

**UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION**

Transmission Planning and Cost Management)))	Docket No. AD22-8-000
Joint Federal-State Task Force on Electric Transmission)))	Docket No. AD21-15-000

**POST-TECHNICAL CONFERENCE COMMENTS OF
THE CALIFORNIA INDEPENDENT SYSTEM OPERATOR
CORPORATION**

The California Independent System Operator Corporation (“CAISO”) submits these comments in response to the Federal Energy Regulatory Commission’s (“Commission”) Notice Inviting Post-Technical Conference Comments issued December 23, 2022 (“Notice”).¹

I. Comments

The Commission’s technical conference and related Notice focus on local planning issues, and in particular issues associated with asset management and capital maintenance projects, including transparency, stakeholder participation, and costs. Because planning for asset management and capital maintenance projects is outside the scope of the CAISO’s transmission planning authority/responsibility, the CAISO offers limited comments. The CAISO’s situation may be unique in that the CAISO, not participating transmission owners, has sole planning authority over all local transmission expansion and upgrade

¹ Capitalized terms not otherwise defined herein have the meanings set forth in appendix A to the CAISO tariff.

projects; participating transmission owners only have responsibility for capital maintenance and asset management projects that do not expand the capacity of the grid (except possibly incidentally) and cannot approve local transmission upgrades and expansions. The CAISO describes why an independent transmission monitor is unnecessary for the CAISO given these circumstances.

A. The CAISO Oversees Expansion of the Transmission System Under Its Operational Control

In the CAISO's balancing authority area, maintenance and asset management projects are not evaluated in the CAISO's transmission planning process. The CAISO's transmission planning process deals solely with planning activities related to expanding and upgrading the transmission system, and it does so for both local and regional needs.² Specifically:

The comprehensive Transmission Plan will identify Merchant Transmission Facilities meeting the requirements for inclusion in the Transmission Plan and transmission solutions needed (1) to maintain System Reliability; (2) to satisfy the requirements of a Location Constrained Resource Interconnection Facility; (3) to maintain the simultaneous feasibility of allocated Long-Term CRRs; (4) as additional components or expansions to LGIP Network Upgrades are identified pursuant to Section 24.4.6.5; (5) to meet state, municipal, county and federal policy requirements and directives, including renewable portfolio standards policies; and (6) to reduce congestion costs, production supply

² Section 24 of the CAISO's Tariff addresses both the scope of the CAISO's transmission planning process and the process itself. See also *Cal. Public Util. Comm'n, et al. v. Pacific Gas and Elec. Co.*, 164 FERC ¶61,161 at PP 35-37 (2018) (PG&E Complaint Order), *reh'g denied*, 168 FERC ¶61,171 (2019) (PG&E Complaint Rehearing Order). CAISO Participating Transmission Owners cannot approve upgrades or transmission work in their asset management processes that expand (other than incidentally) the capacity of the CAISO grid. System capacity expansions and upgrades can occur only through the CAISO's regional transmission planning process.

costs, transmission losses, or other electric supply costs resulting from improved access to cost-effective resources.³

Other projects outside this scope, such as those pertaining to maintenance and repair of existing facilities, are managed by the participating transmission owners and are subject to separate, non-CAISO planning processes.⁴

The CAISO does not herein comment on those separate transmission owner processes; rather, it only seeks to clarify that many local projects as discussed in the technical conference do not fall under the CAISO's purview, and thus any solutions identified should not extend to the CAISO's planning process.

For its part, the CAISO's transmission planning process is robust in its evaluation of alternative solutions to meet identified needs, and it provides opportunities for stakeholder participation from an early stage. All stakeholders—transmission customers, transmission owners, developers, market participants, state agencies, and environmental interests—can participate in ensuring the appropriate study assumptions and scenarios are identified, and they have the opportunity to comment on all published drafts of the plan, including the final draft before it is submitted for approval to the CAISO Board of Governors. The CAISO makes all planning process information and models available, allowing stakeholders to conduct their own modeling and analyses to assess transmission needs and solutions. This collaborative process helps the

³ Section 24.1 of the CAISO Tariff.

