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Policy Initiatives Catalog Submission Form		Date Created:	6/1/2017

California ISO Policy Initiatives Catalog Submission Form

This purpose of this form is to propose potential policy initiatives that require a stakeholder process and typically require tariff changes. Do not use this form to request or propose process improvements or administrative changes. Such requests should be made through your Customer Service Representative or Account Manager

Date: 7/3/2018

Submitter Information

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Please provide a title for the issue.

Review and Refinement of the Transmission Planning Process (TPP)

Please provide a summary description of the issue (i.e. 500 words)

Changes in the industry and in the region necessitate a comprehensive review of the CAISO's TPP. This stakeholder initiative would consider holistic modifications to the TPP with a high priority placed on ensuring that the CAISO is appropriately evaluating transmission projects, including projects to access resources outside the CAISO.

Other ongoing policy discussions at the CAISO, such as Storage as a Transmission Asset, will likely result in necessary changes to the TPP in the near term. Considering this and other needed modifications it is timely for the CAISO to now open a stakeholder initiative to address the following issues:

- 1) CAISO's evaluation of transmission projects that reach outside of its boundaries, evaluations which are becoming more common (and have included the 50% RPS and ITP Special Study and the PNW Transfers Special Study). This initiative would consider whether modifications are needed to ensure that transmission lines, which are not wholly contained within the CAISO, can be considered by the CAISO as regional transmission projects. Historically the CAISO has considered these types of transmission lines to be part of the Interregional Transmission Coordination construct, which may prevent approval of such projects if they are not approved by other transmission planning regions, even if they provide a net benefit to the CAISO.
- 2) Consideration of economic benefits associated with transmission lines that deliver renewable energy resources to CAISO load. This initiative would evaluate ways in which the CAISO can appropriately consider economic benefits associated with transmission lines that primarily access renewable resources, even when those resources are located remote from the CAISO. As the cost of renewable resources has

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declined, these resources can help California achieve its public policy/clean energy goals, but they can also provide economic benefits, in part, the form of reduced production costs and resource adequacy benefits (including flexible resource adequacy benefits). In practice, however, the CAISO’s TPP has indicated that evaluation of remote renewable resources would need to be conducted through the “Public Policy” track of the TPP. Given the shift in renewable resources’ use on the grid, it is appropriate to consider modifications to the TPP that would more appropriately ensure that the CAISO uniformly considers the economic benefits associated with transmission lines that primarily access renewable resources (or other cost-effective resources).

- 3) Changes to the TPP to support energy storage as a transmission asset.
- 4) Other issues to be identified by the CAISO and stakeholders.

Please provide any data/information available that would characterize the importance or magnitude of the issue.

The needs of the electric grid have changed considerably but yet the TPP has not been refined in a number of years.

The Storage as a Transmission Asset stakeholder initiative seems likely to require future modifications to the TPP and it makes sense for the CAISO to open the discussion to broader reforms

Additionally, there is increased interest in the ability of regional resources to provide economic and policy benefits to CAISO. CAISO performed the 50% RPS and ITP analysis as a Special Study and is currently conducting a Special Study on transfers from the Pacific Northwest. However, the TPP lacks a structured process for consideration of those types of expansions, outside of the Interregional Coordination Process. Consequently, the CAISO evaluation in each of the special studies has used different approaches and will consider different benefit categories for the potential transmission facilities. For instance, the Pacific Northwest Transfers study will consider Resource Adequacy (RA) value for zero-carbon imports or transfers, but the 50% RPS and ITP analysis did not consider RA benefits associated with the transmission lines assessed in that study. This discrepancy leads to potentially inequitable outcomes and inconsistent results from CAISO transmission planning studies that evaluate resources located outside of the CAISO boundaries.

To remedy this and to ensure the most cost-effective and efficient transmission and non-transmission alternatives are selected in future TPPs, the CAISO should undertake a comprehensive review of the TPP and make appropriate modifications.

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