

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of Southern California Edison Company (U-338-E) for a Certificate of Public Convenience and Necessity for the Eldorado-Ivanpah Transmission Project

**Application 09-05-027
(Filed May 28, 2009)**

REPLY COMMENTS OF THE CALIFORNIA INDEPENDENT SYSTEM OPERATOR ON THE PROPOSED DECISION OF ALJ DEANGELIS AND ALTERNATE DECISION OF COMMISSIONER PEEVEY

Parties, including the California Independent System Operator (ISO), filed opening comments on the Proposed Decision of ALJ DeAngelis (Proposed Decision) and Alternated Decision of Commissioner Peevey (Alternate Decision) on December 6, 2010. The ISO urged the Commission to adopt the Alternate Decision because the Proposed Decision incorrectly concluded that the Eldorado-Ivanpah Transmission Project (EITP) is not needed to deliver renewable energy to the ISO grid.

The Division of Ratepayer Advocates (DRA) supports the Proposed Decision and argues that EITP fails to meet the Section 399.2.5 three-pronged test established in D. 07-03-012 to analyze the need for transmission projects.¹ The ISO addressed this test in its initial comments and thus has responded to these comments. However, DRA has gone beyond the facts upon which the Proposed Decision and Alternate Decision are based and mischaracterizes the ISO's large generator interconnection process (LGIP) study process. The ISO reply comments address these topics.

I. Motion for Party Status

As noted in its initial comments, the ISO did not participate in this proceeding before the proposed decisions were issued. Rule 14 provides that "parties" may file comments and reply comments on proposed decisions. According to general Commission practice, an interested participant becomes a party to a proceeding upon the filing of comments or other pleadings, although Rule 1.4 does not specifically address filing comments on proposed decisions. Thus, to the extent necessary, the ISO seeks

¹ DRA Comments, 2-5.

party status in this proceeding for the purpose of submitting comments and reply comments pursuant to Rule 1.4(4). The ISO's role in evaluating EITP and generator interconnection requests in general is described in its initial comments. The ISO has a unique interest in this proceeding that cannot be represented by another party, and its participation at this stage will not delay the process and will serve to advance the record. It is appropriate that the ISO be granted party status.

II. Reply Comments

A. The ISO has evaluated the system impact of EITP at full capacity.

Based on a system impact study conducted for one of the BrightSource generating units (DPT1), DRA argues that the ISO only has studied the system impact of 100 MW of capacity. DRA then goes on to criticize the modeling assumptions used in the study, and concludes, without providing any evidence or support, that a transmission project capable of injecting 1400 MW into the system is likely to cause reliability problems.²

At the outset, the ISO assures the Commission that it would not support the issuance of a CPCN for a transmission project if the reliability impacts of that project had not yet been evaluated. DRA's unsupported conclusion in this regard has no merit. Furthermore, DRA misunderstands the timing of the ISO's LGIP studies. As explained in the ISO's initial comments, generation projects in the queue seeking interconnection to the ISO grid are studied in groups ("clusters") and there are two study phases.³ All of the generation in the cluster study group is evaluated in Phase 1 to determine system impacts and develop the costs of interconnection for each generator. These costs include both interconnection costs (the facilities needed on the customer's side of the interconnection point) and the costs associated with network upgrades needed to address downstream system impacts. Once the estimated Phase 1 costs are provided to generators, they must decide whether to post the required financial security and move into Phase 2. During Phase 2, the ISO again studies the system impacts of the generation remaining in the study group. The interconnection and network upgrade costs are developed for each

² *Id.*, 5.

³ It should be noted that the cluster study process was adopted as part of the ISO's revised LGIP. The BrightSource projects entered the ISO's queue before these revisions went into effect, and therefore were not part of the first cluster (the "transition" cluster). Instead, these network impacts and costs of these projects were studied serially under the prior methodology.

generation project, and these costs are then included in an interconnection agreement if the project developer decides to move forward with the project.

System impact studies for the three BrightSource projects were concluded on Nov 24, 2008. The Phase 2 studies for other generation in the ISO queue in the Ivanpah Dry Lake area were completed at the end of June, 2010 and the base cases for these studies are posted on the ISO's secure website. These studies tested the impacts of EITP with 944MW total generation output in the Ivanpah Dry Lake area. A 230kV single circuit transmission line was modeled for those studies. In the Cluster 1 Phase I study, the total generation capacity utilizing EITP was modeled at 1510MW and the study identified the need for the second 230kV circuit. Thus, this phase of the ISO's study process tested the full capacity of EITP with the 230kV double circuit transmission line. Although, some projects have withdrawn or been reduced in size since completion of the Cluster 1 Phase 1 studies, total generation including Clusters 1 and 2, is 1274 MW.

B. The ISO does not “approve” network upgrade projects developed through the LGIP.

DRA expresses concern that the ISO has not “evaluated and approved EITP as a whole,” and also notes that the ISO apparently intends to approve the project through the transmission planning process.”⁴ As described above, the EITP system impacts have been studied at full capacity. However, it bears repeating that the ISO's LGIP does not provide a mechanism for project “approval” through the ISO's transmission planning process. Stated differently, under the ISO's tariff, LGIP projects are not studied in the transmission planning process and they are not formally approved by the Board or ISO management. Rather, under the LGIP process, once the LGIP studies have been completed and the parties (*i.e.*, the ISO, the interconnection customer and the participating transmission owner) have entered into an interconnection agreement and it is accepted by FERC, the transmission owner may proceed with project construction according to the timeline in the agreement.

For the purposes of the Commission's Section 399.2.5 analysis of the need for EITP, “approval” by the ISO through the transmission planning process is not a requirement. The ISO believes that EITP meets the requirements of Section 399.2.5 and

⁴ DRA comments, 6-7.

has urged the Commission to grant a CPCN to the project so that construction can begin on the elements that are identified in signed LGIAs, with the expectation that LGIAs will be signed in the very near future that contain the remaining elements.⁵

Respectfully submitted,

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⁵ Once all of the EITP elements are set forth in signed and accepted LGIAs, SCE may seek cost recovery through the ISO's transmission access charge.

CERTIFICATE OF SERVICE

I hereby certify that on December 6, 2010 I served, by electronic and United States mail, a copy of the foregoing REPLY COMMENTS OF THE CALIFORNIA INDEPENDENT SYSTEM OPERATOR ON THE PROPOSED DECISION OF ALJ DEANGELIS AND ALTERNATE DECISION OF COMMISSIONER PEEVEY to each party in Docket No. A.09-05-027

Executed on December 13, 2010
at Folsom, California

Anna Pascuzzo

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An Employee of the California
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Corporation