

Application No.: 16-10-012
Exhibit No.: _____
Witness: Neil Millar
ALJ: MacDonald
Commissioner: Randolph

In the Matter of the Application of DCR
TRANSMISSION, LLC for a Certificate of
Public Convenience and Necessity for the
Ten West Link Project

Application 16-10-012

**REBUTTAL TESTIMONY OF NEIL MILLAR
ON BEHALF OF THE CALIFORNIA INDEPENDENT SYSTEM OPERATOR
CORPORATION**

June 18, 2020

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1 **I. INTRODUCTION**

2 **Q1. Have you previously provided testimony in this proceeding?**

3 **A1.** Yes, on December 20, 2019, I provided opening testimony supporting the need for
4 Delaney-Colorado River Transmission, LLC’s (DCRT’s) Ten West Link 500 kV
5 transmission project (Proposed Project). My educational and professional background
6 and job responsibilities are detailed in my opening testimony.
7

8 **Q2. What is the purpose of your rebuttal testimony?**

9 **A2.** The purpose of my rebuttal testimony is to respond to certain assertions made by the
10 California Public Advocates Office (Cal Advocates) in its opening testimony.

11 Specifically, I address the following issues:

- 12 (1) The scope of the Commission’s review of the Proposed Project’s public
13 convenience and necessity;
- 14 (2) The scope and propriety of the CAISO’s updated economic analysis of the
15 Proposed Project produced for the purpose of this proceeding;
- 16 (3) Whether the Proposed Project is an interregional transmission project eligible for
17 interregional cost allocation under the CAISO and neighboring transmission
18 planning regions’ FERC Order 1000 tariffs.
19

20 **II. THE COMMISSION HAS BROAD DISCRETION IN DETERMINING
21 WHETHER THE PROPOSED PROJECT SERVES THE PUBLIC
22 CONVENIENCE AND NECESSITY.**

23 **Q3: Do you agree with Cal Advocates assertion that it is “only appropriate to analyze
24 the Proposed Project’s economic benefits and costs to ratepayers in the CAISO’s
25 BAA”¹ and conclusion that “the Commission limit its review to the Proposed
26 Project’s purported economic production and capacity benefits”²**

¹ *Opening Testimony for the Application of DCR Transmission, LLC for a Certificate of Public Convenience and Necessity for the Ten West Link Project*, A.16-10-012, May 13, 2020, p. 1-4. (Cal Advocates Opening Testimony)

² *Id.*, p. 1-8.

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1 **A3:** No. Under Public Utilities Code Section 1001, the Commission reviews proposed
2 transmission infrastructure investments to determine whether they serve the public
3 convenience and necessity. The Commission is not limited to considering only those
4 benefits that the CAISO considered in its tariff-defined process. Similarly, the
5 Commission’s review is not limited to considering the CAISO’s 2014 Transmission
6 Economic Assessment Methodology (TEAM) analysis. Furthermore, the CAISO’s 2014
7 review and approval process identified other potential benefits of the Proposed Project, in
8 addition to the economic benefits identified at that time and notwithstanding the
9 designation of the Proposed Project as an economic-driven project. I address each of
10 these issues below.

11
12 First, an economic-driven project as set out in the CAISO’s transmission planning
13 process may also provide non-economic benefits. In the transmission planning process,
14 the CAISO conducts its economic studies after its reliability and policy studies in each
15 annual planning cycle. An economic driven project may be a new solution, or may be an
16 expansion or advancement of a previously-identified reliability or policy-driven solution.³
17 The CAISO identified potential policy and reliability benefits when it presented the
18 Proposed Project for CAISO Board of Governor approval in 2014. The CAISO staff
19 memo requesting approval of the Delaney-Colorado River Transmission Project at the
20 July 2014 Board of Governors meeting also cited economic benefits, potential for policy
21 benefits, and reliability benefits. In addition, the CAISO’s 2013-2014 Transmission Plan
22 (attached to my initial testimony as Attachment A)⁴ provided details regarding the other
23 reliability and policy benefits the Proposed Project could provide, and even more
24 pointedly, noted that some of those benefits could ultimately result in higher overall

³ CAISO tariff, Section 24.4.6.7 Economic Studies and Mitigation Solutions states, “The CAISO, in determining whether a particular solution is needed, shall also consider the comparative costs and benefits of viable alternatives to the particular transmission solution, including: (1) other potential transmission solutions, including those being considered or proposed during the Transmission Planning Process; (2) **acceleration or expansion of any transmission solution already** approved by the CAISO Governing Board **or included in any CAISO comprehensive Transmission Plan**, and (3) non-transmission solutions, including demand-side management.” (emphasis added)

⁴ *Testimony of Neil Millar on Behalf of the California Independent System Operator Corporation*, A.16-10-012, December 20, 2019, Attachment A.

