

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



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Order Instituting Rulemaking to Develop an
Electricity Integrated Resource Planning
Framework and to Coordinate and Refine
Long-Term Procurement Planning
Requirements.

Rulemaking 16-02-007
(Filed February 11, 2016)

**COMMENTS OF TRANSWEST EXPRESS LLC ON
PROPOSED DECISION ADOPTING PREFERRED SYSTEM PORTFOLIO
AND PLAN FOR 2017-2018 INTEGRATED RESOURCE PLAN CYCLE**

David F. Smith
Director – Engineering and Operations
TransWest Express LLC
555 Seventeenth Street, Suite 2400
Denver, CO 80202
Tel: 303-299-1545
Email: david.smith@tac-denver.com

Roxane J. Perruso
Senior Vice President, Chief Operating
Officer and General Counsel
TransWest Express LLC
555 Seventeenth Street, Suite 2400
Denver, CO 80202
Tel: 303-299-1342
Email: roxane.perruso@tac-denver.com

Dated: April 8, 2019

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I. INTRODUCTION

Pursuant to Rule 14.3 of the California Public Utilities Commission’s (“Commission”) Rules of Practice and Procedure, TransWest Express LLC (“TransWest”) respectfully submits the following comments on the March 18, 2019 *Decision Adopting Preferred System Portfolio and Plan for 2017-2018 Integrated Resource Plan Cycle* (“Proposed Decision”). TransWest appreciates the opportunity to provide comments on this important Proposed Decision.

II. COMMENTS ON THE PROPOSED DECISION

TransWest supports the Proposed Decision’s overall finding that this first cycle of the Integrated Resource Plan (“IRP”) development process, while informative, did not result in actionable IRPs that could be implemented to meet California’s energy and environmental goals. The work the Commission and the parties performed on their respective IRPs and system-wide portfolios was very helpful and informative; however, improvements in the planning process are still necessary to ensure the successful implementation of future IRPs. Notably, to make future IRPs actionable, the initiation of a procurement track and the submittal of policy-driven

sensitivity cases for analysis in the California Independent System Operator’s (“CAISO”) 2019-2020 Transmission Planning Process (“TPP”) are required.

One of the main purposes of the IRP proceeding is procurement of resources. By including a procurement track in the 2019-2020 IRP cycle, the Commission will encourage procurement of resources in the short- and medium-term to take place in a timely manner, while ensuring a reliable, affordable, and environmentally-responsible electricity supply. In addition to procurement, implementation of future IRPs will also likely require expansion of the CAISO grid. Therefore, the two policy-driven sensitivity portfolios developed for analysis in the 2019-2020 CAISO TPP include transmission expansion to provide access to lower cost diverse renewable resources, particularly low-cost wind resources in Wyoming.

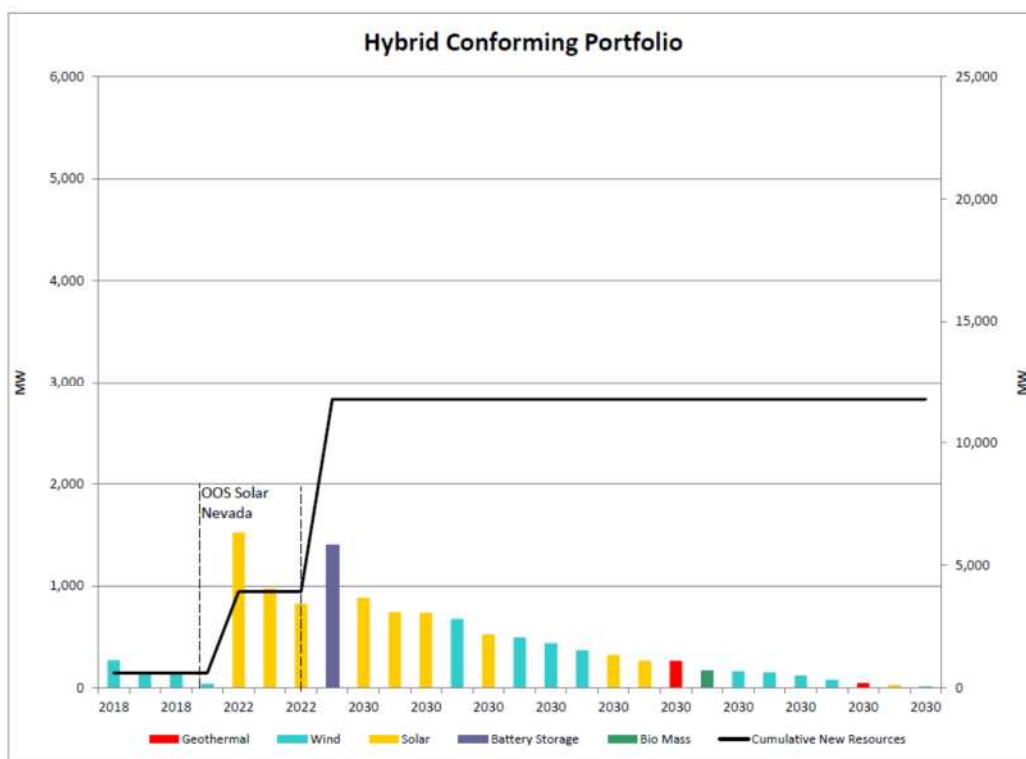
The state is facing major planning challenges related to the 2025 closure of the Diablo Canyon Power Plant, which produces approximately 18,000 GWh/year of greenhouse gas (“GHG”) free energy. The 2019-2020 IRP cycle should focus specifically on the IRP-related actions required to minimize the increase of GHG emissions in the medium term, that is, five to six years from today. The Preferred System Portfolio (“PSP”) includes the procurement of 6,000 MW of solar and 1,000 MW of wind resources by 2026. While the timing and scale of these resources matches the planned retirement of Diablo, the driver for the procurement in the RESOLVE model was not the retirement of Diablo but the modeled increase in resource costs driven by the expiration of federal tax credits.¹

