

Comments of the Imperial Irrigation District to the California Independent System Operator 2012-2013 Preliminary Introduction and Overview, Preliminary Reliability Assessment Results

The Imperial Irrigation District (“IID”) submits these comments on the CAISO’s 2012-2013 Preliminary Reliability Assessment Results, presented at the CAISO’s Stakeholder Meeting of September 26-27, 2012, and the accompanying San Diego Gas & Electric Company (“SDG&E”) 2012 Grid Assessment Results.

IID is greatly concerned by a SDG&E proposal to study, through the CAISO Transmission Planning Process (“TPP”), the addition of a flow control device at or near the Imperial Valley (“IV”) substation. This step is being taken without coordination with IID, in contravention of the CAISO Tariff, and in a manner inconsistent with contracts between IID and SDG&E.

The description of the location of a proposed Imperial Valley-IID Flow Control Device (pages 26-28) is not precise. It could be proposed on IID facilities and within the IID Balancing Authority (“BA”), or on jointly owned facilities between IID and SDG&E. Either way, SDG&E cannot move forward on such a proposal that would affect the IID system, without consultation and agreement.

IID has several concerns regarding this proposal:

A. The Proposal is Inconsistent with the CAISO Tariff Provisions Relevant to the TPP.

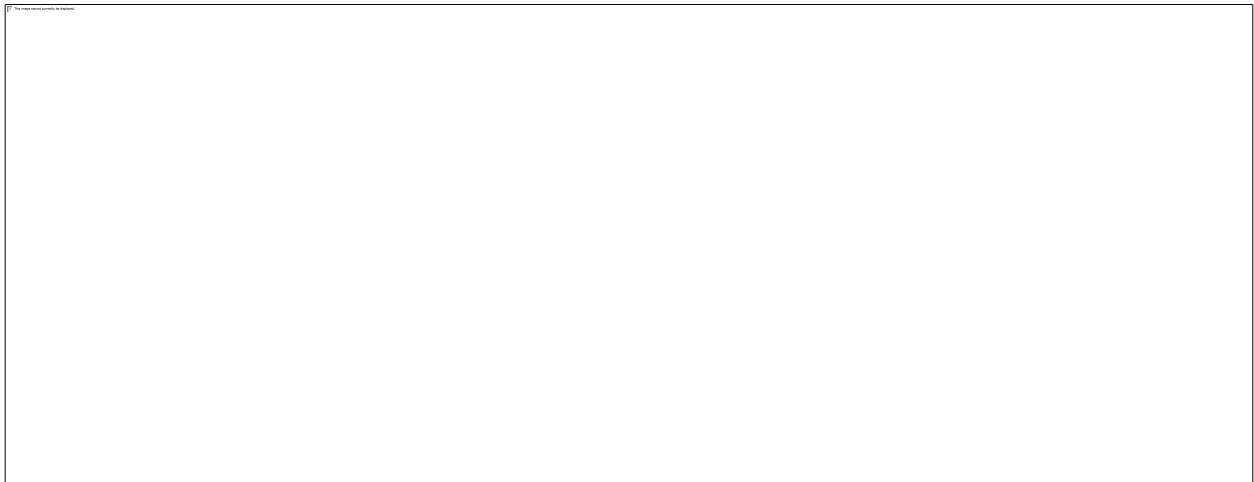
As an initial matter, it is unclear why SDG&E is putting this proposal in the TPP. The slide provided by SDG&E does not clearly describe where the proposed phase shifter will be located. Section 24.4.3(b) of the Tariff requires that proposals for transmission additions or upgrades submitted into the TPP be within or connected to the CAISO BA or Controlled Grid. If the phase shifter is proposed to be located on IID’s system, it is not properly studied in the TPP under any circumstances.

Further, even if the proposed phase shifter is not completely on IID’s system, it must be studied in collaboration with IID as a neighboring BA. When the TPP was modified, the CAISO and IID worked to craft language to avoid overlap and duplication of study processes and transmission development. As such, Section 24.2(c) of the Tariff requires that the TPP seek to avoid unnecessary duplication, ensure simultaneous feasibility with interconnected Balancing Authority Areas (“BAA”), and coordinate with regional, subregional, and interconnected BAA processes. Section 24.3.1(l) requires that inputs into its Unified Planning Assumptions and Study Plan include planned facilities in interconnected BAAs. Section 24.4.3(b)(iii) requires that all proposals affecting interconnected BAAs be reviewed in appropriate sub-regional or regional planning processes. Section 24.10 requires coordination and consultation among neighboring BAAs with respect to how proposed facilities will meet operational needs.

None of these requirements have been met. To the contrary, and as described below, SDG&E must be aware that their proposal runs counter to the purposes of planned upgrades on IID's system. In short, it appears that the SDG&E proposal may not even be eligible for submission and study in the CAISO TPP because it may not be within the CAISO BA. Even if it is on jointly owned facilities and operated as part of the CAISO BA, the proposal violates numerous requirements for coordination of facilities affecting neighboring BAAs, and the avoidance of duplication, as discussed further below.

