

**BEFORE THE PUBLIC UTILITIES COMMISSION OF THE
STATE OF CALIFORNIA**

In the Matter of the Application of
SOUTHERN CALIFORNIA EDISON
COMPANY (U338E) for a Certificate of
Public Convenience and Necessity for the
West of Devers Upgrade Project and for an
Interim Decision Approving the Proposed
Transaction between Southern California
Edison and Morongo Transmission LLC.

Application 13-10-020

**OPENING BRIEF OF THE
CALIFORNIA INDEPENDENT SYSTEM OPERATOR CORPORATION**

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**BEFORE THE PUBLIC UTILITIES COMMISSION OF THE
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In the Matter of the Application of SOUTHERN CALIFORNIA EDISON COMPANY (U338E) for a Certificate of Public Convenience and Necessity for the West of Devers Upgrade Project and for an Interim Decision Approving the Proposed Transaction between Southern California Edison and Morongo Transmission LLC.

Application 13-10-020

**OPENING BRIEF OF THE
CALIFORNIA INDEPENDENT SYSTEM OPERATOR CORPORATION**

I. Introduction

The Administrative Law Judge established January 15, 2016 as the date for opening briefs in the matter of Southern California Edison Company's (SCE) application for a certificate of public convenience and necessity (CPCN) West of Devers Upgrade Project (Proposed Project). Consistent with this schedule, the California Independent System Operator Corporation (CAISO) submits its opening brief.

The Proposed Project is necessary to interconnect and provide deliverability to renewable generation that is necessary to meet the state's renewable portfolio standard (RPS) goals. The CAISO initially identified the Proposed Project as necessary to connect certain renewable generation projects to the CAISO grid as a part of its Large Generator Interconnection Procedures and subsequently confirmed the need for the Proposed Project in its review of policy-driven transmission projects in the transmission planning process. The CAISO further confirmed the need for the Proposed Project based on the most recent renewable portfolios the Commission provided to the CAISO to determine needed policy-driven transmission projects. As discussed in greater detail below, these studies show that the Proposed Project is necessary to provide deliverability to expected renewable generation in the Riverside East and Imperial Valley areas to meet California's RPS goals.

A. The Proposed Project

The Proposed Project consists of the following specific transmission system improvements:

- Upgrading substation equipment within SCE’s existing Devers, El Casco, Etiwanda, San Bernardino, and Vista substations in order to accommodate increased power transfer on the upgraded West of Devers 220 kilovolt (kV) transmission lines. Upgrade SCE’s existing Timoteo and Tennessee 66/12 kV substations to accommodate 66 kV subtransmission line relocations.
- Removing and upgrading the following existing 220 kV transmission lines and structures with new transmission lines and structures utilizing double-bundled 1590 kcmil Aluminum Conductor Steel-Reinforced (2B-1590 ACSR) conductor:
 - Devers – El Casco (approximately 30 miles);
 - El Casco – San Bernardino (approximately 14 miles);
 - Devers – San Bernardino (approximately 43 miles);
 - Devers – Vista No. 1 and No. 2 (approximately 45 miles each);
 - Etiwanda – San Bernardino (approximately 3.5 miles); and
 - San Bernardino – Vista (approximately 3.5 miles).
- Removing and relocating approximately two miles of two existing 66 kV subtransmission lines.
- Removing and relocating approximately four miles of existing 12 kV distribution lines.
- Installing telecommunication lines and equipment for the protection, monitoring, and control of transmission lines and substation equipment.

Together these improvements enable full capacity deliverability status for generation selected in the Riverside East and Imperial Valley areas, as reflected in the Commission-developed renewable energy portfolios. The Proposed Project also effectively positions the state to meet the increased 50% renewable energy goals adopted in Senate Bill 350.

