

BAMX Comments on the CAISO 2018-19 Transmission Plan Stakeholder Presentation Materials from November 16, 2018

The Bay Area Municipal Transmission group (BAMx)¹ appreciates the opportunity to comment on the development of the CAISO 2018-19 Transmission Plan (TP) as discussed during the November 16th stakeholder meeting. We request that the CAISO address the following issues in its draft comprehensive Transmission Plan expected in January 2019.

Deliverability Methodology

The shift in the time of peak demand due to the high penetration of Behind The Meter (BTM) solar PV has given rise to issues with the current Deliverability methodology used to assess whether a given generator's Qualifying Capacity (QC) can reach the aggregate of system load at the time of system peak. Historically, there have been a number of stakeholder questions concerning the existing CAISO Deliverability calculation methodology. So much so that in 2013, the CAISO published a Technical Paper and held a stakeholder meeting on the methodology. While there was not a consensus among the stakeholders on the merits of the current methodology, it was clear that this topic is a sensitive issue among generators, regulators and TAC ratepayers. Therefore, given this history, BAMx supports initiating a separate stakeholder initiative to vet the proposed modifications in the Deliverability calculation methodology. A brief presentation over a few PowerPoint slides embedded in a discussion of Policy-driven transmission and a two-week comment period over the holiday season is not sufficient stakeholder engagement given the interest and impact of this topic. A subject of this importance merits more thorough stakeholder engagement.

Concerning the proposed modifications described at the stakeholder meeting, the CAISO proposal has attractive aspects, such as potentially driving fewer transmission upgrades and supporting higher renewable penetrations on the existing transmission system. However, there are elements that need to be more fully discussed and understood. Such elements include (1) how the transmission capacity requirement identified by the methodology compares to the CPUC-adopted Effective Load Carrying Capability (ELCC) values of the generators that it supports, (2) how the resultant shift towards economic analysis being used to size transmission capacity from renewable generation pockets will be managed, and (3) how the transition for generators that are currently in the CAISO generation interconnection process will be managed.

Policy Assessment

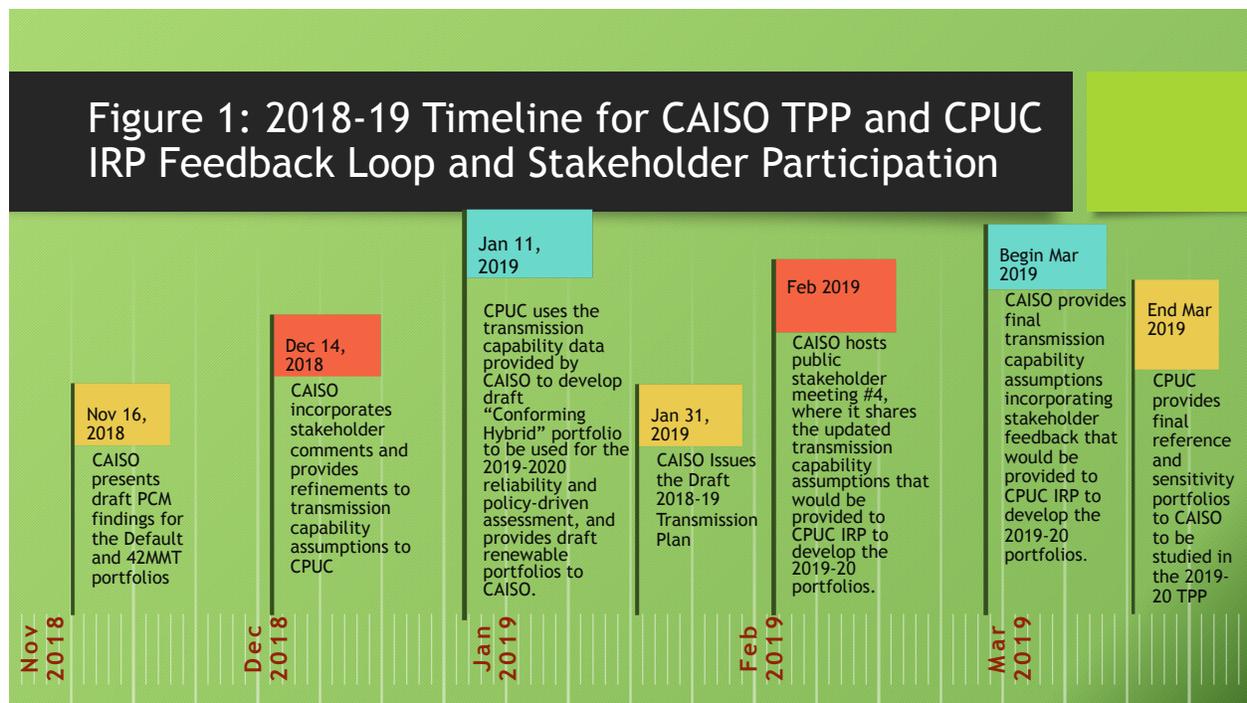
The CPUC Integrated Resource Plan (IRP) 42 MMT Scenario portfolio and the CPUC IRP Reference System Plan were studied as a sensitivity in the 2018-2019 TPP policy-driven assessment to identify potential Category 2 informational transmission projects. The study found that while Full Capacity Deliverability Status (FCDS) resources are deliverable based on the CAISO new proposed Deliverability calculation methodology, higher curtailment of renewable generation could result. The finding supports the previously noted need for a greater understanding of the proposed Deliverability calculation methodology and how impacted parties

