

**UNITED STATES OF AMERICA  
BEFORE THE  
FEDERAL ENERGY REGULATORY COMMISSION**

<b>California Public Utilities</b>	)	
<b>Commission, Northern California</b>	)	
<b>Power Agency, City and County of</b>	)	
<b>San Francisco, State Water</b>	)	
<b>Contractors, and Transmission</b>	)	
<b>Agency of Northern California</b>	)	<b>Docket No. EL17-45-000</b>
	)	
<b>v.</b>	)	
	)	
<b>Pacific Gas &amp; Electric Company</b>	)	

**COMMENTS OF THE CALIFORNIA INDEPENDENT SYSTEM OPERATOR  
CORPORATION ON COMPLAINT**

The California Independent System Operator Corporation (“CAISO”) submits these comments regarding the complaint filed by the California Public Utilities Commission, Northern California Power Agency, City and County of San Francisco, State Water Contractors, and Transmission Agency of Northern California (referred to collectively as “Complainants”) on February 2, 2017.<sup>1, 2</sup> The complaint requests that the Commission order Pacific Gas & Electric Company (“PG&E”) to file an Attachment K to its transmission owner tariff to provide an open and transparent transmission planning process, in compliance with Order No. 890,<sup>3</sup> for all of its capitalized transmission-related work not submitted through

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<sup>1</sup> California Public Utilities Commission, et al., v. Pacific Gas & Electric Company, Complaint, Docket No. EL17-45-000 (February 2, 2017) (“Complaint”).

<sup>2</sup> The CAISO filed a doc-less Motion to Intervene in this proceeding on February 17, 2017.

<sup>3</sup> *Preventing Undue Discrimination and Preference in Transmission Service*, Order No. 890, 72 Fed. Re. 12,266, 12,279 (Mar. 15, 2007), FERC Stats. & Regs. ¶ 31,241, PO 84 (2007) (“Order No. 890”).

the CAISO's transmission planning process.<sup>4</sup> Alternatively, Complainants state that "if the CAISO is amenable," PG&E may comply with Order No. 890 by working with the CAISO to revise the CAISO tariff so that every type of capital transmission project PG&E undertakes is evaluated in the CAISO's transmission planning process.

As indicated in the Complaint, the CAISO committed to participate in this proceeding as an intervenor<sup>5</sup> and is committed to work with the parties to constructively address the issues raised in the Complaint. In these comments, the CAISO: (1) offers its recommendation regarding the process for the proceeding going forward; and (2) addresses statements in the Complaint asserting that the CAISO, in its filings to comply with Order Nos. 890 and 1000, gave the impression that it would review in its transmission planning process all transmission work that PG&E undertakes.

## **I. THE PROCESS GOING FORWARD**

To the extent the Commission believes that more information is necessary, Complainants request that the Commission convene a technical conference, issue a show cause order, or implement hearing and settlement judge procedures.<sup>6</sup> In the interim, Complainants have asked the Commission to direct PG&E to establish a stakeholder transmission planning group and to submit to that group information regarding all capital transmission projects not

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<sup>4</sup> The Complaint recognizes that ultimately PG&E, not the CAISO, has the obligation to comply with Order No. 890. Complaint at 61.

<sup>5</sup> *Id.*

<sup>6</sup> *Id.* at 5.

submitted through the CAISO transmission planning process.<sup>7</sup>

If the Commission believes that further process is necessary, the CAISO recommends that the Commission refer this matter to settlement procedures. Because all of the parties to this Complaint are located in northern California, the CAISO would prefer a settlement process that promotes discussions between the parties in northern California without requiring that they spend considerable time in Washington D.C. to address these matters.