B. The Proposal Conflicts with Well-Documented and Known Upgrades to the IID Transmission System to Facilitate the Export of Renewable Energy from the IID System to the CAISO BA.

The SDG&E flow control device proposal violates the numerous provisions in the Tariff to avoid duplication and to coordinate upgrades through relevant sub-regional and regional planning processes. IID has well developed upgrades plans to portions of its system that will allow for comprehensive deliverability of projected interconnecting generation to the CAISO BA. IID's upgrades were included in the Final Statewide Transmission Plan produced by the California Transmission Planning Group ("CTPG") (*see pages 47-55*). For ease of reference IID has excerpted portions a description of the facilities taken from the CTPG Conceptual Statewide Plan, which are the upgrades contemplated to increase deliverability to IV Substation, and which were considered Foundation Lines in the conceptual plan:



These and additional facilities were listed as high and medium priorities in the Final Statewide Plan produced by CTPG.¹ Even before CTPG, the build out of the IID system to deliver to the IV Substation was identified as part of the recommendations of the Imperial Valley Study Group, whose work was performed under the auspices of the California Energy Commission.²

¹ http://www.ctpg.us/images/stories/ctpg-plan-development/2012/2012-03-05_2011finalstatewidetransmissionplan.pdf

² <http://www.energy.ca.gov/ivsg.html>

In short, the SDG&E proposal overlaps with existing IID upgrades contemplated as part of statewide plan developed in collaboration with SDG&E, the CAISO, and other transmission owners through CTPG. This lack of coordination and potential duplication of facilities is inconsistent with the Tariff, and runs counter to FERC's clear desire through Order Nos. 890 and 1000 to enhance regional planning and coordination.

C. Phase Shifters are Not a True Solution to the Problem

There are approximately 2700 MW of generation proposed to be located at or electrically near to the IV substation, both within the IID generator interconnection queue process and being evaluated as part of affected system studies. Installation of a phase shifter cannot maximize deliverability of this generation to the CAISO BA and cannot serve as a comprehensive solution to mitigate adverse impacts on IID's system.

Phase shifters come with several disadvantages, including the likelihood of increased losses. More specific to installation of a flow control device at this location, installation of one phase shifter could limit IID schedules over its S-Line, impacting power deliveries to IID customers. Further, given the contemplated generation and transmission development in the IV substation area, it is likely that several phase shifters, not just one, would be required to ensure that there are no limitations on delivery from IID. Thus, SDG&E's proposal for a stand-alone flow control device does not solve anticipate flow issues on the IID system.

D. At the End of the Day, SDG&E Cannot Make Unilateral Upgrades to IID's Facilities.

Based on IID's review of the presentation made by SDG&E at the CAISO stakeholder meeting, it is unclear whether the proposed flow control device would be completely on IID's transmission system and located within the IID BAA, or within the breaker yards joint owned by SDG&E and IID at the IV substation. In the former scenario, the CAISO tariff does not contemplate study of such a facility. In the later case, SDG&E has no unilateral right to place any equipment or construct upgrades on jointly owned facilities.

IID and SDG&E are parties to the California Transmission System Participation Agreement ("Participation Agreement"), entered into by the parties in 1983. While IID has no wish at this time to drag the CAISO into a contractual issue involving IID and SDG&E, if the flow control device is covered within the subset of facilities governed by the Participation Agreement, all interconnections made by one party to the Participation Agreement are governed by the provisions of the agreement and require assent of the parties.

E. SDG&E's Phase Shifters Do Not Appear to Meet the Criteria for Approval as a Reliability Project.

In its presentation materials, the CAISO identified several Category A, B, and C contingencies in the service territories of the Participating Transmission Owners, and potential

solutions as part of its preliminary reliability assessment. IID can see no “problem” identified in the CAISO’s reliability assessment to which the SDG&E proposal responds. The more detailed materials provided by the CAISO, dated August 15th, similarly raise no contingencies associated with the IID system. SDG&E’s proposal is simply “out of the blue.”

Without more information, the CAISO must reject the SDG&E phase shifter proposal as unresponsive to the reliability assessment performed by the CAISO, which is the sole purpose of this phase of the TPP.

F. Conclusion

IID is filing these comments on the very day the CAISO held a stakeholder meeting to implement Order No. 1000 requirements to improve coordination and collaboration in the transmission planning process. IID cannot think of a project less consistent with that policy direction.

SDG&E has proposed a project that does not solve a reliability problem identified in the CAISO reliability assessment. The proposed flow control device may be outside of the parameters of the TPP because it is not clear whether it would be in the CAISO BA or directly connected to the CAISO Controlled Grid. Further, no coordination of this proposal was made by SDG&E, as required by the Tariff. The SDG&E proposal duplicates and overlaps planned IID facilities, and may impact the ability of IID to schedule over its system. Finally, SDG&E has no ability to unilaterally place a flow control device on the IID system, nor on jointly owned facilities. The CAISO should not waste its valuable staff and analytical resources studying a proposal that is so fundamentally flawed.

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