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1 benefits than the economic benefits quantified in the 2013-2014 Transmission Plan. This
2 is particularly relevant given the benefits that have emerged over the intervening five
3 years, as set out in the testimony of Mr. Yimer and Mr. Zhang.

4
5 Second, the benefits provided by the Proposed Project either presented by the CAISO or
6 others in testimony are not limited to the benefits examined by the CAISO at the time the
7 CAISO approved the Proposed Project. The range of benefits considered in the 2013-
8 2014 transmission planning process do not limit the range of the benefits that the CAISO
9 can present, or that the Commission can consider, in reviewing the need for the Proposed
10 Project in this proceeding. As I explained in my initial testimony, it has been more than
11 five years since the CAISO approved the Proposed Project. The passage of time and
12 industry developments since then necessitate considering the full range of benefits the
13 Proposed Project is now forecast to deliver.

14
15 Finally, even when considering only the economic benefits of the Proposed Project, the
16 Commission is not restricted to considering only economic benefits identified by TEAM
17 in this proceeding. The TEAM was developed for purposes of the CAISO assessing
18 economic benefits of transmission projects for purposes under the planning process
19 established in the CAISO tariff. However, nothing expressly precludes the CAISO or an
20 applicant from identifying other project benefits in a Commission CPCN proceeding, and
21 nothing expressly requires the Commission to consider only TEAM benefits and ignore
22 other identified benefits.

23
24 **III. THE CAISO'S UPDATED ECONOMIC ANALYSIS IS SUFFICIENTLY**
25 **ROBUST TO DEMONSTRATE THAT THE PROPOSED PROJECT'S**
26 **BENEFITS WILL OUTWEIGH ITS COST.**

27 **Q4. Please describe the CAISO's general approach to the economic modeling conducted**
28 **for the purpose of this proceeding.**

29 **A4.** The CAISO performed a holistic economic analysis to assess the Proposed Project's
30 benefits. In the present case, this analysis consisted of updating the CAISO's economic

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1 modeling results using the most up-to-date resource planning and transmission system
2 data available at the time the testimony was prepared.

3
4 **Q5. Do you agree with Cal Advocates' assertion⁵ that the CAISO's updated economic**
5 **benefit analysis is outdated because it is based on the 2017-2018 IRP assumptions**
6 **and results rather than the new 2019-2020 IRP assumptions and results?**

7 **A5.** No. The 2017-2018 Preferred System Portfolio (2017-2018 PSP) remains the base case
8 for reliability and policy-driven analysis. In Decision 20-03-028, the Commission
9 requested that the CAISO use the 2017-2018 PSP⁶ as the reliability and policy-driven
10 base case for the purposes of the CAISO 2020-2021 transmission planning process
11 (TPP).⁷ In that same decision, the Commission requested that the CAISO use the 2019-
12 2020 Reference System Plan (2019-2020 RSP) only as a policy-driven sensitivity in the
13 CAISO 2020-21 TPP. This means that the resource portfolios used in the CAISO's
14 analysis of the Proposed Project, which are based on the 2017-2018 IRP PSP, remain
15 current and correct for purposes of transmission and resource planning.⁸ Based on the
16 Commission's direction, the 2017-2018 IRP PSP remains the appropriate portfolio to
17 assess future transmission infrastructure investments. Using the 2019-2020 RSP, as Cal
18 Advocates recommends, would not be appropriate because it is only a sensitivity case,
19 rather than a base case portfolio.

⁵ Cal Advocates Opening Testimony, pp. 2-24. "Both the CAISO's and the Applicant's PCM are based on databases with outdated assumptions. The Commission's IRP process develops renewable portfolios that the CAISO uses in its Transmission Planning Process to evaluate the need for reliability, policy, and economic-driven transmission. The most recent IRP contains information that would change the CAISO's and the Applicant's modeling outcomes."

⁶ With updates to the baseline and some generation locations as detailed in D.19-04-040.

⁷ See D.20-03-028, Ordering Paragraph No. 14, page 108, at <http://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M331/K772/331772681.PDF>.

⁸ The CAISO notes that it corrected the 2017-2018 IRP PSP to enable the selection of Arizona resources, as provided in *Nebiyu Yimer's Testimony on Behalf of the California Independent System Operator Corporation, A.16-10-012, December 20, 2019*. The Commission made this same correction in the 2019 IRP process.