**II. THE CAISO DID NOT IMPLY THAT IT WOULD EVALUATE ALL CAPITAL TRANSMISSION WORK THAT PG&E UNDERTAKES IN ITS TRANSMISSION PLANNING PROCESS**

**A. The Complaint's Description Of The Types Of Transmission Work That Should Be Subject To The CAISO's Transmission Planning Process**

The Complaint states that although the CAISO calls its transmission plan “comprehensive,” for 2016 and 2017 “only 40% of [PG&E’s] capital expenditures related to transmission projects ... that are or will be submitted through the CAISO[’s transmission planning process] or its process for generator interconnection upgrades.”<sup>8</sup> The Complaint identifies the types of PG&E projects that are not being evaluated in the CAISO’s transmission planning process as including, *inter alia*, line remediation, projects to extend the useful life of facilities, substation and transmission line management, projects to remedy outdated or failing infrastructure, replacement of deteriorating equipment, automation infrastructure improvements, information technology infrastructure upgrades,

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<sup>7</sup> *Id.* at 4-5.

<sup>8</sup> *Id.* at 3-4, 18.

environmental work, and common expenditures such as procuring computers and office equipment.<sup>9</sup> Complainants state that the Commission had reason to believe that the CAISO would be reviewing these types of transmission-related projects in its transmission planning process.<sup>10</sup>

As discussed in greater detail below, the CAISO has never reviewed and approved these types of transmission projects in its transmission planning process, nor has it ever indicated its intent to undertake such a review.

**B. Since Its Formation, The CAISO Has Never Evaluated And Approved All Transmission-Related Work Undertaken By PG&E**

Since the CAISO's start-up, there has been a Commission-approved division of roles and responsibilities between the CAISO and its participating transmission owners that distinguishes system expansions from other types of transmission-related work. This distinction is reflected in the Commission-approved Transmission Control Agreement ("TCA") that sets forth the respective roles and responsibilities of the CAISO and each participating transmission

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<sup>9</sup> *Id.* at 4, 28-30. To the extent the Complaint is questioning whether PG&E has appropriately classified its transmission-related work as capital work rather than as operations and maintenance work, that issue is more appropriately addressed in a PG&E rate case, not in a transmission planning process.

<sup>10</sup> *Id.* at 30-31. The Complaint states that other participating transmission owners may be undertaking similar types of transmission work that is not being vetted through the CAISO's transmission planning process. *Id.* at 61-62. For example, Exhibit 3 to the Complaint is a data response in which San Diego Gas & Electric Company indicates that it undertakes the following types of projects that are not evaluated in the CAISO's transmission planning process: (1) control and maintenance enhancements – upgrades to monitoring and control technology to enhance the visibility of the grid operation center and asset condition groups; (2) compliance and safety work – upgrades necessary to enhance safety and comply with regulatory requirements such as those established by the FAA, OSHA, the CPUC, CARB, and NERC Alerts applicable to transmission owners; (3) reliability enhancements such as "small upgrades that are not based on system load flow ... such as animal guard installations;" and (4) aging infrastructure replacements – work to replace aging assets that are failed/near failure and are at the end of useful life.

owner. TCA Section 11, entitled *Expansion of Transmission Facilities*, provides that CAISO Tariff Sections 24 (Transmission Planning Process) and 25 (Generator Interconnection) will apply to any expansion and reinforcement of the transmission system. On the other hand, TCA Section 4.3 provides that the participating transmission owners are responsible for operating and maintaining the transmission lines and associated facilities placed under the CAISO's operational control in accordance with the TCA, applicable reliability criteria, and CAISO operating procedures and protocols. TCA Section 6.3 requires participating transmission owners to inspect, maintain, repair, replace, and maintain the rating and technical performance of their facilities under the CAISO's operational control in accordance with the applicable reliability criteria and performance standards established under the TCA.<sup>11</sup> Appendix C of the TCA defines maintenance as "inspection, assessment, maintenance, repair, and replacement activities performed with respect to Transmission Facilities." The TCA does not require that non-expansion, non-reinforcement, maintenance and compliance-type projects be approved through the CAISO's transmission planning process.<sup>12</sup>

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<sup>11</sup> Under TCA Section 4.2, participating transmission owners are responsible for informing the CAISO of any change in their facility ratings. This TCA section includes a process for ensuring that any rating changes sought by a participating transmission owner can be implemented without problem. This process occurs outside of the transmission planning process.

