposit along with their expressions of interest refundable upon signing a PPA. In summary, CalCCA recommends:

- The CAISO should not require LSEs to put down a deposit with their expressions of interest;
- The expression of interest should request LSEs to provide the locations and MWs in which they see opportunities to contract with out-of-state wind resources for resource adequacy, along with supporting information as available;
- If the CAISO does move forward with a deposit requirement, the CAISO should (1) include an additional condition for the refund in which, in the event the transmission project does not get built, and as a result, the LSE does not sign a

- power purchase agreement (PPA), the LSE would still receive a refund, and (2) clarify where the money will go if the CAISO does not refund it; and
- The CAISO should clarify when and how it will use expressions of interest in coordination with the typical TPP processes to drive transmission projects.

Given this is a new process with potentially significant impacts on transmission build and RA procurement, it is critically important that the CAISO establish a process that will gain the most complete picture of commercial interest in out-of-state resources and that stakeholders understand how the CAISO will use the results of the expressions of interest to drive transmission build in the context of the existing transmission planning process.

2. Please provide your organizations specific comments on Proposal A, including the level of commitment proposed:

The CAISO proposes that LSEs put down a refundable deposit of \$10,000 MW with their expression of interest in Idaho wind that the CAISO would refund upon LSE submission of a finalized PPA with the Idaho resources for the MW of capacity consistent with what they intend to procure for resource adequacy. The CAISO should not require LSEs to put down a refundable deposit with their expression of interest for several reasons. *First*, there is uncertainty inherent within transmission planning around how this process will result in actual project approvals. This means that while an LSE may express interest in a project and put down a deposit, the transmission project may still not get built. In this case, it would not make sense for an LSE to execute a PPA for resources not deliverable to California. If the LSE would not receive its deposit back from the CAISO in this case, LSEs may be unlikely to place a deposit in the first place when such a deposit is at risk from both the developer moving forward with a PPA and the CAISO approving and building the transmission line. There are too many dependencies involved with getting new transmission built to make the expression of interest dependent upon signing a PPA – California approval, other states' approvals, siting, and permitting issues can all play a role in the project progressing through to completion. *Second*, because LSEs did not submit the transmission project as an economic study request in the 2021-2022 TPP, it is unclear why the CAISO would require LSEs to put down deposits. Doing so places the burden of proof that the transmission will be used to serve CA load on the wrong entity. *Third*, it is unclear why the CAISO would require a deposit for proposal A but not proposal B. It appears to be because Idaho wind would be accessed through a project approved through the TPP as an economic study in the 2021-2022 TPP, while the wind in other areas would be accessed through projects using the subscriber model. However, under both proposals, the CAISO says, "...if there is keen interest and commitment on behalf of the LSEs along with proven benefits to California ratepayers, then the ISO would further explore the potential of adding a particular transmission project to the rate base and operating the transmission line as a participating transmission owner (PTO) in the CAISO footprint."^[1] This indicates the projects would be funded and operated in the same manner regardless of the original nature of the request. *Fourth*, it creates an imbalance

in the requirements for expressions of interest in proposal A versus proposal B. The CAISO should align the manner in which LSEs express interest in proposal A and proposal B so that the CAISO can obtain a clear view of actual LSE commercial interest without imposing unnecessary barriers to expressing interest.

Instead of a deposit, the CAISO should request that LSEs confidentially provide the following information with their expressions of interest to allow the CAISO to assess the level of commercial interest in each area:

- The locations and MWs in which LSEs see opportunities to contract with out-of-state wind resources for resource adequacy;
- Potential transmission projects that CAISO should prioritize in its review that would allow California to access the resources the LSEs see opportunities with; and
- Supporting information as available. Such information could include:
 - Letter of intent or attestation of interest;
 - Exclusivity agreement;
 - Term sheets;
 - PPA proposals from OOS resources;
 - Whether or not the availability of transmission will be a condition for signing a PPA; and
 - Whether or not additional Maximum Import Capability (MIC) will be a condition for signing a PPA.

If the CAISO does move forward with a proposal to require a deposit with the expression of interest, the CAISO should clarify what happens to the deposit if an LSE does not sign a PPA following the expression of interest. It appears the CAISO will only refund a deposit if the LSE signs a PPA, but the proposal does not explain what happens to the deposit if the LSE does not sign a PPA. Since the CAISO is a non-profit public benefits corporation, the CAISO must use the revenues received or pay them out to market participants. Nowhere in the proposal does the CAISO highlight how this will happen. The CAISO should also include an additional condition for the refund in which, in the event the transmission project is not built, and as a result, the LSE does not sign a PPA, the CAISO would still refund the deposit to the LSE.

[1] CAISO Whitepaper at 6 and 7.

3. Please provide your organizations specific comments on Proposal B:

Beyond the clarifications requested in (2) and (4) related to the different approaches for Proposal A versus Proposal B and how the results of the expressions of interest will result in project approvals, CalCCA has no additional comments on Proposal B at this time.

4. Please provide any additional comments your organizations would like to make to help inform the CAISO and this initiative:

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The CAISO should further explain how it will use expressions of interest for both Proposal A and Proposal B to drive the approval of transmission projects. Specifically, will the CAISO consider the resource potential of other resource types (beyond just wind) that exist out of state in similar locations? To assist in this endeavor, the CAISO could expand the expressions of interest to glean information about where LSEs are seeing potential opportunities for other resources beyond wind that could use the same transmission path. Additionally, how will the results of the expressions of interest interact with the CAISO's standard planning assessments undertaken in each TPP cycle (*i.e.*, the reliability, economic, and policy assessments)? In the economic assessment in the 2021-2022 TPP, the CAISO found insufficient economic justification to move forward with the projects. How will the CAISO use the results of the expressions of interest to supplement the existing economic or policy-driven study results from the 2021-2022 TPP to decide which projects to add to the rate base?