

**Stakeholder Comments on  
2012-2013 Transmission Planning Process Stakeholder Meeting  
02 April 2012**

Submitted by	Company	Date Submitted
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Critical Path Transmission thanks the CAISO, the CPUC and the CEC for the informative presentation and the opportunity to submit these stakeholder comments.

**Comment 1: New Kramer Transmission Segment**

The CPUC has concluded that in at least one Discounted Core Scenario a new transmission segment is likely to be required to meet California's 33% RPS requirements.

One possible solution to congestion and interconnectivity in the Kramer area is the build-out of the SCE sponsored Coolwater-Lugo Project, which is the result of an LGIA agreement providing interconnection to Abengoa's Mojave Solar Project.

The Coolwater-Lugo Project, which has not yet been subject to any economic analysis, is described by the Project Sponsor as "not routine" and one that "will require complex environmental reviews under both state and federal law"<sup>1</sup>. If this Project were somehow able to expeditiously surmount the challenging environmental issues described by SCE in its petition to FERC for necessary incentive rate adders, in a best case scenario it would be on-line in 2018 - four years after the proposed on-line date of the Mojave Solar Project and two years after the interconnection deadline for renewable generation to qualify for the Section 48 tax credit incentives driving the financing of most solar projects. But in the year since the Coolwater-Lugo Project was included in the 2010/2011 Statewide Plan, there has been no noticeable progress in this transmission element.

As with the entirety of the transmission deficit overshadowing California's RPS goals, this uncertainty in the timing and future of Coolwater-Lugo directly affects the ability of renewable generation projects to secure financing in time to meet Section 48 tax credit subsidy deadlines. As the sole gatekeeper in the California transmission planning process, it falls to the ISO to ensure that adequate transmission is constructed to serve California's RPS goals and the needs of the California renewable energy industry.

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<sup>1</sup> SCE's December 2010 petition to FERC for incentive rate treatment for the South of Kramer project, at 30.

Without exploring transmission alternatives that are capable of meeting Federal ITC deadlines and the project finance needs of the solar industry, the CAISO risks unintentionally signaling to the developer community and the entire solar industry that they should to focus their efforts outside California.

We once again offer the CAISO an alternative transmission element that can bring more certainty to renewable generators seeking to finance their projects in the western Mojave Desert, relieve the congestion at Kramer, and enable California to meet its RPS goals: The AV Clearview Transmission Project, sponsored by the High Desert Power Authority, provides a sensible solution to the CAISO's dilemma of approving transmission capacity that has all of the following attributes:

- Ability to be online to provide full deliverability to Mojave Desert renewable generators in time to meet the 2016 Section 48 tax credit deadline
- Supports the same LGIA projects that the Coolwater-Lugo project was approved to support
- Addresses the same CAISO base case power flow requirements as the Coolwater-Lugo project plus the Kramer-Llano and Kramer-Windhub projects advocated by the CTPG in their most recent study
- Is constructed on county road right-of-way, has strong local support from local county and municipal governments and faces a much less challenging environmental permitting
- Supports federal policies to increase renewable generation on DoD land such as Edwards Air Force Base
- Provides greater renewable deliverability since it supports the interconnection of both additional wind and solar resources
- Is designed to address additional grid issues, such as renewable integration, grid stability, and black-start support.

Critical Path Transmission strongly backs the efforts of the CPUC to support a new Kramer transmission segment. The fact that this segment is an integral part of the generation portfolio analysis makes this segment a *de facto* policy-driven transmission line, or, at the very least, lends itself to be a policy-driven line that coincidentally meets the requirements of an existing LGIA line, which FERC reminds us makes it definitionally subject to a comprehensive and integrated planning process<sup>2</sup>.

Critical Path Transmission stands ready to support the CAISO in implementing the most efficient and effective project to meet the needs of the renewable generators, environmental stakeholders and the ratepayers of the State of California. Only when the sometimes-contradictory needs of all the California agencies involved in the transmission planning process are addressed and a consensus reached, will a truly viable solution be found.

## **Recommendation**

As part of its Phase II study process, the CAISO should conduct the studies under two separate scenarios: one with the Coolwater-Lugo project as the assumed new Kramer transmission

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<sup>2</sup> Per paragraph 35 of FERC Order dated 20 October, 2011, "... consistent with the RTPP Order, tariff section 24.4.6.5, as proposed in the compliance filing, provides that, if a policy-driven element is identified in Phase 2 of the RTPP, it could supplant the need for LGIP projects that may have otherwise been identified in a subsequent LGIP process. Therefore, under RTPP, CAISO comprehensively evaluates all needs and identifies the most efficient and effective projects to meet those needs..."

segment and one with the AV Clearview project as the assumed new Kramer transmission segment.

**Comment 2: Base Case Scenario**

Since the “Commercial Interest” scenario is the most indicative of which projects are likely to eventually be constructed, Critical Path Transmission recommends using the “Commercial Interest” scenario as the base case for the CAISO generation model.

It should be noted that there have been high-profile instances of generators with secured PPAs (and even LGIA agreements) who have not been able to overcome financial and permitting challenges to come to market.

The CPUC should place added weight on projects whose permitting is being conducted by jurisdictions such as Kern County, with a highly successful record of working with developers of renewable generation to successfully complete their the permitting process.