Order Instituting Rulemaking to Establish Policies, Processes, and Rules to Ensure Reliable Electric Service in California in the Event of an Extreme Weather Event in 2021

PREPARED OPENING TESTIMONY OF DANIELLE OSBORN MILLS ON SUMMER 2022 AND 2023 RELIABILITY ENHANCEMENTS ON BEHALF OF AMERICAN CLEAN POWER – CALIFORNIA

Before the California Public Utilities Commission

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I. INTRODUCTION AND SUMMARY

American Clean Power – California (“ACP-California”) submits this written testimony in response to Administrative Law Judge Brian Stevens’ August 16, 2021 E-Mail Ruling Issuing Commission Developed Staff Concepts Proposal Document And Seeking Comment In Opening Testimony Due September 1, 2021. This Opening Testimony focuses on Phase 2 issues 1(e) and (g), (IRP and interconnection issues, respectively), increasing the availability of supply-side resources in 2022 and 2023 through the Commission’s oversight of the Investor Owned Utilities’ (“IOUs”) transmission planning and interconnection activities.

Interconnection delays remain a key barrier in making clean capacity available to grid operators, particularly by the summers of 2022 and 2023. ACP-California sees this as a two-fold issue. First, there are ongoing delays to pre-cluster 14 projects that are largely out of the control of generators due to a variety of reasons, for example, reassessment of fault levels at particular substations and delays in getting precursor network upgrades constructed. As a result, there is a considerable amount of new, dispatchable clean capacity studied in the California Independent System Operator’s (“CAISO”) queue clusters 8, 9, 10, 11 and 12 that had commercial online dates in 2021 and still face uncertainties as to when they will be able to interconnect. Second, the queue cluster 14 subscription levels are very large, which has delayed the overall processing timeline for new projects.

As discussed below, ACP-California proposes two reforms that would help resolve interconnection delays, including: 1. Create greater transparency and oversight of interconnection and transmission development; 2. Reduce California Public Utilities Commission (“CPUC”) permitting timelines and expedite engineering for already approved projects with minimal environmental impacts. ACP-California also supports the proposal in the staff concept paper to authorize the IOUs to evaluate storage projects at existing substations, so long as the prioritization
of any such storage projects does not exacerbate delays to previously queued interconnection customers.  Specifically, in evaluating any authorizations of new storage facilities at existing substations, the CPUC should ensure that the IOUs have conducted an analysis of all previously queued projects that may be interconnecting to or otherwise relying on the same substations, and ensure there is no material impact on previously queued projects. This analysis should be akin to the CAISO’s analysis that it conducts for independent study process under Appendix DD of the CAISO tariff.

II.  BACKGROUND AND WITNESS INFORMATION

American Clean Power Association (“ACP”), represents companies from across the clean power sector that provide cost-effective solutions to the climate crisis while creating jobs, spurring massive investment in the American economy, and driving high tech innovation across the United States. ACP’s mission is to transform the U.S. power grid to a low-cost, reliable, and renewable power system. ACP’s California project is American Clean Power – California ("ACP-California").

This testimony is sponsored by Ms. Danielle Osborn Mills. Ms. Osborn Mills has over fifteen years of experience in complex California energy and environmental challenges. As Principal of Renewable Energy Strategies and Director of American Clean Power - California, she works with global leaders in renewable energy development to determine policy priorities and positions, and currently advocates for the development of utility-scale wind, solar, and storage as part of a clean, affordable, and reliable portfolio for California. Ms. Osborn Mills’ previous experience includes consulting and advocacy for a suite of clean energy technologies, and collaboration with environmental groups to prevent and resolve environmental conflicts associated with clean and renewable energy development. She has a B.S. in Natural Resources from the
III. DISCUSSION

1. **ACP-California Proposal 1: Greater Transparency and Oversight of IOU Transmission and Interconnection Projects.**

Now more than ever, the timely development of transmission will be integral to realizing the scale of new generation capacity needed to meet the State’s ambitious climate targets and near-term reliability needs. In the past, transmission development has been a major barrier to the achievement of the state’s climate and reliability targets, and this situation seems to be getting worse. Every year, the CAISO conducts reassessments in its interconnection process, which can result in the extension of in-service date. ACP-California and its members have become increasingly concerned by delays in network upgrades, which in turn are delaying new capacity from coming online. In some cases, “precursor” network upgrades were approved many years ago and yet the timing of the upgrades is still resulting in unforeseen delays in generation in-service dates. This situation is jeopardizing generation project viability and has led to the loss of capacity that would have otherwise been available in 2021, 2022 and 2023.

The AB 970 reporting process provides important information on the status and timing of network upgrades that is not *readily* available elsewhere. ACP-California seeks to ensure that the AB 970 reporting (or successor reports to FERC) continue to provide transparency into the status of transmission development and the implications for the development of new clean capacity that the state will rely on in meeting its climate and reliability targets. ACP-California respectfully requests that the Commission provide greater oversight and renew the AB 970 reporting process to ensure that the information provided by IOUs is accurate and up to date.
In addition to making the status of transmission development clearly available on a timely basis, the Commission should also assign additional staff resources to specifically monitor the IOUs transmission development activities from the perspective of ensuring that the IOUs are meeting the timelines projected in their transmission studies and reports. The Commission should use this proceeding to provide firm direction that transmission owners should prioritize timely completion of transmission upgrades needed to facilitate renewable energy and clean capacity development.