B. Burden of Proof

The applicant for a CPCN “has the burden of affirmatively establishing the reasonableness of all aspects of its application. Intervenors do not have the burden of proving the unreasonableness of [the applicant’s] showing.”¹ The Commission applies the

¹ Decision 10-12-052, *In the Matter of the Application of the Southern California Edison Company (U 338 E) for a Certificate of Public Convenience and Necessity for the Eldorado-Ivanpah Transmission Project.*

preponderance of evidence standard in determining whether to grant a CPCN.² Generally, the phrase “preponderance of evidence” is “defined in terms of probability of truth, *e.g.*, such evidence as, when weighed with that opposed to it, has more convincing force and greater probability of truth.”³ In this case, the clear weight of evidence supports both the need for the Proposed Project and the infeasibility of the presented alternatives to meet the state’s policy goals.

II. Need for the Proposed Project

The CAISO identified two major objectives for the Proposed Project: (1) to provide the necessary transmission system capabilities to enable achievement of state policy objectives, in particular, the state’s 33% RPS; and (2) to optimize the system upgrades and provide sufficient flexibility to meet anticipated future needs in the most cost-effective manner, minimizing environmental impacts. The CAISO discusses these objectives in detail below.

A. Background

i. The CAISO and Commission Have Coordinated Processes to Identify Policy-Driven Projects Necessary to Meet State Renewable Portfolio Standard Goals.

The CAISO confirmed the need for the Proposed Project in its annual transmission planning process based on its study of policy-driven projects necessary to meet the state’s RPS.⁴ The CAISO identifies policy-driven projects in its annual transmission plan for the express purpose of cost-effectively integrating renewable generation to achieve the state’s 33% renewable portfolio standard.⁵

The Commission and the CAISO have collaborated to develop a framework that effectively and efficiently determines the transmission projects necessary to achieve the RPS goals. The CAISO specifically developed a Federal Energy Regulatory Commission (FERC) approved tariff process to identify policy-driven projects “necessary and appropriate to enable

² *Utility Consumers’ Action Network v. Public Utilities Comm’n of California.*, 187 Cal.App.4th 688 at 698-699. (2010).

³ *Id.* (internal quotations omitted).

⁴ Exhibit 5 (CAISO/Millar), p. 4:5-9.

⁵ Exhibit 11 (CAISO/Millar), p. 2:18-20.

California to meet its ambitious Renewable Portfolio Standards (RPS) and environmental goals.”⁶ The Commission actively participated in this FERC proceeding and noted that

the proposed [transmission planning process] revisions will significantly enhance the efficiency and coordination of the overall process of planning, permitting and developing transmission to support California’s environmental and energy policy goals. Of particular note, during the course of development of the proposed [transmission planning process] revisions, the [Commission] sought greater coordination of its own resource planning efforts with the CAISO’s transmission planning efforts.⁷

To effect this increased coordination toward meeting the state’s policy goals, the Commission has annually communicated its resource planning priorities to the CAISO by submitting renewable portfolio scenarios that the CAISO uses in its annual transmission planning process to identify needs for policy-driven transmission projects.⁸ The Commission develops these portfolios through its “RPS Calculator” and submits the portfolios to the CAISO at the beginning of each transmission planning cycle.⁹ The May 13, 2010 Memorandum of Understanding between the Commission and the CAISO makes clear that “resource planning priorities that result from the [Commission]’s own processes will be a significant input into the CAISO’s transmission planning process.”¹⁰ Based on this shared understanding, the Commission-provided portfolios form the basis for the studies the CAISO conducts to identify policy-driven transmission projects in its annual transmission plan.

ii. Providing Deliverability for New Renewable Generation Projects Has Been a Cornerstone to Achieving the State’s Renewable Portfolio Standard Goals.

From the perspective of individual generator resources, deliverability ensures that, under normal transmission system conditions, if capacity resources are available and called on, they will be able provide energy to the system at peak load and will not be limited by the dispatch of other capacity resources in the vicinity. The purpose of deliverability is to demonstrate that the installed capacity in any electrical area can run simultaneously, at peak load, and the excess

⁶ Exhibit 11 (CAISO/Millar), p.3:13-13 (Citing the CAISO’s transmittal letter to FERC requesting amendments to its transmission planning process.)

⁷ Exhibit 11 (CAISO/Millar), p. 4:1-6. (Citing the Notice of Intervention and Comments of the Public Utilities Commission of the State of California, FERC Docket No. ER10-1401-000, p. 4-5.)