<sup>12</sup> CAISO Tariff Section 24.15.1, *Transmission Additions and Upgrades under TCA*, provides that "[a]ll transmission additions and upgrades constructed by Participating TOs in accordance with this Section 24 that form part of the CAISO Controlled Grid shall be operated and maintained by a Participating TO in accordance with the Transmission Control Agreement." This further supports the conclusion that maintaining a transmission facility is a different action than adding or upgrading a facility pursuant to CAISO Tariff Section 24. Consistent with the provisions of the TCA, a participating transmission owner is responsible for maintaining an upgrade or addition that it has already constructed pursuant to approvals granted in the

Consistent with the TCA, the Commission's orders on the CAISO's start-up recognized that the CAISO's transmission planning process applied to the *expansion* of transmission facilities, in particular *expansions* to meet reliability and economic needs<sup>13</sup> and each participating transmission owner was responsible for maintaining its transmission lines.<sup>14</sup>

**C. The CAISO's Order No. 890 Compliance Filing Did Not Provide That The CAISO Would Evaluate All Of The PG&E's Transmission-Related Work In Its Transmission Planning Process**

The Complaint states that the Commission approved the CAISO's compliance with Order No. 890 with the understanding that PG&E would submit all transmission work into the CAISO's transmission planning process, including the types of transmission work identified in section II.A. *supra*, and that the CAISO would review such proposed work.<sup>15</sup> The Complaint notes that the Commission rejected NCPA's request to require individual participating transmission owners to file their own Attachment Ks establishing local planning procedures because it accepted the CAISO's representations that all transmission work would flow through the CAISO.<sup>16</sup> Complainants also state that

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transmission planning process.

<sup>13</sup> *Pacific Gas & Electric Company, et al.*, 77 FERC ¶61,204 at 61,834-36 (1996), *order providing guidance*, 80 FERC ¶ 61,128 at 61,430-34 (1997), *order on reh'g*, 81 FERC ¶61,122 at 61,486-87 (1997).

<sup>14</sup> *Pacific Gas & Electric Company, et al.*, 81 FERC ¶61,122 at 61,559. As discussed *infra*, the CAISO subsequently added other categories of transmission need (e.g., public policy) that it evaluates in its transmission planning process.

<sup>15</sup> Complaint at 33.

<sup>16</sup> *Id.* at 33-34. Complainants note that the Commission indicated that if NCPA believed that the participating transmission owners were not complying with the CAISO Tariff, it could raise those concerns in a separate complaint. *California Independent System Operator Corporation*, 123 FERC ¶61,283 at P 192 (2008).

the CAISO's Second Order No. 890 Compliance Filing required participating transmission owners to submit all of their transmission work through a request window for approval by the CAISO.<sup>17</sup> The Complaint suggests that under these circumstances the Commission "had reason to believe that all PTO projects would go through the request window."<sup>18</sup>

There is no basis for these assertions. Nothing in the CAISO's Order No. 890 Compliance Filings indicated that capital maintenance-type and projects such as those described in the Complaint would be subject to the CAISO's transmission planning process.

#### **1. The CAISO's Initial Order No. 890 Compliance Filing**

The CAISO's initial Order No. 890 Compliance Filing addressed planning for "*Transmission Expansion*," which was the title of CAISO Tariff Section 24. Consistent with the TCA, the CAISO Tariff contemplated that transmission planning would apply to system expansions, *i.e.*, upgrades and additions.<sup>19</sup>

The proposed compliance tariff language defined the transmission planning process as "[t]he process by which the CAISO assesses the CAISO Controlled Grid as set forth in Section 24 of Appendix EE."<sup>20</sup> Thus, by definition, matters not referenced in CAISO Tariff Section 24 were not subject to the transmission planning process. The compliance tariff language the CAISO submitted provided that the CAISO's transmission planning process would apply

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<sup>17</sup> *Id.* at 33-35.