⁴ Under the Commission-approved Transmission Control Agreement ("TCA") between the CAISO and its PTOS, the PTOs are responsible for all maintenance-related activities; the CAISO is responsible for system expansions. See TCA Sections 4.3, 6.3, and 11.

CAISO develop an annual transmission plan that identifies the most cost effective solution (transmission or non-transmission) to meet an identified need. The CAISO also runs scenario analyses based on stakeholder input and provides the results to stakeholders. The CAISO provides planning cost estimates for new transmission projects in the transmission planning process and in its functional specifications for competitive solicitations. Consistent with Order No. 1000,⁵ the CAISO identifies the “more efficient or cost-effective solution” to meet an identified need and proactively seeks to avoid stranded costs in approving public policy projects.⁶

B. Existing and Proposed Processes Address Local Planning for Capital Maintenance and Asset Management Projects

The CAISO notes that the local planning issues identified by the Commission are being addressed in several parallel and overlapping venues. For example, the Commission’s Notice recognizes Pacific Gas & Electric’s Stakeholder Transmission Asset Review (STAR) Process and Southern California Edison’s Stakeholder Review Process (SRP) as two examples of opportunities for stakeholders to engage with capital maintenance and asset management projects that are beyond the scope of CAISO’s transmission

⁵ *Transmission Planning and Cost Allocation by Transmission Owning and Operating Pub. Util.*, Order No. 1000, 136 FERC ¶¶ 61,051 (2011); *order on reh’g and clarification*, 139 FERC ¶¶ 61,132 (Order No. 1000-A) (2012); *order on reh’g and clarification*, 141 FERC ¶¶ 61,044 (Order No. 1000-B) (2012), *aff’d.*, *S.C. Pub. Serv. Auth. V. FERC*, 762 F.3d 41 (D.C. Cir. 2014).

⁶ Section 24.4.6.2 and Section 24.4.6.6 of the CAISO Tariff address Reliability-Driven and Policy-Driven Solutions, respectively.

planning process.⁷ San Diego Gas and Electric Company also has a similar review process.⁸ The California Public Utilities Commission is proposing to extend these programs through Draft Resolution E-5252, Transmission Project Review Process,⁹ which formalizes the programs and provides a uniform process to review California investor owned utilities' capital transmission projects.

Although there is a defined divide between the planning responsibilities of at the CAISO and the participating transmission owners, there is still coordination between the two and with California energy agencies. Recently, in December 2022, the CAISO joined the CPUC and California Energy Commission in signing a joint Memorandum of Understanding (MOU).¹⁰ This MOU enhances coordination between the three entities regarding load forecasting, resource planning, and transmission planning, particularly in light of the escalation of new resource development necessary to meet state reliability and renewable energy goals. Improved coordination will result in more optimized transmission solutions, increased transparency, and potential cost-savings, while supporting state policy directives. The CAISO already works with the CPUC and stakeholders to incorporate CPUC-developed resource portfolios into its

⁷ Notice, Question 2 at 4.

⁸ SDG&E's Evaluation of Forecast Period Capital Additions. See San Diego Gas & Electric Company Transmission Owner Tariff Rate Filing, San Diego Gas & Electric Co., FERC Docket No. ER19-221 (filed Oct. 15, 2019).

⁹ Available at <https://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M503/K138/503138442.PDF>. This Draft Resolution is scheduled for consideration at the April 6, 2023 CPUC Voting Meeting.

¹⁰ Available at <https://www.caiso.com/Documents/ISO-CEC-and-CPUC-Memorandum-of-Understanding-Dec-2022.pdf>.

transmission planning process to inform the need for transmission upgrades or additions. The MOU calls for the development of process documentation to identify process linkages and anticipates that any such documentation will be publicly available to support increased transparency.

