

**COMMENTS OF THE STAFF OF THE CALIFORNIA
PUBLIC UTILITIES COMMISSION
REGARDING THE 2018-2019 TRANSMISSION PLANNING PROCESS RELIABILITY
ASSESSMENT AND STUDY UPDATES FOLLOWING THE SEPTEMBER 20-21, 2018
STAKEHOLDER MEETING**

October 5, 2018

The Staff of the California Public Utilities Commission (“CPUC Staff”) appreciates this opportunity to provide comments on the 2018-2019 Transmission Planning Process Reliability Assessment and Study Updates discussed at the California Independent System Operator Corporation’s (CAISO) September 20-21, 2018 stakeholder meeting. Our comments address the following topics:

1. CPUC Staff appreciates the CAISO’s assessment of on-hold projects and requests clarification on the conclusions/recommendations presented for several projects.
2. CPUC Staff requests that the CAISO include as part of the “reliability assessment results summary” a table that summarizes the results of each sensitivity scenario across all areas in which each sensitivity was studied.
3. CPUC Staff suggests that PTOs presenting reliability solutions at the stakeholder meeting be required to follow a standard presentation template provided by CAISO. PTOs should express in their presentations whether their presented reliability solutions directly mitigate reliability issues identified in preliminary reliability results posted by the CAISO in August of the applicable TPP year.
4. CPUC Staff appreciates the CAISO’s update on the Storage as a Transmission Asset (SATA) initiative. CPUC Staff believes that energy storage, when used for resource substitution, is under CPUC’s purview for approval and should not be approved as part of the CAISO’s Transmission Planning Process (TPP).

1. CPUC Staff appreciates the CAISO's assessment of on-hold projects and requests clarification on the conclusions/recommendations presented for several projects.

As with previous ISO TPP cycles, CPUC Energy Division CEQA Unit staff are interested in potential regulated utility application filings for a Permit to Construct (PTC) and/or a Certificate for Public Convenience and Necessity (CPCN) which trigger compliance with the California Environmental Quality Act (CEQA) environmental document preparation. Information regarding the status of on-hold projects will allow CPUC staff to better anticipate future project filings and upcoming CEQA work.

To this end, the CPUC staff would appreciate the CAISO providing specific assessment outcomes in this TPP for on-hold projects, particularly as to whether they will be approved per the original scope, canceled, re-scoped, or continue on-hold, including the following:

- New Bridgeville-Garberville #2 115 kV line – Preliminary reliability results presented by CAISO staff indicate no reliability issues were identified in the 18-19 assessment and include a recommendation for cancellation of the current scope. However, the CAISO's recommendation also states, "possible new project including reactive solutions." It is unclear if this new project would serve to mitigate the contingencies and high voltages listed under "Observations" on page 8. CPUC staff request that the CAISO clarify what reliability needs would be mitigated with the implementation of this new project.
- Atlantic-Placer 115 kV line – Originally approved in 2012-14 TPP but then placed on-hold. Updated reliability assessment results indicate a reduction in contingency types. CAISO staff proposed the project be re-scoped from a new line to three distinct mitigations, including a line upgrade, a transformer, and possibly a connection to the SMUD 230kV network. CPUC staff request that the CAISO provide stakeholders with more detailed information regarding the re-scoped project when it becomes available for stakeholder review.
- Gates-Gregg 230 kV line – Originally approved in 2012-13 TPP. The 18-19 assessment results indicate no reliability need for this project and the addition of this line would not result in significant transient stability benefits. Is it fair for stakeholders to interpret the 18-19 assessment conclusions as a recommendation for cancelation of the Gates-Gregg 230 kV line?

- Jefferson-Stanford #2 60 kV line – Originally approved in 2010-11 TPP but then placed on-hold. Slide 16 of the Greater Bay Area presentation indicates that the project scope mitigates the original reliability need. However, the slide also indicates that if the Stanford project moves forward then the Jefferson-Stanford line could be canceled. CPUC Staff would appreciate clarification regarding the need for this line.

- Los Padres Division – On page 9 of the “Central Coast Los Padres” presentation the ISO discusses overloads in Los Padres Division at Morro Bay, Mesa, and Diablo. The Midway-Andrew project which was approved in 2012-13 TPP and then placed on hold, is considered a potential mitigation for the identified contingencies. CPUC staff would appreciate updates on the outcomes of further studies indicating which of the alternatives for the maintenance outage of Mesa-Divide 115 kV lines and the maintenance outage of Mesa 230 kV lines or transformers is recommended.