<sup>18</sup> *Id.* at 36-37.

<sup>19</sup> CAISO Compliance Filing, Docket No. OA08-62-000 (December 21, 2007) ("Order No. 890 Compliance Filing").

<sup>20</sup> *Id.* at Substitute Original Sheet No. 1454.

to upgrades and additions to: (1) promote economic efficiency; (2) maintain system reliability;<sup>21</sup> (3) satisfy the requirements of a location constrained resource interconnection facility; or (4) maintain the simultaneous feasibility of congestion revenue rights. The Commission acknowledged that this was the scope of the CAISO's transmission planning process in its June 19, 2008 Order on the CAISO's initial Order No. 890 Compliance Filing and the Commission did not add to the scope of the transmission work the CAISO considers in its transmission planning process.<sup>22</sup> In particular, the Commission did not direct the CAISO to revise its tariff to provide that it would evaluate other types of transmission-related work that were not covered by one of the categories specified in CAISO Tariff Section 24 (e.g., the types of transmission work identified in the Complaint).<sup>23</sup> Under these circumstances, there was no tangible basis for anyone to expect that the CAISO would evaluate transmission work beyond the work specified in the CAISO Tariff.

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<sup>21</sup> Reliability driven projects are transmission upgrades "required to ensure System Reliability consistent with all Applicable Reliability Criteria and CAISO Planning Standards." CAISO Order No. 890 Compliance Filing, CAISO Tariff Section 24.1.2. The CAISO Tariff defines Applicable Reliability Criteria as "[t]he Reliability Standards and reliability criteria established by NERC and WECC and Local Reliability Criteria..." The CAISO tariff defines Local Reliability Criteria as "[r]eliability Criteria unique to the transmission systems of each of the Participating TOs established at the later of: (1) CAISO Operations Date, or (2) the date upon which a New participating TO places its facilities under the control of the CAISO." In determining the need for a reliability solution, analysis must demonstrate that mitigation is needed to ensure compliance with applicable planning criteria. *Business Practice Manual for the Transmission Planning Process*, Section 4.7.1. Thus, to be considered a reliability driven transmission project for purposes of consideration in the transmission planning process, a project must be needed to meet reliability planning standards.

<sup>22</sup> *California Independent System Operator Corporation*, 123 FERC ¶61,283 at P 63 (2008) ("June 19, 2008 Order").

<sup>23</sup> *Id.*



Further, any expectation that the CAISO would evaluate all transmission work in the planning process is contradicted by the fact that in its Order No. 890 Compliance Filing the CAISO proposed, and the Commission accepted, the following language in CAISO Tariff Section 24.2.3.1 – *Information Provided By Participating TOs*:

[i]n addition to any information that must be provided to the CAISO under the NERC Reliability Standards...the PTOs shall provide the CAISO on an annual or periodic basis...any information and data reasonably required by the CAISO to perform its Transmission Planning Process, including, but not limited to... (5) detailed *power system models of their transmission systems that reflect transmission system changes, including equipment replacement not requiring approval by the CAISO...*<sup>24</sup>

Thus, the tariff language the Commission approved expressly recognized that there is other transmission-related work – work that the Complaint identifies – that does not go through the CAISO’s transmission planning process. This is consistent with the aforementioned TCA provisions.

In its June 19, 2008 Order, the Commission directed the CAISO to make a compliance filing explaining the extent of any transmission planning performed by the participating transmission owners and how it meets the requirements of Order No. 890.<sup>25</sup> The Commission also directed the CAISO to clarify which projects must come through the request window in the transmission planning process because it was unclear whether the CAISO Tariff required certain reliability projects to come into the transmission planning process through the

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<sup>24</sup> This requirement remains in the CAISO tariff today in section 24.8.1.

