



## **ACC Comments on the CAISO's September 22, 2017 Stakeholder Meeting Presentation on the 2016-17 Interregional Transmission Project (ITP) Evaluation and 50% RPS Out-of-State Portfolio Assessment**

The American Wind Energy Association California Caucus (ACC) appreciates the CAISO's efforts to continue studying potential transmission solutions to facilitate potential future generation portfolios that include significant wind from high-quality, and low cost, regional wind resources. The results of the 2016-17 ITP Evaluation and 50% RPS Out-of-State Portfolio Assessment, presented during the CAISO September 22<sup>nd</sup> Transmission Planning Process (TPP) stakeholder meeting, represent a significant step forward for the CAISO in assessing the benefits of different transmission projects to better enable delivery of high-capacity factor wind. ACC greatly appreciates the CAISO's effort on this front.

As the CAISO is aware, the CPUC issued an ALJ Ruling Seeking Comment on Proposed Reference System Plan (RSP) and Related Commission Policy Actions within the Integrated Resource Plan (IRP) proceeding (R.16-02-007) on September 19, 2017. One of the Proposed Commission Policy Actions pertains to Out-of-State Wind. The Ruling states *"it appears as though some ratepayer cost savings, as well as resource diversity benefits for renewable integration, could be achieved by procuring more out-of-state wind resources in the near term. Achieving this outcome would require targeted examination of options for accelerating the development of transmission to support delivery of additional wind from out of state [emphasis added]."* Procurement in the near term is associated with the California consumer savings that can be achieved with Wyoming and New Mexico wind resources that are eligible to secure 100% of the Production Tax Credit (PTC).

The AJL Ruling outlines two procedural options for the CPUC and CAISO to perform this targeted examination to accelerate the development of transmission and requests comments from parties within the proceeding. Regardless of which procedural option is ultimately contained within the Final Ruling, the CAISO should use this informational study process, and build upon it, to position itself for the 2018-19 TPP, such that the CAISO is capable of approving the necessary regional, public-policy driven transmission additions to enable LSE procurement of their preferred resources, which may include regional wind.

Some of ACC's comments are focused on additional work the CAISO should do as part of the information-only study effort, while others focus more on appropriate preparations for analysis of public policy-driven transmission needs in the 2018-19 TPP. ACC's comments on the CAISO's study results focus on four areas:

1. The significant economic benefits and time sensitive nature of obtaining regional wind resources that are 100% PTC qualified require the CAISO to prepare to make decisions on necessary transmission additions to access regional wind in the 2018-19 TPP.
2. The CAISO should coordinate with the CPUC to determine the appropriate level of granularity of CPUC-provided policy direction regarding potential out-of-state resources and the information, analysis, and transmission solution recommendations the CPUC would like to have from the CAISO.
3. The CAISO should focus on its **regional public policy-driven** transmission assessment for studying transmission solutions to Wyoming and New Mexico wind that might be identified as part of the IRP.
4. The CAISO should move expeditiously to implement the next steps it has identified, as well as to conduct additional analysis of other advanced development transmission projects and to develop a methodology for comparing the relative costs, planned in-service dates and economic benefits of different transmission alternatives to access out-of-state wind.

## Near-Term Wind Procurement to Secure Ratepayer Savings May Require a CAISO Decision on Transmission Solutions in the 2018-19 TPP

As the CAISO and CPUC are aware, there is a limited opportunity for California's LSEs to include energy and capacity that qualify for the PTC and Investment Tax Credit (ITC). The IRP analysis has highlighted the significant ratepayer savings that can be achieved with near-term procurement, including procurement of Wyoming and New Mexico wind resources. The time-sensitive nature of these opportunities will require fast action on the part of the CAISO and the CPUC. The CPUC process is moving forward rapidly, and, as currently drafted, includes recommendations to further consider regional wind opportunities. ACC anticipates that the CPUC will be able to provide discrete recommendations regarding procurement portfolios in the context of the final IRP Ruling later this year.

Should LSEs seek to procure regional wind resources, the ISO should be prepared to help the LSEs achieve their desired resources in time to secure PTC benefits. This will require the ISO to study necessary transmission solutions as part of the 2018-19 TPP and utilize the flexibility inherent in the TPP (i.e., between the publication of the draft TPP and the final TPP) to provide the LSEs information on these solutions. The CAISO can and should be prepared to conduct the necessary, **regional public policy-driven** transmission planning during the upcoming TPP cycle.

