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**BAMx Comments on**  
**CAISO 2008 Transmission Plan**  
**and**  
**CAISO Revision 3 Draft BPM and MRTU Tariff Language**  
**In compliance with**  
**FERC Order No. 890, Transmission Planning**

The following are BAMx<sup>1</sup> comments submitted on the CAISO 2008 Transmission Plan presented by the CAISO and the PTOs on November 20, 2007. These comments are also in response to the Version 3 of the CAISO draft BPM and related MRTU Tariff changes associated with compliance with FERC Order No. 890, transmission planning requirements, that were discussed by the CAISO in the November 14, 2007, stakeholder meeting.

At a time when regulators and others are encouraging transmission planning entities to provide an effective mechanism for stakeholder participation in regional planning services, it is getting more difficult to participate meaningfully. So far we do not see that the new CAISO transmission planning process is any improvement over past efforts. The major deficiencies are related to the need for: sufficient documentation and the timing of providing the documentation and requiring meaningful stakeholder comments. We must distinguish between producing numerous documents and having complete analysis of transmission deficiencies, a complete analysis of alternative fixes to deficiencies and well documented results of the analysis. Better analysis/documentation of information is needed in the following areas.

**Justification for Projects**

The CAISO should adopt standard defined terminology describing the reasons to approve a transmission project, thereby allowing all stakeholders to utilize the same terminology and thus greatly enhancing our communications and comments. As an example of insufficient/confusing information, see Table 3 of the PG&E's 2007 Grid Expansion Plan main report that has the following notes under the "Purpose and Benefit" column: "Reduce LCR", "Meet Customer Demand, and Improve Service Reliability", "Meet Customer Demand and Reduce Generation Cost", "Meet Customer Demand", "Improve Service Reliability", "Reduce RMR", "Access Resource", "Reduce RMR and Improve Service Reliability", "Reduce RMR and Reduce Congestion." It seems like many of these terms are similar. For instance, if a projected load for a future year cannot be met under the CAISO criteria, is that project needed to "Meet Customer Demand" or "Improve

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<sup>1</sup> BAMx, the Bay Area Transmission group, consists of Alameda Power and Telecom, City of Palo Alto Utilities, and City of Santa Clara (Silicon Valley Power).

Service Reliability” or both. What distinguishes the various classifications? There should be set defined terms consistently applied by the CAISO and their stakeholders.

### **Timing of Approvals**

BAMx and others have previously noted that the requirements for stakeholders to propose projects in November of year X-1 for year X grid plan is discriminatory and unworkable<sup>2</sup>. If all deficiencies for the next 5 to 10 years are appropriately addressed by the PTO in X-1, there should not be any issues to be addressed by other stakeholders in year X. While the 3<sup>rd</sup> Draft of the BPM in compliance with FERC Order No. 890 obligates “PTOs economic transmission upgrades or additions” to follow the Open Season process, it has not been made clear, as mentioned above, on what distinguishes an “economic project” from one that is defined as “reliability transmission upgrades or additions” when project justifications are inconsistently classified.<sup>3</sup>

This situation is compounded by the lack of reliable and complete information being provided on a timely basis. We are asked to comment on the PG&E proposals by November 30, 2007<sup>4</sup> even though we do not have the results of their LCR studies by then. Stakeholders do not have a complete picture of possible transmission projects until and unless they have the results of these studies. They were supposed to be available in October. They are not available now and it is unclear when they will be available.

At the CAISO November 20, 2007, stakeholders meeting on the CAISO 2008 Transmission Plan, the PTOs study results and proposed projects were introduced. It was stated then the Long-term LCR study is anticipated to be available by the end of November. (Gary DeShazo slide 5.) Given that the current results are not well documented and the reasons for proposing a project are not clear, it is unclear which ones are to be proposed for CAISO approval this year. Since the LCR study is not even concluded yet, it is unreasonable to expect stakeholders to provide comments on the PTOs proposed projects by December 4, 2007. It is disingenuous for PG&E and the CAISO to “advertise” how open and transparent their processes are when they do not provide complete information on a timely basis yet still expect stakeholders to quickly respond.

