

California Community Choice Association

SUBMITTED 03/20/2024, 02:35 PM

Contact

Shawn-Dai Linderman (shawndai@cal-cca.org)

1. Please provide your organization's comments on the 2025 and 2029 Local Capacity Requirements Draft Study Results.

The California Community Choice Association (CalCCA) appreciates the opportunity to comment on the 2025 and 2029 Local Capacity Requirements (LCR) Technical Study Draft Results (Draft Results). CalCCA greatly appreciates the significant efforts by the California Independent System Operator Corporation (CAISO) staff to conduct the LCR Technical Study and present the Draft Results. CalCCA does not object to any element of the Draft Results. The Draft Results highlight the critically important role the Transmission Planning Process (TPP) will play when it comes to identifying cost-effective solutions to reliably meeting local capacity area needs under a zero-carbon grid.

The ability to retire fossil fuel resources in local areas will depend on either (1) eliminating transmission constraints that limit the number of external resources capable of serving load in the local area, or (2) bringing online enough effective carbon-free resources inside of the local area to replace the existing fossil fuel resources. When cost-effective, new transmission can be extremely effective at reducing reliance on resources inside the local area by increasing the ability to import resources outside the local area to load centers. Because local areas depend heavily on gas-fired resources, it will be critical for the CAISO and the California Public Utilities Commission (Commission) to identify when transmission can cost-effectively reduce LCRs to meet state policy goals.

In the Integrated Resource Planning (IRP) proceeding (Rulemaking (R.) 20-05-003), the Commission adopted Decision (D.) 24-02-047, adopting the 2023 Preferred System Plan (PSP) and TPP portfolio that the CAISO will use in its 2024-2025 TPP.^[1] In the Decision, the Commission requests the CAISO to conduct a High Gas Retirement Sensitivity, "to identify the transmission resources and costs associated with planning for the potential future retirement of fossil-fueled resources as their economics decline."^[2] This sensitivity will inherently provide information about reliability needs in local areas that will emerge when the gas fleet is retired, as a majority of the existing gas fleet is located in local areas.

The Draft Results highlight the critical importance of conducting this sensitivity. The Draft Results show that many of the local areas have just enough or not enough internal generation to meet the requirement. One local area is deficient and an additional three local areas have less than ten percent excess generation beyond the requirement. This trend is projected to continue, as demonstrated by the 2032 LCR conducted by the CAISO in the 2022-2023 TPP. In that study, the total LCR requirement increases by almost 5,000 megawatts, two local areas are deficient, and three more have less than ten percent excess generation beyond the requirement. Because many of the local areas are right on the edge of having enough resources to meet the needs, a sensitivity analysis like the high gas retirement sensitivity will inform whether additional gas retirements will trigger the need for mitigation, either through new transmission or new local resources. When the CAISO does its High Gas Retirement Sensitivity, it should take care to make necessary assumptions about electrification, because local areas are where loads will increase the most, and a combination of gas retirements plus electrification could increase the need for mitigation measures.

As D.24-02-047 notes, "[a]ny sensitivity portfolios are used to produce transmission location and cost information that can inform future analyses, but the sensitivity portfolios alone usually do not result in direction recommendations for investment for particular transmission projects in the current TPP cycle."^[3] Following the sensitivity study, the Commission and the CAISO will need to consider what next steps are needed to enable progress to be made and any necessary actions identified from the sensitivity.

^[1] D.24-02-047, *Decision Adopting 2023 Preferred System Plan and Related Matters, and Addressing Two Petitions for Modification*, R.20-05-003 (Feb. 20,

2024): <https://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M525/K918/525918033.PDF>.

[2] *Id.* at 75.

[3] *Id.* at 70 (emphasis added).