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

Submitted February 26, 2014

DATC and Hunt are working together to evaluate the North Gila – Imperial Valley 2 project ("NGIV2"). Both DATC and Hunt have significant experience developing transmission projects in multiple markets throughout the United States.

DATC and Hunt commend the CAISO for their evaluation of transmission projects that have the potential to lower costs for CAISO customers, including NGIV2. We appreciate the opportunity to provide comments on the CAISO's draft transmission plan for the 2013/2014 transmission planning process. We believe improvements to Path 46 and the integration of new transmission from Arizona into Southern California are critically needed. We appreciate all of the work CAISO has done to study projects that have the potential to increase the economic efficiency of the transmission system and improve reliability. The Delaney to Colorado River project is one such project that has been shown to provide significant benefits. In addition, the draft CAISO plan notes the results of the economic studies that show the significant economic benefits of NGIV2. We agree that the economic benefits are significant and that the project deserves continued careful consideration in the next planning cycle.

Given the reliability challenges in the San Diego Gas & Electric region due to transmission constraints, the shutdown of SONGS and the Once Through Cooling retirements, DATC and Hunt believe NGIV2 would not only provide societal benefits to CAISO, but is also an effective solution to reliability issues in SDG&E. Further, we believe that the CAISO should specifically study the potential for NGIV2 to create Resource Adequacy and Local Capacity Resource benefits when combined with the Group 1 projects recommended for approval in the draft plan. In addition to the Group 1 projects, we recommend that the CAISO evaluate the potential capacity benefits of NGIV2 in combination with potential Group 2 and Group 3 projects.

We understand that downstream bottlenecks limit the value of the NGIV2 project, however, 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 not considered as part of the Group 1, Group 2, or Group 3 projects discussed above, SVCs, synchronous condensers or other devices could be added near the San Diego area. In addition to the benefits of increased flows from North Gila and economic benefits already demonstrated, other reliability advantages from such devices would include increased voltage stability for multiple contingencies, increased dynamic stability, and added Path 46 capacity.

Respectfully submitted,

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