C. An Independent Transmission Monitor Requirement Should Not Apply to the CAISO's Transmission Planning Process

The CAISO recognizes that there are regional variations in how asset management and capital maintenance projects (and local upgrade and expansion projects) are planned for and approved, which entities have responsibility for those processes, and the state goals that such processes may support. For this reason, the CAISO does not support adopting a uniform requirement to create independent transmission monitors that may unduly encumber existing and transparent transmission planning processes, such as the CAISO's, that are functioning effectively and efficiently and are approving the transmission (and non-transmission) solutions needed to meet reliability and achieve public policy (including environmental) goals. Implementing a general independent transmission monitor requirement is unnecessary and overbroad, will create redundancies, and unduly hamper existing robust transmission planning processes for expansion projects.

The technical conference entertained multiple functions or scopes for a potential independent transmission monitor. However, all of these functions, such as reviewing potential transmission facilities and their costs, are duplicative

of processes already occurring at the CAISO. In RTO/ISO regions, transmission planning already occurs in a transparent, independent, and non-discriminatory manner. The CAISO conducts its transmission planning function through a stakeholder process in which the CAISO justifies capital expansion projects based on an objective and conservative cost/benefit analysis and regularly selects non-incumbent transmission developers as project sponsors. In its transmission plan, the CAISO estimates the impact of the capital projects identified in the CAISO's annual transmission planning processes on its High Voltage Transmission Access Charge. The CAISO makes its model to complete this cost estimate available to stakeholders, who in turn are empowered to participate and provide feedback through the stakeholder process. The CAISO also monitors the need for transmission projects it has approved in previous planning cycles on a case-by-case basis when warranted by the circumstances. The CAISO has canceled many projects – including projects awarded in competitive solicitations – that it subsequently determined were no longer needed. Unlike market monitors within RTO/ISO regions, an independent transmission monitor would duplicate work the CAISO already performs. Such a duplicative entity is not necessary for transparency or increased stakeholder participation as it relates to the CAISO's transmission planning process.

Additionally, RTOs/ISOs already must adhere to independence principles adopted by the Commission. As part of these principles, RTOs/ISOs maintain financial independence from their market participants, including entities seeking to develop transmission. RTOs/ISOs perform their transmission planning

process ultimately to benefit transmission customers. Requiring each RTO/ISO to employ an independent transmission monitor will not enhance this independence or the work RTOs/ISOs perform for transmission customers.

Finally, stakeholders can already raise any concerns directly with the CAISO or with the Commission. The Commission has ample authority to request information from transmission planners, audit whether transmission planning processes adhere to existing rules or regulations, or initiate and/or entertain section 206 proceedings regarding public utility transmission planning processes. There is no need to create an additional layer of monitoring.

Requiring an independent transmission monitor is unnecessary and problematic. It would disrupt and add uncertainty to the transmission planning process, and create potential delays. The CAISO's planning process follows a set schedule with specific milestones for study inputs, results, and Board approval. It also includes objective criteria for that analysis and approval of projects. An additional layer of monitoring will impact this schedule unnecessarily by adding more time for review that only replicates the analysis already undertaken by the CAISO. A secondary level of the same review would also undermine the CAISO's thorough analysis and potentially the CAISO's Board approval by delaying the finality of those decisions.

II. Conclusion

In the CAISO's balancing authority area, local maintenance and asset management projects are not within the CAISO's purview. There are, however,

other existing processes that serve similar functions. At least with respect to the CAISO's transmission planning process, there is no gap that an independent transmission monitor can address. The CAISO urges the Commission not to adopt a uniform independent transmission monitor requirement. Such a requirement would duplicate the work the CAISO already does and could add uncertainty and delays to the existing process. At a minimum, the Commission must recognize this fact and provide the CAISO and other planning authorities the opportunity to demonstrate why adoption of any independent transmission monitor is not necessary in their transmission planning processes.

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CERTIFICATE OF SERVICE

I certify that I have served the foregoing document upon the parties listed on the official service list in the captioned proceedings, in accordance with the requirements of Rule 2010 of the Commission's Rules of Practice and Procedure (18 C.F.R. § 385.2010).

Dated at Folsom, California this 23rd day of March, 2023.

/s/ Jacqueline Meredith

Jacqueline Meredith

An employee of the California ISO