

Comments on Preliminary Economic and Public Policy Study Results submitted on behalf of Duke-American Transmission Company and Hunt Power

Submitted December 5, 2013

We appreciate the opportunity to provide comments on the preliminary economic and public policy study results. We believe CAISO is headed in the right direction by proposing to improve Path 46 and the integration of new transmission from Arizona into Southern California. While the Delaney to Colorado River project has significant benefits, the North-Gila to Imperial Valley # 2 (NGIV2) deserves more careful consideration. Given the reliability challenges in the SDG&E region due to transmission congestion, the shutdown of SONGS and the OTC retirements, DATC-Hunt believes NGIV2 provides an opportunity to not only provide societal benefits to CAISO, but an effective solution to reliability issues in SDG&E.

To the extent the CAISO has determined that the NGIV2 project does not improve Path 46 or the SCIT nomogram, it may be because the proper reliability additions to the project were not proposed under the project "as proposed" in the past and the installation of dynamic or voltage stability and control devices have not been considered by CAISO or other parties.

In the November 21 presentation, slide 47, CAISO states the capacity benefits of NGIV2 is determined to be zero. According to CAISO:

1. System RA benefit is zero because of downstream bottleneck, and
2. LCR benefit is zero.

If the above is true and the benefits are zero there must be an outage (or set of outages) under peak load conditions that is not benefited from increased flows from the North Gila area into Imperial Valley and San Diego. If this is the case, there was no clear definition of the condition (and associated outages) reviewed by the CAISO and the results from the CAISO simulations. We request more detailed information with respect to the limiting outages and the downstream bottlenecks.

Further, we believe that the downstream bottlenecks could be reduced or eliminated by means of additional transmission additions that can be combined with the NGIV2 project. To the extent SVCs, synchronous condensers or other devices could be added near the San Diego area, the benefits of an increased flow from North Gila would include increased voltage stability for multiple contingencies, increased dynamic stability, and added Path 46 capacity in addition to the economic benefits already modeled. In fact, such solutions may actually be adopted in this year's plan and approved by the board but CAISO has stated that the economic and policy studies will not be re-run after identification of such solutions. We believe re-evaluation may be warranted given the potential impact of reliability solutions in the San Diego area to increase the benefits of the NGIV2 project.

Respectfully submitted,

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