¹ BAMx consists of City of Palo Alto Utilities and City of Santa Clara, Silicon Valley Power.

can understand the potential for curtailment, the process for how such curtailment is quantified and, if economically justified, how mitigation will take place in a timely manner.²

As we had indicated in our prior comments in the 2018-2019 TPP³, we have some serious concerns about the sufficiency of the feedback loop concerning transmission constraint information between the CAISO reliability and deliverability assessment and the CPUC's renewable portfolios. In those comments, we had provided an example that demonstrated a need to establish a more effective and timely feedback loop within the same cycle to avoid potential approval of an unneeded policy-driven transmission project.

In Figure 1 below, we suggest a timeline for CAISO's consideration entailing an exchange of data and information among CAISO TPP, CPUC IRP, and involved stakeholders. In particular, we request the CAISO to provide its draft transmission capability estimates to the CPUC's IRP comprising the stakeholder feedback in mid-December 2018. This would allow the CPUC adequate time to include those estimates in the RESOLVE model and provide the resulting draft "Conforming Hybrid" resource portfolio - to be used in the 2019-2020 reliability and policy-driven assessment - to the CAISO by mid-January 2019.

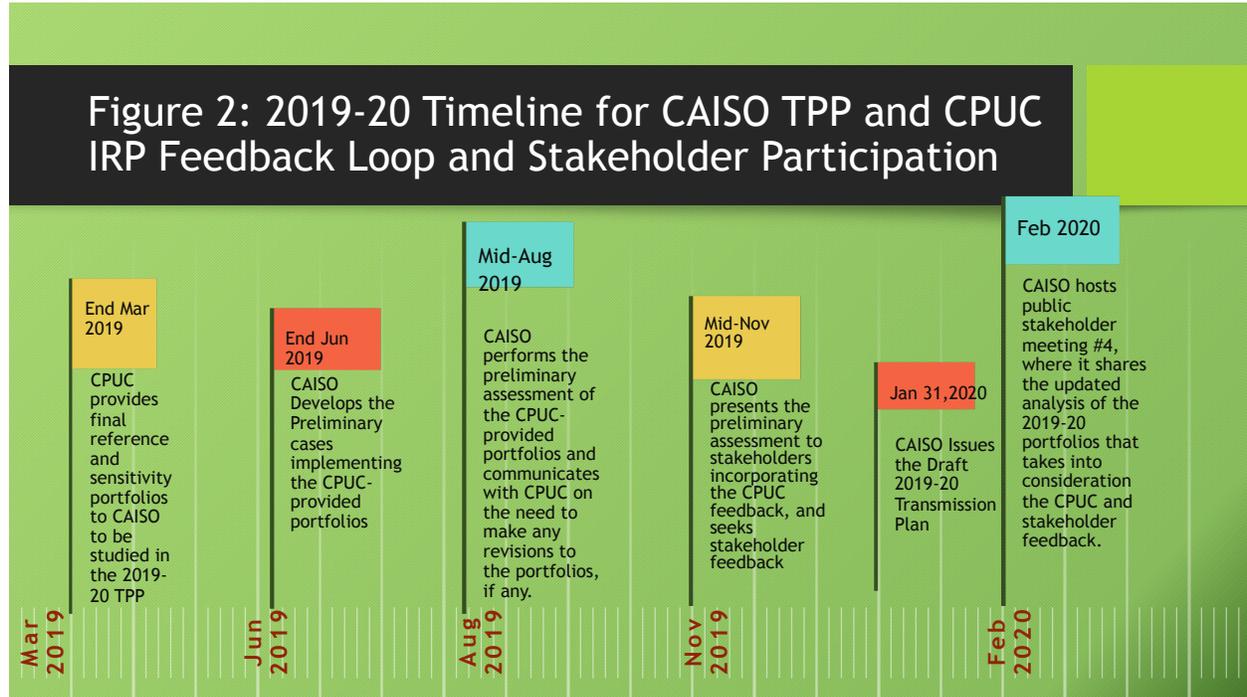


² The current economic analysis methodology relies on production cost modeling where congestion cost is quantified based upon fossil unit redispatch and the associated cost curves. The methodology would need enhancement to reflect the forgone value of curtailed renewable generation.