⁸ Exhibit 11 (CAISO/Millar), p. 4:12-16.

⁹ Exhibit 11 (CAISO/Millar), p. 4:16-17.

¹⁰ Exhibit 11 (CAISO/Millar), p. 4:7-10.

energy above load in that electrical area can be exported to the remainder of the control area, subject to contingency testing. In short, the test ensures that bottleneck capacity conditions will not exist at peak load, thereby limiting the availability and usefulness of capacity resources, including RPS resources, for meeting resource adequacy requirements.¹¹

The CAISO discussed its deliverability study methodology for resource adequacy purposes extensively, and the Commission generally adopted it in the 2004 Resource Adequacy Proceeding.¹² As a result, generators must be deliverable in order to provide resource adequacy to a Commission regulated load-serving entity.¹³

The CAISO notes that *every* RPS Calculator portfolio the Commission has submitted to the CAISO for purposes of identifying policy-driven transmission has assumed full capacity deliverability status for new renewable energy projects.¹⁴ This was, and continues to be, a prudent and reasonable choice, given the need to ensure that adequate renewable resources materialize to meet the 33% RPS goals. Resource adequacy credit is an important and reliable revenue stream for renewable developers seeking to build and finance projects.¹⁵ In addition, the RPS Calculator portfolios are consistent with past practice in that the vast majority of new generation projects seeking to interconnect to the CAISO grid have requested full capacity deliverability status.¹⁶ Consistent with its RPS Calculator portfolios and past practice, the Commission should review the need for the Proposed Project with the understanding that full capacity deliverability status for new renewable generation projects is necessary to meet the 33% RPS goal.

iii. Energy-Only Portfolios Should Not Be Used to Determine the Need for the Proposed Project.

The Commission should not rely on energy-only portfolios to determine the need for the Proposed Project. The CAISO and the Commission have consistently used RPS Calculator portfolios with full capacity deliverability status for all new renewable projects. In submitting

¹¹ Exhibit 6 (CAISO/Millar), p. 3:13-27.

¹² D.04-10-035, p. 31; D.05-10-042, p. 54 (“D.04-10-035 adopted the principle that to qualify for fulfillment of RA obligations, resources should be subject to both within-control area and out-of-control area deliverability screens.”)

¹³ Exhibit 5 (CAISO/Millar), p. 4:20-22.

¹⁴ Exhibit 11 (CAISO/Millar), p. 4:17-20.

¹⁵ Tr. at 278:10-15 (Palen/McMannes); Exhibit 14 (NextEra Energy Resources, LLC (NEER)/Gosselin), p. 10:5-14; Exhibit 13 (Palen/McMannes), p. 5:1-5.

¹⁶ Exhibit 11 CAISO/Millar), p. 7:9-10.

RPS Calculator portfolios into the most recently completed transmission planning process, the Commission recognized that the results of RPS Calculator version 6, which for the first time contain energy only portfolios, were “not yet ready to inform the 2015-2016 [transmission planning process].”¹⁷

The Commission and the CAISO are currently exploring what role energy-only projects might play increasing the state’s renewable portfolio from 33% to 50%. In that context, the Commission has provided portfolios to the CAISO to use in *information-only* studies examining RPS goals in excess of 33% (up to 50 percent RPS on an energy only basis). However, these are not portfolios the CAISO has relied upon—nor has the Commission intended the CAISO to rely upon them—to identify policy-driven needs to achieve the 33 percent RPS.¹⁸ In particular, these are not the portfolios the Commission intended to rely upon in determining the need for the Proposed Project. Those portfolios assumed full delivery, as did the underlying projects in the interconnection queue that supported the need for the Proposed Project.