The aggregate load serving entity (“LSE”) IRPs as shown in Figure 1 below did not result in this same pre-Diablo retirement procurement of resources. The LSE IRPs do not appear to provide for procurement of enough renewable resources in a timeframe required to meet the

¹ See D.18-02-018, at 41.

statutory requirement that LSE IRPs replace the Diablo shortfall in a way that avoids increases in GHG emissions.²

Figure 1³



TransWest suggests that the 2019-2020 IRP cycle include specific analysis of the types of resources that could be deployed by mid-decade to replace 18,000 GWh/year of GHG-free energy. The scale and relatively short time frame to replace the base load output from Diablo

² See Public Utilities Code Section 712.7(b) (“The Commission shall ensure that integrated resource plans are designed to avoid any increase in emissions of greenhouse gases as a result of the retirement of the Diablo Canyon Units 1 and 2 powerplant.”).

³ The following graph was developed using the “new_build_MW” data contained in the “results” sub-folder of the RESOLVE results for the 2018 Preferred System Plan. See Commission, 2017-2018 IRP Events and Materials, *available at* <http://www.cpuc.ca.gov/general.aspx?id=6442451195>.

The graph depicts the new resources planned for each of the four planning years. For each planning year, new resource areas are shown from largest to smallest. The left axis (MW) is per resource type/area and corresponds to the columns on the graph. The right axis is the cumulative amount of resources (MW) for each of the four planning years and corresponds to the black line on the graph.

will require focusing on solutions that include potentially dispatchable and/or diverse production profiles that could be placed online at the GW scale within the next five or six years. Given the permitting and construction timeline for such large scale projects, the 2019-2020 IRP cycle should focus on large scale projects that have completed or substantially completed permitting and are ready to start construction in the near term (by 2020 or 2021). The universe of such projects is relatively small given the required up-front investment needed to position such projects to be shovel ready.

The 3,000 MW, 12,000 GWH/year Chokecherry and Sierra Madre Wind Energy Project and the TransWest Express Transmission Project meet this criteria of large scale, advanced projects with a production output profile not correlated with PV solar profile. This non-correlated profile would provide a GHG-free resource to replace Diablo's output without increasing the flexible ramping requirements placed on the gas fleet every evening. It would also offset the seasonal changes in production output from the solar fleet.

The 2019-2020 TPP policy-driven sensitivity cases and the 2019-2020 IRP cycle core sensitivity cases include other wind and transmission projects that could also help meet the Diablo replacement needs by mid-decade. Large scale geothermal projects and/or combined solar resource and pumped-storage facilities may also meet this advanced development criteria. However, to be able to replace Diablo's output by 2025, the permitting for these large scale projects and any related transmission needs to be mostly completed in the very near term.

III. CONCLUSION

The Proposed Decision, including the procurement track and the policy-driven sensitivity scenarios for the 2019-2020 CAISO TPP, constitute a great first step for the Commission, CAISO, and LSEs. These stakeholders must now strive to ensure that the 2019-2020 IRP cycle

focuses on actionable IRPs that can meet California's goals for a reliable, environmentally-friendly, and affordable electricity supply throughout the entire planning horizon.

Respectfully submitted,

Dated: April 8, 2019

/s/

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Director – Engineering and Operations
TransWest Express LLC
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Denver, CO 80202
Tel: 303-299-1545
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APPENDIX A

TransWest does not offer any specific revisions to the Proposed Decision.