

Subject: 2010 CAISO Transmission Plan Technical Study Results (September 15, 2009)

Submitted by (name and phone number)	Company or Entity	Date Submitted
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Green Energy Express LLC (“Green Energy Express”) appreciates the opportunity to provide comments in response to the September 15, 2009 Preliminary Technical Study Results for the 2010 Transmission Plan (“Study Results”) and the October 26 and 27, 2009 stakeholder presentations regarding the Study Results provided by the Staff of the California Independent System Operator (“CAISO”). At the same time, however, Green Energy Express is deeply concerned and dismayed that the Study Results and the CAISO Staff’s stakeholder presentation of the Study Results do not include any economic analysis of the Green Energy Express Transmission Project (“GEET Project” or “Project”), which validly was submitted as an economic transmission project through the CAISO’s Request Window in December 2008.¹ The CAISO’s failure to include any analysis of the Project as part of its Study Results indicates that the CAISO has so far failed to conduct the Transmission Planning Process for the 2010 Transmission Plan in a manner that is transparent and consistent with the requirements of the Transmission Planning Process as specified in the Tariff and the Business Practice Manual for the Transmission Planning Process (“TPP BPM”). Green Energy Express strongly urges the CAISO to correct this failure and make clear now as part of the ongoing stakeholder process for the 2010 Transmission Plan as to when and how it will prepare and provide an economic analysis of the Project that comports with the requirements of the Tariff and the TPP BPM.

The GEET Project was submitted through the Request Window following a preliminary, yet detailed, reliability and economic analysis to ensure the viability of the Project. The application, which included the reliability and economic analysis, complete with primary and alternative routes and alternative options, was consistent with the requirements in CAISO’s Federal Energy Regulatory Commission (“FERC”)-approved planning procedures. Moreover, on January 14, 2009, Green Energy Express provided, at the CAISO’s request, an extensive Economic Analysis and quantification of the numerous categories of benefits that the Project would bring. The Green Energy Express analysis is equivalent to the economic assessment methodology used by the CAISO in evaluating and approving other major transmission projects.

¹ The proposed GEET Project will include a new 500/230kV substation with a Phase-Shifting Transformer; a Double-circuit series compensated 500 kV line to Southern California Edison’s Devers Substation (approximately 70 Miles); and a double-circuit 230 kV line to the Eagle Mountain Substation (approximately one mile). The Project will be capable of transferring up to 2,000 megawatts (MW) of renewable energy from the surrounding area to the Southern California load centers. As of December 2008, the estimated cost for the entire Project was \$400 million.

With scant explanation, the CAISO's 2010 Transmission Plan: Final Study Plan released in May 2009 ("2010 Study Plan") noted the CAISO's unilateral "conversion" of the GEET Project, along with 10 other proposed transmission projects (none of which Green Energy Express believes were submitted by Participating Transmission Owners), from "economic" projects under Section 24.1.1 of the Tariff, to requests for "Economic Planning Studies"—a substantively different category of request under the CAISO Transmission Planning Process procedures.² In converting the projects to Economic Planning Studies, the CAISO cited the desire for further market data to determine need based on the potential to mitigate congestion identified on the CAISO-controlled grid.³ Section 24.1.1 of the Tariff provides, however, that the need for an economic project will be evaluated based on a cost-benefit metric that takes into account *several* factors, and nothing in the Tariff provides that the cost-benefit analysis depends solely on a showing of a reduction in congestion costs. Nonetheless, because the need to undertake economic studies (including studies not solely based on possible mitigation of identified congestion) appear to be a routine part of the CAISO's Section 24 cost-benefit analysis,⁴ there was no reason to presume based on the CAISO's statements in the 2010 Study Plan, that the Green Energy Express Project was no longer being processed under the annual cycle of the Transmission Planning Process under Section 24 of the Tariff. Green Energy Express had anticipated that the Study Results properly would include the GEET Project.

The Study Results and subsequent CAISO Staff presentations on the Study Results indicate, however, that the CAISO has not performed an economic analysis comparing the GEET Project to other alternatives and has not selected the lowest cost alternatives. Such comparisons and cost-benefit analysis are required under the FERC-approved Transmission Planning Process as specified in the Tariff and the TPP BPM. Green Energy Express urges the CAISO to make clear now in the ongoing stakeholder process for the 2010 Transmission Plan when and how it will prepare and provide an economic analysis of the Project (as well as the other economic transmission projects properly submitted into the Request Window that were unilaterally converted to requests for Economic Planning Studies) in a manner that is consistent with the requirements of the Tariff and the TPP BPM.

² The Tariff makes clear that a Market Participant proposal of a transmission addition and a request for an Economic Planning Study are two different things. *See also, e.g.* CAISO Tariff § 24.2.3 ("All requests for Economic Planning Studies *and* transmission upgrades or additions must be submitted by Participating TOs, Market Participants . . . or Project Sponsors through the Request Window"); CAISO Tariff § 24.2.3.2 (providing for procedures for such requests). The Commission, relying on descriptions from the CAISO, also clearly understood these two things to be different in approving the Transmission Planning Process. *See California Independent System Operator Corporation*, 123 FERC ¶ 61,283 at PP 16, 20, 53 (2008).

³ CAISO, 2010 ISO Transmission Study Plan, Final Study Plan at 40-41, *available at* <http://www.caiso.com/2374/2374ed1b83d0.pdf> ("2010 Study Plan").

⁴ Section 24.1.1(b) of the CAISO Tariff states that the CAISO will consider, for economic addition or upgrade projects, the degree to which benefits of the project outweigh the costs. It further provides that benefits "may" include, but need not be limited to "a calculation of any reduction in production costs, Congestion costs, Transmission Losses, capacity or other electric supply costs resulting from improved access to cost-efficient resources, and environmental costs."