³ <http://www.caiso.com/Documents/BAMxComments-2018-2019TransmissionPlanningProcess.pdf>

The CAISO could then utilize its updated Production Cost Modeling (PCM) analysis⁴ and the CPUC’s draft portfolios to further refine the transmission capability estimates, and present it during the February 2019 stakeholder meeting. Subsequently, the CAISO would then incorporate the stakeholder feedback in the “final” transmission capability estimates it would provide to the CPUC beginning of March 2019. This would provide CPUC with adequate time for developing and providing the final base (reference) and sensitivity portfolios for the 2019-2020 TPP.

The above BAMx-proposed timeline will ensure that the 2019-20 TPP portfolios used to determine the reliability and policy-driven projects are vetted by stakeholders and would minimize the likelihood any inefficient and unneeded Area Delivery Network Upgrades (ADNU)⁵ being approved under the 2019-2020 TPP. If for some reason, the CAISO and CPUC cannot implement the feedback loops outlined in Figure 1, we suggest the timeline shown in Figure 2 during the 2019-20 TPP.



Economic Assessment

The presentation on the economic assessment lacks the level of detail presented at this time during prior TPP cycles. The recent CAISO presentation lacked information on the economic value of simulated transmission congestion. BAMx understands that the local congestion identified in the study resulted in a large number of curtailment hours associated with the

⁴ Involving the CAISO-proposed next steps identified on slide #46 of the “2018-2019 TPP Policy-driven Assessment,” presented during the November 14th stakeholder meeting.

⁵ BAMx recognizes that the transmission capability estimates developed by the CAISO typically entails the assessment of ADNUs that might be triggered beyond those estimates in a given area, not the local DNU and RNUs.

assumed interconnection of new renewable generation generally identified in the portfolios. The CAISO identified that further work is needed on this modeling issue. However, stakeholders are not able to judge whether the identified curtailment is likely, and if so, what is the associated economic impact. Providing meaningful feedback is not possible without further detail. We look forward to the CAISO's updated assessment in the Draft Transmission Plan to provide feedback on the transmission congestion and related mitigations.

Resolving these issues along with evaluating the various planning study requests identified by the CAISO may be difficult to complete within this TPP cycle. BAMx urges the CAISO to take measured steps in improving the modeling and turning the large amount of data into actionable information before identifying any economic transmission in this TPP cycle.

Special Study – LCR Reduction Transmission Alternatives

The CAISO has made significant progress in the development of conceptual transmission projects to reduce or eliminate the LCR in various areas or sub-areas. BAMx understands these to be informational studies to support the review of the options to maintain local reliability.

Upon review of the materials presented, BAMx offers a couple of comments:

- The consideration of slow response Demand Response seems uneven across the areas studied. In particular, slow demand response for pre-contingency purposes was considered in the San Diego Imperial Valley Area and San Diego subarea, but not in the remaining LCR areas/sub-areas. BAMx requests that such demand side options be considered in all areas where such measures would address the identified reliability constraints.
- The information presented across a large number of slides is difficult to digest. BAMx recommends that information on all the areas/sub-areas studied be summarized into a single table that includes, among other data, information on the LCR for the area (need, current available resources, capacity margin, largest resource risk, etc) as well as information about relaxing the requirement (cost, capacity, \$/MW, time to implement, etc.).

Reliability Projects on Hold

BAMx generally supports the CAISO's recommendation to cancel the identified transmission projects that are on hold. As for the Midway-Andrew Project alternatives, BAMx again requests that any project ultimately proposed as a reliability project include an economic benefit-cost ratio calculation.

Conclusion

BAMx appreciates the opportunity to comment on the 2018-19 Transmission Plan Stakeholder Meeting materials and acknowledges the significant effort of the CAISO staff to both develop this material and to adjust its planning process to reflect the numerous changes affecting the industry.

If you have any questions concerning these comments, please contact Moisés Melgoza (mmelgoza@svpower.com or (408) 615-6656).