B. The Proposed Project is Necessary to Meet the 33% RPS Goal.

As stated above, the CAISO originally studied the need for the Proposed Project in the course of its large generator interconnection process that was undertaken consistent with the requirements of the CAISO tariff, then confirmed the need for the Proposed Project as a policy-driven project in its transmission plan. These studies showed significant thermal overloads on the West of Devers 220 kV transmission system under normal conditions and contingencies.¹⁹

In this proceeding, the CAISO again confirmed the continuing need for the Proposed Project based on the most recent RPS Calculator portfolios the Commission submitted to the CAISO. In these most recent portfolios, the CAISO studied a 33% commercial interest base case in which there was 3,017 megawatts (MW) of renewable generation in the Riverside East area and 1,750 MW of renewable generation in the Imperial area.²⁰ The CAISO ran a power flow analysis to determine whether the Proposed Project provided sufficient deliverability for this portfolio while maintaining reliability consistent with its FERC-approved deliverability

¹⁷ Exhibit 40, p. 1.

¹⁸ Exhibit 11 (CAISO/Millar), p. 4:20-24.

¹⁹ Exhibit 6 (CAISO/Zhu), p. 8:19-22; p. 10, Table 5.5-14 Power Flow Summary without West of Devers Upgrades.

²⁰ Exhibit 6 (CAISO/Zhu), p. 13:15-19.

assessment.²¹ The Proposed Project mitigated all thermal overloads in the base case and enabled deliverability of an additional 1,700 MW of generation in the Riverside East and Imperial areas in excess of the amounts identified in the RPS Calculator portfolios.²² That means the lack of the project would lead to significant risk of thermal overloads with the amount of renewable generation expected to be delivered.

If the Proposed Project is not approved, renewable projects currently under development could be at risk of being unable to deliver their contractual obligations.²³ During the course of this proceeding, one renewable developer noted that “changing the rules of road for transmission projects that have already been approved through the CAISO planning process to accommodate generation projects requesting [full capacity deliverability status], could have a material and harmful impact on those generation projects by potentially preventing generators from meeting their contractual obligations.”²⁴ Developers also indicated that the lack of deliverability for new generation would result in an inability to obtain financing for prospective renewable generation.²⁵ For example, another developer noted that rejection of the Proposed Project “would raise tremendous uncertainty for projects planning to interconnect to the WODUP line.”²⁶ The CAISO stresses that there are 6,089.4 MW of generation projects in the CAISO queue that require the Proposed Project to obtain full capacity deliverability status. 5489.4 MW of these are preferred resources or energy storage.²⁷ These projects will be similarly affected if the Commission rejects the Proposed Project because they will be incapable of demonstrating deliverability, thereby preventing them from obtaining resource adequacy credit. Thus, rejecting the Proposed Project could jeopardize the development of renewable resources, potentially undermining state policy and environmental goals. It would also undermine the CAISO’s generator interconnection process and thwart open access.

In addition, rejecting the Proposed Project could raise more general concerns regarding the ability of generators to obtain full capacity deliverability status throughout the CAISO controlled grid. In this proceeding, generators developing projects in the Riverside East and

²¹ Exhibit 6 (CAISO/Zhu), p. 13:13-15.

²² Exhibit 6 (CAISO/Zhu), p. 14, Table 6; p. 17:6-10.

²³ Exhibit 14 (NEER/Gosselin), p. 10:16-18.

²⁴ Exhibit 14 (NEER/Gosselin), p. 10:14-18.

²⁵ Tr. at 280:14-17 (Palen/McMannes).

²⁶ Exhibit 13 (Palen/McMannes), p. 7:6-7.

²⁷ Exhibit 6 (CAISO/Zhu), p. 7, Table 4.

Imperial areas expressed concern regarding harm to projects in development if they are not able to achieve full capacity deliverability status.²⁸ These developers represent the most immediate and acute concerns, but those concerns will not necessarily be confined to the specific areas relying on the Proposed Project. These concerns will likely be shared by all renewable developers seeking to build within the state that rely on policy-driven transmission projects for deliverability. This widespread uncertainty could ultimately affect the state's ability to achieve its RPS goals.

C. The Proposed Project Optimizes System Upgrades and Provides Sufficient Flexibility for Future Needs.

Although the primary purpose of the proposed project is to enable deliverability of renewable resources necessary to meet the 33% RPS goal and interconnect resources consistent with CAISO tariff requirements, the Proposed Project also better prepares the system meet the 50% RPS goal contained in Senate Bill 350.²⁹ As stated above, the Proposed Project provides up to 1,700 MW of additional deliverability in excess of the generation identified in the RPS Calculator portfolio used in the CAISO's 2015-16 transmission plan.³⁰ The Proposed Project also provides a significant opportunity for additional renewable development in the resource rich Imperial and Riverside East zones. Enabling additional projects in these areas to be deliverable increases the likelihood of that projects will be completed because they will receive resource adequacy value, and thus have better project financing options. In addition, having such additional resources available provides utilities and ratepayers with the opportunity to obtain more value from future renewable generation contracts in the form of resource adequacy credit.

