

COMMENTS OF RECURRENT ENERGY ON PROPOSED EAST KERN WIND RESOURCE AREA PROJECT

Recurrent Energy hereby submits these comments on the proposed East Kern Wind Resource Area 66 kV Reconfiguration (EKWRA) Project. The EKWRA Project - proposed for Management approval in the CAISO's Draft 2010 Transmission Plan (Draft Plan) - consists of several individual projects that would do the following:

- *Separate the existing Antelope-Bailey 66 kV system into two systems; and*
- *Tie the northern system, including generators connected to it, into Windhub Substation.*

Recurrent Energy has submitted several interconnection applications for stand-alone solar plants on SCE's existing 66 kV transmission system in the Tehachapi area. This network currently runs from the Tehachapi Mountains south, eventually to Antelope Substation. The area has high potential for solar-energy development, in addition to wind-energy development; however, in the absence of a significant upgrade, this 66 kV system cannot easily accommodate any additional generation.

Consistent with our prior comments, we strongly support the intent of the EKWRA Project. In addition to addressing reliability problems in the area, the proposal could also allow for connection of several hundred MWs of new renewable generation to the grid. The Project would also enable more-efficient utilization of the existing and approved transmission network upgrade being constructed in the Tehachapi area to serve wind resources by adding solar resources to that system.

Despite our general support of the EKWRA proposal, several details are still unclear and could be problematic. Recurrent Energy is concerned about timing and several aspects related to the interconnection-point change; those concerns are described below.

Project timing: The Draft Plan states that the Project is needed in 2011, but the proposed schedule has a Project in-service date of December, 2013. During the discussion at the February 16th stakeholder meeting, the CAISO agreed to provide a written list of the several component projects that comprise the Project and mentioned that there were possible phase-in options.

We hope that this information will be forthcoming, and that the CAISO will schedule a separate conference call to discuss this and other Project features. To the extent possible, the CAISO and SCE should focus first on constructing the Project elements to enable interconnection of new generation – preferably by the 2011 date – as a first priority when scheduling specific upgrades.

Change of interconnection point: The CAISO said that at least some of the existing and new generation in the EKWRA area would be connected to distribution facilities after the reconfiguration, instead of transmission facilities. It seems that there will be significant distribution facilities in the new configuration, since the distribution costs quoted in the February 16th meeting presentation were five times the transmission costs in total.

There are several implications to switching the classification of the physical facilities to which new area generators will connect that should be discussed with the affected generators, including:

- **Project funding:** The allocation of these costs to the generators involved, if any, was not clear; the transmission-distribution split of any cost allocation is significant, because any transmission costs funded by generators would be refundable after the generators come on-line, while distribution costs would not. In addition, it wasn't clear at all whether Interconnection Facilities (all funded by generators, with no refunds) would also be needed. The CAISO also agreed at the February 16th meeting to provide some information on these costs and cost splits.

- **Distribution losses:** Existing and proposed generators planning to interconnect to the 66 kV system that runs south to Antelope have or have planned to interconnect directly to the CAISO Grid, since the main line in that area is classified as a CAISO-jurisdictional transmission line.

Losses on the transmission system are usually covered by Buyers under most recent Power-Purchase Agreements (PPAs), because the Delivery Point in the PPA is usually the first point of interconnection with the CAISO grid. However, losses on the distribution system are usually covered by Sellers; depending on the magnitude of any proposed Distribution Loss Factors after the configuration, the difference between distribution-level and transmission-level interconnections could significantly impair the economics of both existing and new generators.

Conclusion: Stakeholders suggested at the meeting that the CAISO hold a separate conference call to discuss the above issues; it was clear that both existing-generation owners and new-generation developers were concerned. Recurrent Energy believes that a conference call, after the additional information is provided, would be a good opportunity to ensure that the impacted generators are comfortable with the CAISO and SCE plans for this area and that any serious generator concerns are addressed before the proposal is finalized. Should a conference call not be held, we would propose that the EKWRA plan be expedited to as close to 2011 as possible, and approved by CAISO management.