Finally, in response to the guidelines set forth in Judge Steven’s August 11, 2021 Ruling providing guidance on party’s testimony, ACP-California provides the following additional information in support of ACP-California Proposal 1 to identify new proposed program details or modifications to existing programs that would increase supply at net peak. The general program design would be to open a new AB 970 oversight proceeding. The IOUs should be required to submit quarterly updates of their AB 970 reports and hold at least one public workshop to discuss the AB 970 reports. This reporting pursuant to AB 970 should be in addition to the utilities’ STAR reporting. This information is commercially important, yet there is currently very little transparency or accountability. Delays have created new barriers to deployment of clean capacity. The Executive Director should assign one or more staff members to review and validate the IOUs reporting under AB 970, and to follow up with transmission owners if timelines begin to slip. The program should begin immediately. By creating more awareness and oversight of transmission and interconnection delays, this new “program” would reduce the risks that capacity otherwise planned for 2022 and 2023 face fewer risks of delays due to transmission and interconnection issues.
2. **ACP-California Proposal 2: Expediting Already-Approved Transmission Projects.**

One step that can be taken immediately and will provide real stimulus starting in 2021, is to ensure that transmission upgrades already approved by the CAISO and included in the Utilities STAR and AB 970 reports move through the siting, engineering, and construction phases as soon as possible. Accelerating and securing these transmission upgrades will support near-term development of the associated renewable energy resources. However, some of these transmission upgrades are delayed and need to be prioritized by the California Public Utilities Commission and/or the transmission owner responsible for their completion.

Several transmission upgrades – located primarily in PG&E’s system, can enable 1,400 – 2,000 MW of renewable and battery storage projects.\(^1\) Renewable developers are ready to construct these projects when the transmission upgrades are secure. From an environmental/siting perspective, most of these projects are relatively benign “reconductoring” of existing transmission lines and substations, meaning minimal new right-of-way and minimal environmental impacts. The projects are currently in varied stages of the siting process. All these upgrades have been approved by either the CAISO generation interconnection process or the CAISO transmission planning process. The funding mechanisms for the upgrades are already established and well understood.

Regulatory action is necessary to prioritize these projects and ensure they are completed in a timely manner so that they can unlock renewable energy and clean capacity development in the near-term. First, the CPUC CEQA staff and PG&E should identify options for responsible acceleration of completion of previously approved projects. Second, the CPUC should ensure that

\(^1\) Projects identified through review of PG&E’s AB 970 report from Q3 of 2020 and industry review of interconnection studies.
the transmission owners have sufficient engineering resources to maintain and, where possible, 
accelerate the engineering phase of the projects and begin construction as soon as possible. Third, 
the Commission should authorize funding to support additional resources the transmission owners 
may require, such as funding for engineering support.

Furthermore, the Commission should evaluate the requirements for when a utility must file 
for a Certificate of Public Convenience and Necessity (“CPCN”) vs. a permit to construct. The 
filing requirements for a CPCN can delay needed generation projects by multiple years beyond the 
timelines set forth in their interconnection agreements. To avoid these delays, while still fulfilling 
the Commission’s CEQA requirements, the Commission should revise General Order 131-D to 
ensure that projects that are primarily within existing corridors are able to proceed through a permit 

to construct.

In addition, the Commission should evaluate how the IOUs are recovering the costs of their 
transmission projects in various rate cases, as well as their cost of capital approvals. If the utilities 
are not meeting milestones for transmission development, the Commission should evaluate the 
potential for reducing the return on equity associated with projects where the IOUs have not met 
their milestones.

Finally, in response to the guidelines set forth in Judge Steven’s August 11, 2021 Ruling 
providing guidance on party’s testimony, ACP-California provides the following additional 
information in support of ACP-California Proposal 2. We do not believe this proposal requires 
the initiation of a new “program”. Instead, ACP-California recommends refinements to existing 
processes. To implement Proposal 2, the Commission should open a proceeding or otherwise 
provide an opportunity to review and comment on revisions or clarifications to General Order 131-
D. Following this comment opportunity, the IOUs should be required to provide information on
transmission projects that can be expedited and provide the Commission with the degree to which these transmission projects will improve deliverability. This information should be considered in the context of the IRP busbar mapping process to ensure that the opportunities for developing additional deliverability are considered in the IRP process and inform the Transmission Planning Process. This evaluation should take place as soon as possible and should be coordinated with the CAISO’s current, 2021-2022 Transmission Planning Process.

IV. CONCLUSION

Interconnection and transmission development are a major barrier to bringing incremental clean capacity online by the 2022 and 2023 timeframes. If left unaddressed, interconnection delays will jeopardize the achievement of medium- and longer-term reliability and carbon reduction targets as well. To address these concerns, the Commission should use this proceeding as an opportunity to create more transparency in the IOUs’ execution of interconnection and transmission development projects. The Commission should also reduce the permitting timelines it has authority over, particularly for projects that are primarily within existing corridors.

V. VERIFICATION

I, Danielle Osborn Mills, hereby certify under penalty of perjury that this testimony was prepared by me or at my direction, and that this testimony is true and correct, to the best of my knowledge.

Signed: /s/ Danielle Osborn Mills
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