- Bellota-Warnerville 230 kV reconductoring project – According to the PG&E 2018 Q3 Quarterly AB 970 Report, the current project cost estimate of \$28 million (2013) remains within the originally estimated cost range. PG&E indicated this project was on-hold (based on information presented at a CPUC CEQA Unit Quarterly meeting with PG&E representatives on February 23, 2018). What is the current status of the Bellota-Warnerville project and does the CAISO expect that it will change?

Furthermore, CPUC staff appreciates CAISO’s continued effort to assess previously approved projects that have been placed on hold. CPUC staff have found that the costs of many of the above identified projects have increased beyond the costs originally estimated at time of project approval.

- The Gates-Gregg 230kV line was originally estimated (2012-2013 TPP, p.149) to cost between \$115-\$145 million, yet the current TPP document indicates a new estimate of \$200-\$250 million.
- The Midway-Andrew project (page 11 of the “Central Coast Los Padres” 18-19 TPP presentation) shows an initial estimate of \$120-\$150 million (2012-2013 TPP) increasing to a new estimate of \$200-\$250 million (according to PG&E Quarterly AB 970 Report, 2018-Q3)

- The Atlantic-Placer 115 kV line was originally estimated (2012-2013 TPP) to cost \$55-\$85 million. Recent documentation (PG&E Quarterly AB 970 Report, 2018-Q3) estimates the cost between \$80-\$90 million.
- The Jefferson-Stanford #2 60 kV line was originally estimated to cost \$25-\$35 million. Recent documentation (PG&E Quarterly AB 970 Report, 2018-Q3) estimates the cost between \$30-\$40 million.

The observed increase in costs further warrants an evaluation to ensure projects do not move forward based on outdated reliability needs. Considering the updated cost estimates, if it is determined, as the CAISO TPP presentations indicated, that several previously approved projects are no longer necessary, ratepayers may save as much as \$408 million.

2. CPUC Staff requests that the CAISO include as part of the “reliability assessment results summary” a table that summarizes the results of each sensitivity scenario across all areas in which each sensitivity was studied.

Grouping the information in this manner will help stakeholders understand how the results of various sensitivities vary across the regions of California. For example, in which areas did the “Retirement of QF Generation” sensitivity result in significant thermal overloads, voltage issues, or stability issues? A summary of mitigations as related to the studied sensitivities may also be useful. If it is not possible to summarize mitigation types, CPUC staff suggest that CAISO, at a minimum, indicate whether any of the sensitivity scenarios would require additional mitigations when compared to their counterpart baseline scenarios.

3. CPUC Staff suggests that PTOs presenting reliability solutions at the stakeholder meeting be required to follow a standard presentation template provided by CAISO. PTOs should express in their presentations whether their presented reliability solutions directly mitigate reliability issues identified in preliminary reliability results posted by the CAISO in August of the applicable TPP year.

CPUC staff appreciate the participating transmission owners’ (PTO)s presentations on proposed reliability solutions. However, it was unclear in several PTO presentations what identified contingencies the proposed solutions were mitigating. For additional transparency, CPUC staff suggests that PTOs presenting reliability solutions at the stakeholder meeting be

required to follow a standard template provided by CAISO. PTOs should explicitly state whether their reliability solutions directly mitigate any of the reliability issues identified in preliminary reliability results published by CAISO in August of the applicable TPP year.

4. CPUC Staff appreciates the CAISO's update on the Storage as a Transmission Asset (SATA) initiative. CPUC Staff believes that energy storage, when used for resource substitution, is under CPUC's purview for approval and should not be approved as part of the CAISO's Transmission Planning Process (TPP).

CAISO staff provided helpful bookends regarding the services that energy storage can provide. CAISO staff also indicated that “the ISO does not “approve” non-transmission alternatives in its Transmission Plan.” This aligns with CPUC staff understanding that energy storage, when used for resource substitution, is under CPUC’s purview for approval. CPUC staff appreciates the numerous questions and considerations outlined by CAISO and looks forward to working with CAISO and stakeholders to further explore how storage as a transmission asset or as a resource solution would fit into already existing planning and competitive solicitation processes at the CAISO and the CPUC.

Contact: Karolina Maslanka, karolina.maslanka@cpuc.ca.gov