<sup>25</sup> June 19, 2008 Order at P 193

request window.<sup>26</sup> In addressing the role of the participating transmission owners in the CAISO's planning process, the Commission stated that "[t]he foundation of the planning process is a tariff that provides a sufficient level of detail for customers and other stakeholders to understand how the transmission provider will perform transmission planning and the method by which they can participate in decisions regarding *expansion* of the transmission system."<sup>27</sup> The Commission expressed concern that the CAISO's proposed tariff provisions did "not clearly describe the relationship between its PTOs and the CAISO, how stakeholders can participate in the PTOs' development of *needed expansions*, how and when PTO projects are evaluated by the CAISO, how those projects are assimilated into the CAISO transmission plan..."<sup>28</sup>

Thus, the Commission's directive that the CAISO make a second compliance filing to address the deficiencies in its initial filing expressly recognized that the transmission planning process pertained to *expansion* of the transmission system. The order did not expressly state that the CAISO must evaluate capital maintenance and similar projects in the transmission planning process.

## **2. The CAISO's Second Order No. 890 Compliance Filing**

The CAISO submitted its filing to comply with the June 19, 2008 Order on October 31, 2008.<sup>29</sup> In response to the Commission's directive that the CAISO

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<sup>26</sup> *Id.* at PP 57- 58.

<sup>27</sup> *Id.* at P 15 (emphasis added).

<sup>28</sup> *Id.* at P 16 (emphasis added).

<sup>29</sup> CAISO Compliance Filing, Docket No. OA08-62, (Oct. 31, 2008) ("Second Order No. 890

clarify how it treats participating transmission owner-sponsored projects and indicate what projects must come through the request window, the CAISO revised Section 24.2.3 of the CAISO Tariff and Sections 2.1.2.1 and 3.1 of the Business Practice Manual for the Transmission Planning Process to provide that following types of projects – whether sponsored by a participating transmission owner or some other stakeholder – must be submitted into the transmission planning process through the request window: all reliability transmission project upgrades or additions; merchant transmission facilities; economic transmission upgrades or additions; location constrained interconnection resource facilities; projects to preserve long-term congestion revenue rights; demand response programs; certain generation projects; network upgrades identified through the small generator interconnection process and large generator interconnection process; and economic planning study requests. The CAISO stated that “[t]his revision should eliminate any concerns about whether another evaluation process would apply to projects outside of the request window.”<sup>30</sup> Thus, to be considered in the transmission planning process, a project had to come through the request window. The compliance tariff language did not require transmission work pertaining to matters other than those specified in CAISO Tariff Section 24.2.3 to come through the request window. Accordingly, the Second Order No. 890 Compliance Filing did not provide that the CAISO would consider such projects in the transmission planning process.

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Compliance Filing”).

<sup>30</sup> *Id.* at 14.

The Commission approved this framework in its May 21, 2009 Order on the CAISO's Second Order No. 890 Compliance Filing.<sup>31</sup> The Commission found that the CAISO "has adequately addressed our concerns regarding which projects enter the transmission planning process through the request window" and expressly acknowledged the CAISO's statement that no other projects would be evaluated in the transmission planning process.<sup>32</sup>

Thus, neither the CAISO's proposed compliance tariff language nor the May 21, 2009 Order contemplated that the CAISO would evaluate transmission projects that did not fall into one of the categories specified in CAISO Tariff Section 24.2.3 in its transmission planning process or that such projects must be submitted through the request window. In particular, there was no discussion in the proposed tariff language or in the May 21, 2009 Order that the Commission expected that the CAISO's transmission planning process would evaluate capital maintenance projects, projects addressing transmission facility remediation, safety, security or environmental concerns, automation upgrades, or IT upgrades – projects that never had been reviewed or approved through the CAISO's transmission planning process and were not specified in CAISO Tariff Section 24.2.3.<sup>33</sup>

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<sup>31</sup> *California Independent System Operator Corporation*, 127 FERC ¶61,172 at PP 62-65 (2009) ("May 21, 2009 Order").