Utilizing the existing West of Devers transmission path is also consistent with the Garamendi Principles³¹ because it uses existing rights-of-way based on technical and economic

²⁸ Exhibit 14, p. 10 (“Adopting ORA’s position, and thereby changing the rules of the road for transmission projects that have already been approved through the CAISO planning process to accommodate generation projects requesting [full capacity deliverability status], could have a material and harmful effect on those generation projects...”; Exhibit 13, p. 2 (“ORA’s recommendations in this case will result in tremendous uncertainty for renewable project developers and significantly increase the risks facing project developers as a result of changing rules and policies related to transmission planning long after parties have invested significant resources in reliance upon the adopted transmission plans and related interconnection agreements.”)

²⁹ California Public Utilities Code Section 399.15(b)(2)(B).

³⁰ Exhibit 6 (CAISO/Zhu), p. 14, Table 6; p. 17:6-10.

³¹ See D.09-12-044 at 93, Finding of Fact No. 14. (“The Garamendi Principles are statewide transmission siting policies that encourage the use of existing ROW by upgrading existing transmission facilities where technically feasible and economically justifiable.”)

feasibility to cost-effectively meet an identified need. The expanded capacity provided by the Proposed Project also reduces the possibility that additional upgrades in this area will be needed in the future.

III. Feasibility of Project Alternatives

The California Environmental Quality Act (CEQA) requires the Commission, as the reviewing agency, to consider all feasible alternatives to the Proposed Project.³² CEQA defines “feasible” as “capable of being accomplished in a successful manner within a reasonable period of time, taking into account economic, environmental, social, and technological factors.”³³ In previous decisions, the Commission has found alternatives infeasible “for purposes of meeting California’s broader policy goals, including reduction of GHG emissions.”³⁴

Two alternatives to the Proposed Project were presented during the course of this proceeding and the Environmental Impact Report (EIR) review: (1) the EIR Phased Build Alternative; and (2) the ORA’s Interim West of Devers Upgrade Alternative. Neither of these are a feasible alternative to the Proposed Project because they are unable to meet California’s broader renewable policy goals.

A. The EIR Phased Build Alternative

The EIR Phased Build Alternative retains most of the existing double circuit towers in the West of Devers corridor and reconductors all four West of Devers transmission circuits with high capacity “795 Drake” Aluminum Conductor Composite Reinforced (ACCR).³⁵ The Phased Build Alternative provides limited additional transmission capacity to increase deliverability from the Riverside East and Imperial areas by at least 2,200 MW.³⁶ If future transmission capacity is found to be necessary, subsequent phases could include replacing the retained double circuit towers and reconductoring or adding a new 500 kV or 220 kV line in the existing corridor.³⁷

The EIR states that Phased Build Alternative allows “import of generation from generation projects that the CAISO has determined to be most realistic.”³⁸ However, it is

³² California Public Resources Code § 21002.

³³ California Public Resources Code § 21061.1.

³⁴ D.08-12-058, p. 219.

³⁵ Exhibit B, p. ES-13-14.

³⁶ Exhibit B, p. ES-6; p. ES-17.

³⁷ Exhibit B, p. ES-14.