The RETI 2.0, the earlier in-state assessments by the CAISO as part of the 50% Special Study and the IRP preliminary results have all indicated that renewable resource additions anticipated to be needed inside of California will not require significant transmission additions. Furthermore, given the results of the ISO's Available Transfer Capability (ATC) analysis, it is reasonable to expect a transmission build-out will be required for California to access Wyoming and New Mexico wind resources. Therefore, should regional wind resources be procured by LSEs, the transmission necessary to reach those resources would likely be the appropriate focus of the ISO's 2018-19 public **regional policy-driven** transmission assessment. The ISO should position itself to conduct significant analyses of out-of-state transmission solutions to regional wind as part of the 2018-19 TPP to ensure LSEs are not precluded from considering out-of-state wind resources that can secure the full PTC.

## CAISO Coordination with CPUC on Out-of-State Resource Portfolios Should Continue

During the September 22<sup>nd</sup> stakeholder meeting, the CAISO indicated that it was unclear what "policy direction" it might receive from the CPUC as a result of the IRP process. ACC encourages the ISO to continue to coordinate with the CPUC staff to better understand the appropriate level of granularity that is required to analyze these potential multi-state transmission projects. The CAISO should focus on the appropriate level of granularity that will be provided for any out-of-state portfolios and should seek to understand the role the CPUC would like to have the CAISO play in any out-of-state wind analysis, including any assessments, studies or decisions that the CPUC envisions being provided by the CAISO.

Additional coordination with the CPUC may also indicate the CPUC's envisioned role for the CAISO in ensuring that LSEs are able to procure the desired set of resources necessary to achieve the IRP's GHG targets.

## CAISO Should Focus on its Public Policy-Driven Regional Planning Processes for Assessing Transmission to Regional Wind Resources

In conducting information-only studies, and in any assessments that are part of the 2018-19 TPP, the CAISO should conduct the analysis under its own **regional, public policy-driven** transmission

assessments. The CAISO's current tariff requires it to evaluate transmission solutions needed to meet state policy requirements such as those provided by the CPUC. The CAISO must conduct this assessment regardless of the location of the generation resources that will be used to meet public policy goals. Therefore, should the CPUC provide a portfolio of resources to the ISO which includes Wyoming and New Mexico wind, the ISO needs to study transmission solutions for those resources in its **regional** planning process. The CAISO must study these transmission solutions in the **regional** planning process, even if the CAISO later considers those projects in the context of **Interregional Transmission Coordination**. In fact, the consideration of project alternatives in the **Interregional** process **requires** the CAISO to have first evaluated **regional** transmission solutions in the context of its **regional** planning process. ACC urges the CAISO to conduct all future information-only and formal TPP analyses of out-of-state wind in the context of the CAISO's current, **regional, policy-driven** planning process. The CPUC and CAISO should coordinate on whether additional **regional economic-driven** assessments should be conducted for these multi-state transmission projects to augment the IRP analysis.

The Recommended Next Steps Should Be Implemented Expeditiously and Should Be Expanded to Assess Additional Transmission Projects and to Compare Project Costs and Benefits

While the CAISO may be called upon to utilize its regional planning process to conduct significant transmission planning as part of the 2018-19 TPP associated with these out of state resources, it still has an opportunity to continue to improve its capabilities and processes to assess transmission to reach Wyoming and New Mexico wind in the context of the 2016-17 information-only study. The CAISO should fully utilize this opportunity by expeditiously completing the next steps identified in the September 22<sup>nd</sup> presentation.

The CAISO should also conduct a comparable assessment of the other transmission solutions, which were not submitted as ITPs, but which could be online in time to support 100% PTC qualified wind. ACC has suggested that the CAISO study the projects identified as "Advanced Development" in the RETI 2.0 Plenary Report and other projects that have sufficiently progressed with permitting to be online or under construction by 2020. These projects include several projects included in the analysis to date such as Gateway South and West, SWIP North, SunZia and TransWest Express plus additional "Advanced Projects" that have not been analyzed by the ISO to date, including Southline and Western Spirit. The inclusion of these Advanced Development projects will enable the CAISO to study the potential projects and the relative benefits offered by different project options that can help facilitate capture of the benefits associated with the PTC.

Furthermore, the CAISO should work to develop a framework for addressing the transmission attributes that it identified as requiring further consideration. Specifically, ACC encourages the CAISO to focus on assessing the relative costs, development status, and benefits of the different transmission solutions it has studied (and those ACC is suggesting it add to the analysis). The CAISO should also engage with the various transmission developers and out-of-state utilities to understand the potential for arrangements with non-CAISO transmission owners for capacity to fully connect these advanced development projects to the CAISO footprint.

ACC encourages the CAISO to commence this work immediately, and to release a subsequent set of results to inform various regulatory and procurement processes.