<sup>32</sup> *Id.* at PP 62, 65.

<sup>33</sup> In its Second Order No. 890 Compliance Filing, the CAISO proposed numerous other tariff changes to comply with the Commission's directives regarding the relationship between the CAISO and its participating transmission owners in the transmission planning process. Second Order No. 890 Compliance Filing at 5-9. The CAISO also elaborated on the roles and responsibilities of the CAISO and the participating transmission owners in the draft Business Practice Manual for the Transmission Planning Process that the CAISO submitted with its

**D. The CAISO's Order No. 1000 Compliance Filing Did Not Indicate That It Would Review The Types Of Projects Identified In The Complaint In Its Transmission Planning Process**

Finally, the Complaint asserts that the CAISO indicated in its Order No. 1000<sup>34</sup> Compliance Filing that it essentially does both the local and regional transmission planning within its footprint and that “all network transmission *expansions* are subject to the transmission planning process...”<sup>35</sup> Complainants state that to the extent the Commission understood that “all PTO transmission investment was subject to the [transmission planning process] and CAISO review” that does not reflect the scope of the CAISO's current transmission planning and stakeholder process.<sup>36</sup> The Complaint suggests that based on the CAISO's representations the Commission had reason to believe that the CAISO was conducting extensive transmission planning regarding all of the participating transmission owners' transmission work.<sup>37</sup>

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compliance filing. The proposed tariff provisions required the participating transmission owners to provide significant amounts information regarding their systems, described the technical studies the CAISO and the participating transmission owners would perform to assess compliance with NERC, WECC, and CAISO planning standards, discussed the CAISO's evaluation of study results and determination of needed transmission solutions, and explained how the CAISO approved transmission solutions to meet those needs, including approving transmission additions and upgrades proposed by the CAISO. The Commission accepted the described tasks, roles, and responsibilities of the participating transmission owners in conducting local planning and the process by which their planning is incorporated into the CAISO's transmission planning process. May 21 2009 Order at PP 106-15. None of the approved tariff provisions (or the corresponding BPM provisions submitted by the CAISO) indicated that the CAISO would evaluate and approve capital maintenance and comparable projects that were not specified in the CAISO Tariff.

<sup>34</sup> *Transmission Planning and Cost Allocation by Transmission Owning and Operating Public Utilities*, Order No. 1000, FERC Stats. & Regs. ¶131,323 (2011), *order on reh'g*, Order No. 1000-A, 139 FERC ¶61,132, *order on reh'g*, Order No. 1000-B, 141 FERC ¶61,044 (2012).

<sup>35</sup> Complaint at 37, citing to the CAISO's Order No. 1000 Compliance Filing, Docket No. ER13-103 at 15 n.14 (Oct. 11, 2012) (“Order No. 1000 Compliance Filing”) (emphasis added).

<sup>36</sup> *Id.* at 38.

<sup>37</sup> *Id.* at 39.

There is no reasonable basis to conclude from the CAISO's Order No. 1000 Compliance Filing that the CAISO intended to review "all PTO transmission investment" in its transmission planning process.<sup>38</sup> As an initial matter, the CAISO's Order No. 1000 compliance tariff language retained the tariff provision, described above, stating that equipment replacements do not require the CAISO's approval.<sup>39</sup> Thus, the CAISO's Order No. 1000 compliance tariff recognized that at least one category of projects identified in the Complaint are not reviewed and approved in the CAISO's transmission planning process.

