



August 5, 2011

RE: Comments on California Transmission Planning Group (CTPG) 2011 Study Plan (initial draft July 15, 2011, revised draft July 29, 2011)

Dear CTPG Members:

The Large-scale Solar Association (LSA)¹ submits these comments in response CTPG's posting of 2011 Study Plan (originally posted on July 15, 2011; revised version posted on July 29, 2011) and the July 26th stakeholder meeting discussing the 2011 Study Plan. In the Study Plan, CTPG identifies the nine scenarios that it intends to use in developing the 2011 Study Plan and the assumptions underlying those scenarios. We are pleased to see that the CTPG has incorporated the West-of-River scenarios that LSA supported in its earlier comments. LSA does have some remaining concerns about the assumptions underlying the scenarios and the selected "CPUC Policy" scenario that are addressed below.

The Discounted Core Used to Develop the Scenarios Is Based on Out-of-date Information.

The CTPG Study Plan notes that all CTPG scenarios "will include the discounted core, currently being considered as part of the CPUC Long Term Procurement Plan." (p. 21). LSA has been participating actively in the California Public Utilities Commission's (CPUC's) Long Term Procurement Plan (LTPP) proceeding. Since the discounted core was originally proposed in the LTPP over a year ago, new information has become available and stakeholders have had some time to review the scenarios and underlying data and offer corrections and comments, which should be incorporated into the scenarios before they are used in the CTPG's planning effort. Specifically, at a minimum, the discounted core should account for new information on commercial projects that have met the CPUC's discounted core criteria since March/June 2010 and the Fairmont CREZ discounted core projects should be considered as discounted core projects in the Tehachapi Renewable Transmission Project CREZ.

To give some sense how much these updates will change the discounted core, LSA has sought information on the numbers of contracts that have been submitted to the CPUC since the June 2010 cut-off date in the discounted core criteria. As noted in the 2011 CTPG Draft Study Plan, the discounted core includes 23,017 GWh of resources. Based on information provided by the individual investor owned utilities, the expected annual deliveries for the contracts submitted since June 2010 are as follows:

- For SDG&E - 3,143 GWh; 30 contracts
- For PG&E - 4,934-5,074 GWh; 16 PPAs

¹ LSA represents 15 of the nation's largest providers of utility-scale solar generating resources. Collectively, LSA's members have contracted to provide over 7 GW of clean, sustainable solar power to California's load-serving entities. Its members develop, own and operate various utility-scale solar technologies, including photovoltaic and solar thermal system designs. LSA, and its individual member companies, are renewable energy industry leaders, advancing solar generation technologies and advocating competitive markets.

- For SCE - 3,695 GWh; 59 contracts

The June 2010 date appears to be related simply to the original development of the LTPP scenarios, as June 2010 was when these scenarios were prepared. As described above, a considerable number of new contracts have entered the approval process since the June 2010 deadline embedded in the discounted core criteria. The energy from these new contracts would increase the size of the discounted core by approximately one-half and comprise a significant fraction of the overall renewable net short in the CTPG (44,852 GWh). (pg. 23).

LSA disagrees with the CPUC's treatment of the discounted core projects in the LTPP scenarios. Specifically, the CPUC did not force individual discounted core² projects into the scenarios if the project required new transmission. Instead these projects were subject to a second test before being included in the scenarios. In the LTPP, discounted core projects requiring new transmission were only forced into the scenarios if discounted core projects would provide at least 67% of the energy (GWh) that could be accommodated over the new transmission line.³ LSA requests clarification from the CTPG on whether this additional transmission threshold was used to exclude discounted core projects from the scenarios included in the Study Plan.

Given the rapid change in the renewables contracting, it is critical that planning activities, like the 2011 Study that CTPG is undertaking, use up-to-date inputs that accurately describe the state of renewables projects to ensure that the resulting plans will accommodate the projects that are far advanced in the approval process. Thus, the discounted core should be updated to include contracts that have been submitted for approval since June 2010.

The "CPUC Public Policy" Scenario Should Incorporate Commercial Interest to Reflect the Most Likely Future Development.

In the previous draft of the Study Plan, CTPG indicated that it would be studying all of the LTPP scenarios from the CPUC. In the revised Study Plan, CTPG includes only the Cost-Constrained scenario. LSA has raised concerns about this scenario in other planning proceedings and, to the extent that a single LTPP scenario is singled out as the most appropriate scenario to study, supports the use of the Trajectory scenario, which reflects commercial interest. Focusing on the Cost-Constrained scenario exacerbates the discrepancy between renewables procurement and transmission planning.

The Cost-Constrained scenario is based solely on general assumptions about technology cost and does not consider (aside from the inclusion of certain "discounted core" projects) commercial interest, perhaps the best information available on the likely future of renewable development in the state. Commercial interest is the best indicator of what is happening on the ground, where developers are investing their resources and focusing their activities. Among the LTPP

² The discounted core is not held constant across the scenarios in the LTPP. According to the CPUC's Attachment 2 to the February Scoping Memo, "to be included in the discounted core, the project must be a new, repowered, or restarted RPS-eligible generation project with: 1.) a signed power purchase agreement (PPA) either under review or already approved by the Commission as of June 1, 2010; and 2.) its major permit (Application for Certification if under the jurisdiction of the Energy Commission; Conditional Use Permit in most other cases) filed with and deemed data adequate by the appropriate agency, as of March 1, 2010." However, even if a project meets these criteria and is deemed a discounted core project, it is not necessarily included in the different scenarios if it requires new transmission.

³ LTPP Scoping Memo, Attachment 2: Standardized Planning Assumptions (Part 2 – Renewables) for System Resource Plans, p. 12-13 (Filed February 10, 2011).

scenarios, only the Trajectory scenario places any weight on commercial interest beyond the discounted core, though even that scenario fails to fully account for up-to-date and comprehensive commercial interest. If any of the LTPP scenarios are to be studied, the Trajectory scenario appears to be most appropriate, though the discounted core must be updated to reflect current market conditions and projects' statuses.

Further, the Cost-Constrained scenario is based on assumptions regarding technology, financing and development costs derived from static and rapidly aging data. Despite the rapid changes in renewable technology and market evolution, the scenario reflects no sensitivities or other analysis capturing the potential for significant technology costs shifts to occur in the next ten years. Using static costs to develop this scenario essentially freezes renewable technology development by favoring mature technologies with lower costs currently over promising, but less mature, technologies with higher costs now, but potentially lower costs over the timeframe analyzed in the planning process. Thus, the Cost-Constrained scenario may not actually represent the lowest cost scenario over the planning horizon.

Conclusion

In closing, LSA requests that CTPG update the discounted core to include commercial projects which have met the CPUC's discounted core criteria of having 1) a signed PPA either under review or already approved by the Commission and 2) its major permit filed with and deemed data adequate by the appropriate agency.

Please contact me by email at kristin@consciousventuresgroup.com or by phone at (916) 599-8633 with any questions. Thank you for your consideration.

Sincerely,

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