³⁸ Exhibit B, p. ES-13.

inaccurate for the EIR to claim that the CAISO has determined that the generation projects included in the CAISO’s 2024 Reliability Base Case “to be the most realistic.” The CAISO has made no such statement and the reliability base case used in the EIR analysis is designed to identify transmission system improvements necessary to meet reliability requirements, not RPS needs. The CAISO uses a separate base case for its policy-driven transmission planning studies that is based on the RPS Calculator portfolios received from the Commission.³⁹

The CAISO studied the Phased Build Alternative using the most recent RPS Calculator portfolio and found the Phased Build Alternative to be a poor substitute for the Proposed Project. Although the Phased Build Alternative would narrowly provide sufficient deliverability for the generation identified in the RPS Calculator portfolios, incremental deliverability would be limited.⁴⁰ In order to provide any incremental deliverability, a special protection system would be required.⁴¹ Given the incremental renewable capacity that will be required to meet the 50% RPS, it is likely that subsequent phases of the Phased Build Alternative would be needed sooner rather than later, thereby undercutting the perceived environmental benefits of the Phased Build Alternative and increasing costs.

In addition, the CAISO identified additional environmental impacts of the Phased Build Alternative that were not addressed in the EIR. Specifically, the CAISO found that the Phased Build Alternative results in significantly increased line losses.⁴² Incremental line losses were 35 MW greater than those the Proposed Project.⁴³ These increased line losses are essentially a decrease in energy efficiency, which the Commission has identified as the first priority preferred resource in its Loading Order.⁴⁴ A 35 MW drop in energy efficiency is not inconsequential, especially when compared to SCE’s recent efforts to procure energy efficiency to meet local capacity area requirements.⁴⁵

³⁹ Exhibit B, Comments and Responses to Comments, Comment Set B9, p. 124.

⁴⁰ Exhibit 6 (CAISO/Zhu), p. 16:1-3.

⁴¹ *Id.*

⁴² *Id.* at p. 17:14-17.

⁴³ *Id.*

⁴⁴ D.13-02-015 p. 10 (citing Energy Action Plan 2008 Update).

⁴⁵ D.15-11-041, p. 5; p. 39, Ordering Paragraph No. 1. (Despite being the first priority preferred resource in the Loading Order, SCE procured only 124 MW of energy efficiency resources out of approximately 1,800MW of approved new capacity resources.)

For the foregoing reasons, the Phased Build Alternative is short-sighted and not designed to meet California's long-term renewable energy and energy efficiency goals. As a result, the Commission should find that the Phased Build Alternative is infeasible as a means to meet the state's policy goals to increase renewable generation and energy efficiency.

B. ORA's Interim West of Devers Upgrade Alternative

ORA proposes to maintain the existing Interim West of Devers Upgrade instead of the Proposed Project. The Interim West of Devers Upgrade consists primarily of series reactors that serve as a temporary mechanism to increase deliverability on the West of Devers path.⁴⁶ The Interim Upgrades provide about 1,050 MW of increased deliverability from the Riverside East and area no additional deliverability from the Imperial area. This incremental deliverability is not sufficient to provide deliverability to the generation in the RPS Calculator portfolios.⁴⁷

The EIR properly rejected this alternative because it failed to sufficiently increase deliverability, maximize space in the existing right-of-way, or support meeting RPS goals. The CAISO concurs with this analysis and adds that the Interim Upgrades create a known reliability issue in the 2020 timeframe based on the CAISO's reliability driven analysis.⁴⁸ Mitigating this reliability concern would require dispatch of local gas generation as mitigation, which further harms the effort to meet RPS goals.⁴⁹

IV. Conclusion

The Proposed Project was designed to enable the development of renewable generation in the Riverside East and Imperial areas in a predictable and cost effective manner based on RPS Calculator portfolios provided by the Commission and incorporated in the CAISO's policy-driven transmission planning process. In response to the processes developed by the CAISO and Commission in collaboration, generators have planned accordingly, with over 6,000 MW of generation in these areas currently requesting interconnection to the CAISO grid and full capacity deliverability status. Rejecting the Proposed Project at this time will create significant uncertainty for renewable generators building projects in California and could jeopardize timely

⁴⁶ Exhibit 12 (CAISO/Zhu), p. 2:3-5.

⁴⁷ *Id.* at p. 2:10-14.

⁴⁸ *Id.* at p. 2:18-3:5.

⁴⁹ *Id.* at p. 3:5-7.

achievement of the state's RPS goals. The Commission should approve the Proposed Project as necessary to meet the 33% RPS and to best position the state to achieve the 50% RPS by 2030.

Respectfully submitted,

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