



ITC Holdings Corp., on behalf of ITC Grid Development, LLC, appreciates the opportunity to provide these comments to the CAISO on the draft assumptions and study plan for the 2018-2019 Transmission Planning Process.

As an initial matter, we echo the comments of other stakeholders encouraging the CAISO to solicit input on the assumptions and methodology to be used in planning studies, rather than limiting stakeholder input to the focus areas for these studies. As a case in point, the draft study plan includes a review of existing local capacity areas to identify potential transmission upgrades that would economically lower gas-fired generation capacity requirements in local capacity areas or sub-areas. We applaud the CAISO's consideration of reductions in Local Capacity Requirements as an economic benefit of investment in transmission facilities, and strongly support the CAISO's proposal to conduct this local capacity area review. Following on from the comment above, the CAISO should solicit stakeholder input on which local capacity areas are the top priorities for review, and what assumptions and methodology should be used in conducting this study.

The draft study plan provides for interregional projects to be studied using tariff-defined processes, and does not include any special studies focused on outlet or deliverability of out-of-state renewables. However, we note that certain projects submitted for interregional evaluation, such as the North Gila Imperial Valley No. 2 (NGIV2) project, may provide for the integration and full outlet of in-state renewable generation resources. Using "tariff-defined processes" to review these projects may not be sufficient to study and account for the full range of benefits they provide to the state of California and its customers, including, in the case of NGIV2: increasing the transfer capability of WECC Paths 46 and 49; and relieving congestion in the Imperial Irrigation District area, thereby allowing the interconnection and the import and export of additional renewable generation capacity and energy from that area.

In response to a question posed by ITC on 2/28 regarding investigation of ramping capacity requirements, as well as frequency response and headroom needs, the CAISO responded that these are being addressed by the CPUC's Integrated Resource Plan IRP proceeding. While the implication is that ramping and frequency response will be addressed through resource planning and generation-based products, we note that storage technologies can serve both generation and transmission functions. Further, we encourage the CAISO to consider how large storage solutions should be evaluated in the CAISO's Transmission Planning Process to meet these needs – as resources, as transmission assets, or both.

On the topic of the economic assessment study methodology, we observe that while a 2000 MW Net Export Limit is assumed for baseline study purposes, the CAISO appears willing to evaluate the benefits of a proposed project without the Net Export

Limit, as a sensitivity case. While we fundamentally believe that the 2000 MW limit is unnecessarily detrimental to the interests of CAISO customers, we do support using a sensitivity case in lieu of increasing the Net Export Limit in the baseline study. The CAISO should further clarify their intentions regarding how this sensitivity case will be performed and evaluated.

We thank the CAISO for considering these comments in finalizing the study plan, and look forward to working with the CAISO and other stakeholders during the 2018-2019 Transmission Planning Process.