California Independent System Operator

2013-2014 Transmission Planning Process

Oct 10, 2013

# ***Comments of the Interstate Renewable Energy Council, Inc. regarding CAISO's preliminary reliability results and PTO mitigation solutions***

***Introduction***

The Interstate Renewable Energy Council (IREC) appreciates the opportunity to submit comments regarding the preliminary results of CAISO's 2013-2014 Transmission Planning Process. IREC's comments pertain to three primary issue areas:

1. The Preliminary Reliability Study Results
2. CAISO's proposed "Consideration of alternatives to transmission or conventional generation to address local needs in the transmission planning process."
3. Status of CAISO's analysis of the Delaney-Colorado River transmission project

***About IREC***

IREC is a non-profit organization that has promoted the use of renewable energy and energy efficiency since 1982. IREC seeks to enable greater use of clean energy in a sustainable way by: (i) introducing regulatory policy innovations that empower consumers and support a transition to a sustainable energy future, (ii) removing technical constraints to distributed energy resource integration, and (iii) developing and coordinating national strategies and policy guidance to provide consistency on these policies centered on best practices and solid research.

***1. Preliminary Reliability Study Results and proposed PTO solutions***

Several of the proposed PTO mitigation solutions are purported to increase imports/exports or otherwise impact neighboring planning regions. In general, IREC supports transmission options that facilitate regional coordination and the ability to increase

imports/exports between neighboring regions. These characteristics are important for providing the flexibility needed to operate the Western Interconnection as the penetration of renewable energy increases. However, transmission solutions that impact neighboring planning regions should not be considered in isolation. Thus, for specific PTO-proposed solutions affecting neighboring planning regions, we encourage CAISO to conduct direct outreach to WestConnect, Northern Tier Transmission Group, and Columbia Grid (or subregional planning groups therein such as the Southwest Area Transmission group within WestConnect). This type of interregional coordination aligns with CAISO's obligations under FERC 1000.

Furthermore, several of the PTO-proposed projects are reported as helping to enable the development of renewable energy projects. IREC would appreciate any technical guidance CAISO can offer regarding the level of renewable energy these projects will be capable of delivering.

Finally, CAISO should specify any reliability needs driven by flexible ramping constraints and how transmission solutions might alleviate these constraints by increasing access to flexible resources outside the ISO footprint.

***2. CAISO Proposal on Non-conventional Alternatives:***

*Prioritize in Current TPP Iteration*

IREC applauds the steps CAISO has taken in this planning cycle to develop this proposal and views it as real progress towards enabling fair consideration of non-conventional alternatives (NCAs) in its transmission planning process. Although we understand that the proposed methodology is still in its early stages, we urge ISO to prioritize its development in the current iteration of the TPP so that there is sufficient detail to inform CPUC procurement decisions in 2014. To this end, the CAISO should specify more details about what procurement milestones are sufficient to ensure that NCAs are considered viable alternatives for meeting resource adequacy requirements. Also CAISO should urge the PUC to establish proper compensation mechanisms to incent NCA development in a way that is compatible with these milestones and comparable to conventional solutions.

*Comparison to Conventional Alternatives*

In its presentation of possible NCAs in the forthcoming Draft Transmission Plan, the ISO should strive to make direct and fair comparison to conventional transmission solutions in all instances where NCAs are presented. In its consideration of NCAs' relative effectiveness in meeting transmission needs, CAISO should explicitly weigh the advantages and disadvantages of these options. More specifically, NCAs can potentially be developed within a shorter timeframe and thus their procurement is potentially more responsive to changing transmission needs and thus more valuable. Moreover, to the extent that NCAs constitute a portfolio of smaller projects, they potentially have lower development risk versus larger conventional projects. On the other hand, NCAs may not be able to provide certain benefits that conventional options can, such as access to remote resources that provide additional operational flexibility.

*Economic and Public Policy Needs*

While the proposal focuses on reliability needs, the ISO should also identify how NCAs can be used to address economic and public policy needs. For instance, recent WECC analysis has determined that distributed resources (e.g. EE, DR), may actually enhance the economic value of new transmission projects (rather than reduce as is often assumed).[1] That is, NCAs might provide economic benefits by relieving local area import limits and allowing a greater proportion of California's energy needs to be served by low-cost distant resources. Prioritizing NCAs also appears to comport with obligations under FERC Order 1000 to meet public policy requirements by prioritizing California's preferred resources.

*Additional Reliability Contributions of NCAs*

CAISO's proposal focuses on reliability in terms of contribution to local area needs in terms of load shape. However, IREC recognizes that NCAs may contribute to other reliability needs beyond resource adequacy such as voltage control and reactive power. To the extent

[1] http://www.wecc.biz/committees/BOD/TEPPC/External/2013Plan_PlanSummary.pdf

that smart inverters from distributed generation can provide these services, there may be an opportunity to contribute to reliability needs (particularly in light of the retirement of SONGS, which IREC understands was a major contributor to reactive power in the region). To this end, IREC suggests that non-conventional resources that provide reactive power or voltage control be considered as possible additions to the generic resource catalogue developed in Step 1 of CAISO's proposal. This would also anticipate potential changes that might arise from FERC's Notice of Proposed Rulemaking (NOPR) regarding Small Generator Interconnection Procedures (SGIP) issued earlier this year.

***3. Request for an update on Delany-CO River project***

While not technically part of the reliability results, IREC would like to take this opportunity to request an update on the status of CAISO's analysis regarding the Delaney-Colorado River transmission project. IREC notes that the CAISO committed to providing an updated analysis on this project within the year following the release of the 2012-2013 Transmission Plan. We applaud CAISO's determination to examine the ongoing value of this project and look forward to the release of the updated analysis. We note that this project has significant potential to enhance "regional coordination" in support one of the four fundamental strategies identified in CAISO's strategic plan.[2] Furthermore, if the preliminary results of this project are accurate, it stands to provide significant economic benefits to the region. Meanwhile, it also has the potential to lead to significant carbon reductions by allowing renewable energy development in heavily fossil-dependent states outside of California. We urge CAISO to provide additional information about this project in light of its critical impact on the rest of the Western Interconnection in terms of reliability, economics, and public policy objectives.

[2] http://www.caiso.com/Documents/2012-2016StrategicPlan.pdf

Respectfully submitted on behalf of the Interstate Renewable Energy Council, Inc. this 10th day of October 2013 by:

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