Further, in its Order No. 1000 Compliance Filing, the CAISO stated that in the transmission planning process it determines the

appropriate transmission (or non-transmission) solutions to meet the following: reliability needs; economic needs; public policy requirements and directives; location-constrained resource interconnection facilities (which are radial generation tie facilities ultimately paid for by generators as they come on-line); maintaining the feasibility of long-term CRRs. The CAISO also identifies merchant transmission proposals and additional components or expansions of facilities that will be reflected in large generator interconnection agreements.<sup>40</sup>

Neither the CAISO's Order No. 1000 Compliance Filing nor the Commission's order approving it<sup>41</sup> expressly indicated that the CAISO would be evaluating and approving other types of transmission work such as capital maintenance projects,

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<sup>38</sup> *Id.* at 38.

<sup>39</sup> CAISO Tariff section 24.8.1. The CAISO also notes that in Order No. 1000-A, in explaining the difference between "planned coordination of the operation of existing facilities" and "planning," the Commission indicated that Order No. 1000 addressed the process of planning *new* transmission facilities. Order No. 890-A at P 143.

<sup>40</sup> Order No. 1000 Compliance Filing

<sup>41</sup> *Cal. Indep. Sys. Operator Corp.*, 143 FERC ¶61,057 (2013).

non-expansion replacements of portions of facilities, IT and automation projects, projects intended to address safety, security, or environmental concerns, or remedial work to comply with regulations or standards adopted by other authorities. The CAISO does not have authority to review and approve in its transmission planning process transmission-related work that is not expressly specified in the CAISO Tariff, is not authorized under the TCA, and was not expressly authorized by the Commission.<sup>42</sup>

The CAISO's statement that it performs both local and regional planning means that the CAISO conducts the transmission planning activities authorized in CAISO Tariff Section 24 for all facilities under its operational control, which include facilities at all voltage levels and at all locations on the system.<sup>43</sup> In other words, the CAISO evaluates reliability, economic, public policy, and other needs specified in the tariff at both the local level (low voltage facilities within a single participating transmission owner's footprint) and at the regional level (high

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<sup>42</sup> The quote from the CAISO's Order No. 1000 Compliance Filing does not support a conclusion that all PTO transmission-related work would be subject to the CAISO's transmission planning process. Consistent with the TCA, it merely recognizes that transmission network "expansions" are subject to the CAISO's transmission planning process.

<sup>43</sup> If the CAISO identifies a transmission need anywhere on the system, in evaluating possible solutions the CAISO will communicate with the participating transmission owners to determine whether they are undertaking any maintenance projects in the area. The CAISO will then take that work into account in determining the most cost effective or efficient solution to meet the identified need. If the CAISO does not identify any reliability (or other CAISO Tariff-recognized) need in an area, the CAISO will not consider what capital maintenance-type work is occurring in that area. The CAISO notes that Order No. 1000 contemplated that regional planners would only assess whether there is a more efficient or cost-effective regional solution than the proposed local solution. Order No. 1000 at P 154. Order No. 1000-A at PP 102, 182-92. Unless transmission owners seek regional cost recovery for their new local facilities, Order No. 1000 does not direct regional transmission planners to undertake a *de novo* review of projects that come up through the local planning process. Order No. 1000-A at PP 182,190. The CAISO does not adjudge the prudence of the maintenance, safety, and compliance work that transmission owners undertake. Further, certain work identified in the complaint does not involve facilities under the CAISO's operational control (e.g., IT and automation upgrades, computers, and office furniture).

voltage facilities). The statement did not mean – and cannot mean – that the CAISO evaluates and approves transmission work that is not specified in CAISO Tariff Section 24.

### **III. CONCLUSION**

For the reasons explained above, the CAISO respectfully requests that the Commission take into account the CAISO's comments in acting on the complaint.

Respectfully submitted,

/s/ Anthony J. Ivancovich

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## CERTIFICATE OF SERVICE

I hereby certify that I have served the foregoing document upon all of the parties listed on the official service list for the above-referenced proceeding, in accordance with the requirements of Rule 2010 of the Commission's Rules of Practice and Procedure (18 C.F.R. § 385.2010).

Dated at Folsom, California this 22<sup>nd</sup> day of February 2017

*/s/ Grace Clark*

Grace Clark