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<sup>2</sup> See BAMx submitted comments of September 25, 2007, on the CAISO initial draft BPM in compliance with FERC Order No. 890.

<sup>3</sup> The CAISO 3<sup>rd</sup> draft BPM at page 23 defines “PTO economic transmission upgrades or additions” as Transmission upgrades or additions proposed by PTOs seeking approval primarily based on the economic efficiency of the projects and for which the PTO intends to obtain revenue recovery through the CAISO’s Transmission Access Charge. (Note that projects that are less than \$50 million dollars may also be identified through PTO mitigation proposals.) PTO’s Economic transmission projects are required to follow the Open Season procedure. “Reliability transmission upgrades or additions” are not required to follow the Open Season procedure, since the PTOs are under an obligation to propose transmission solutions to resolve any identified reliability criteria violations. PTOs may propose these projects through submission of individual mitigation proposals in accordance to the developed Study Plan.

<sup>4</sup> PG&E’s Karen Grosse introductory remarks, Nov. 8, 2007, Slide 9.

The timing of projects and their approval process remain confusing and opaque to stakeholders. Complete guidelines should be developed statewide for requesting CAISO approval. It does not appear that there is any consistency in approval times and actual project lead times and when and if re-approval is needed for change in scope and/or cost. Just one example of some confusion is with respect to the 230/115kV transformer capacity increase at Moraga Substation. The Powerpoint slide indicates a need to replace the banks by 2011, but the scope says they will do one bank in 2011 and one in 2012. Is approval for this bank replacement needed now or could the project be for notification purposes and proposed in PG&E's 2008 grid expansion plan for approval by CAISO for 2009?

To further illustrate the timing of approval issue, PG&E has two major transmission projects included in their last presentation, one in San Francisco (PG&E Project No. T1032), and one in Oakland (PG&E Project No. T1039), both of which require a 230 kV CPCN. Although it was not made clear in their presentation, a reasonable assumption would be that PG&E proposes an in service date of 2012 and CAISO approval would be requested next year. A one year difference in on-line dates between these projects and changing out transformers seems small. Among the 12 GBA "New and Proposed Revised Project Proposals" shown in the table on slide 5 of the November 8 presentation and slide 20 of the November 20 presentation, it should be clearly delineated which of the 12 projects PG&E will be seeking CAISO approval this year.

### **Application of Reliability Criteria**

The study plan for the PG&E yearly expansion plan typically refers to the CAISO planning criteria in an Appendix but very little discussion is included in the proposed expansion plan on how the analysis utilizes that criteria. As an example of how such an application of the standards may not be clear to stakeholders, the Oakland Pocket Capacity Upgrade project says it is needed to take care of reliability upgrades for N-2 events. It is unclear when it is OK to shed load for such events and when it is not. The Ravenswood-Cooley Landing 115kV lines are proposed for re-conductoring by May 2012 for an L-1, G-1 event. Previous studies have shown that substantial load dropping would be required for an L-2 of the two Ravenswood-Cooley Landing overhead circuits on the same tower line. It is very unclear when a project should be approved to eliminate load dropping for an L-2 event and when it is not allowed. Such a discussion typically is not even included in their expansion plans. None appears in the documents shared by PG&E for this year's expansion plan.

### **Allocation of Resources**

We recognize an overall limitation of resources to make improvements to the CAISO planning process. Ideally resources need to be added so that meaningful results are available to stakeholders about mid-year, not in December.

Past experience indicates that is unlikely, with the yearly planning process, we will achieve the improvements that are needed. One suggestion on ways to improve the

process without necessarily increasing the resources applied is to go through a biennial transmission planning process. We recognize that would require a change in the tariff language and associated BPMs, but given FERC Order No. 890 compliance and MRTU tariff proposals, this may be an opportune time to consider a biennial planning process. The time spent developing a new load forecast and set of new base cases can be applied to improving the process in the manner indicated above and in other ways. We suggest the net result of eliminating a single cycle of load forecasting and base case development to improve the overall thoroughness of the planning process is a worthwhile tradeoff.

The BAMx members appreciate the opportunity to comment on these matters.