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1 **Q6: Has the CAISO considered whether using the 2019-2020 RSP would dramatically**
2 **change its economic assessment?**
3

4 **A6.** Although the CAISO has not performed studies using the 2019-2020 RSP—which is only
5 a sensitivity case per Decision 20-03-028—the CAISO does not believe using the 2019-
6 2020 RSP would be likely to yield dramatically different results for the reasons set out in
7 the concurrently filed rebuttal testimony of Mr. Yimer and Dr. Zhang.

8
9 In addition, as the California electricity system is transforming at a fast pace, the
10 Commission and California Energy Commission are engaged in constant multi-year
11 processes developing forecasts and plans used in transmission planning activities. It is
12 not practical to update every study with every new piece of information that may become
13 available through the study and approval process. Decisions to update study assumptions
14 must be made deliberately based on material changes in circumstances, rather than
15 baseless speculation. Acting to the contrary would paralyze the project approval process
16 because the permitting timeline would never be completed before it was necessary to
17 restart the study process.

18
19 **Q7. Please respond to Cal Advocates' claim that the CAISO's analysis lacked sufficient**
20 **sensitivity analyses.**

21 **A7.** Cal Advocates suggests that the CAISO should have conducted the same sensitivity
22 analyses that it previously conducted in the 2013-2014 transmission planning process as
23 part of this proceeding. This is inappropriate and unnecessary because the CAISO's
24 economic study process has evolved over the years and, considering past experience, the
25 CAISO has placed more emphasis on careful consideration of robust baseline
26 assumptions rather than conducting a broader range of sensitivities. In the 2013-2014
27 transmission plan, the CAISO studied a broad range of sensitivities for informational
28 purposes, but over time the CAISO found that the broad sensitivity analyses did not
29 necessarily better inform decision-making as to whether or not to proceed with particular
30 projects. As a result, the CAISO has reduced its economic sensitivity analyses in recent
31 years.

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1 This trend has been generally evident in subsequent years' transmission plans, and in
2 particular in the study and CAISO approval of economic-driven transmission projects in
3 the 2017-2018 Transmission Plan and 2018-2019 Transmission Plan.

4
5 Cal Advocates testimony fails to consider these developments in the transmission
6 planning process. In fact, Cal Advocates' testimony appears to suggest that the CAISO
7 did not approve economic transmission projects after the 2014-15 transmission planning
8 cycle. Cal Advocates' testimony⁹ represents that "To date, the CAISO approved five
9 economic-driven transmission" projects, then proceeds to list projects that were approved
10 up to the 2014-15 transmission planning cycle.¹⁰ However, the table ignores six
11 additional economic-driven transmission projects that the CAISO approved in the 2017-
12 18 and 2018-19 transmission plans. Those later approvals demonstrate the CAISO's shift
13 to studying a reduced number of sensitivity scenarios in its economic planning process.
14 As I stated above, the CAISO review and approval processes for those projects generally
15 focused on developing a robust set of baseline assumptions rather than numerous
16 sensitivities.

17
18 As stated in the CAISO's TEAM document:

19 The current economic planning practice is the CAISO takes a practical approach
20 to study sensitivities by varying critical assumptions depending on the data
21 availability of the project under evaluation. It is worth noting that sensitivity
22 studies can also be conducted in assessment of benefits other than the production
23 benefit on case by case basis. The selection of sensitivities will depend on the
24 particular project.¹¹

25 The CAISO conducted sensitivity studies to test different assumptions of natural gas
26 prices and CO₂ prices, which are critical for a project that has large impact on energy
27 exchange between the CAISO and the rest of the western interconnection. In addition to

⁹ Cal Advocates Opening Testimony, p. 2-2 "To date, the CAISO approved five economic-driven transmission projects."

¹⁰ *Id.*, Table 1, p. 2-3.

¹¹ CAISO TEAM document Nov. 2, 2017, p. 26, at

http://www.caiso.com/Documents/TransmissionEconomicAssessmentMethodology-Nov2_2017.pdf

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1 the sensitivities in production cost modeling (PCM), the CAISO also prepared
2 sensitivities considering different capacity benefits, which contributes to the total benefit
3 of the Proposed Project.

4
5 The purpose of conducting sensitivity studies is to test the robustness of the benefit
6 results. It does not require all sensitivities to show benefit-to-cost ratio greater than one
7 to approve a project as other more qualitative measures may also play a part. In
8 approving economic transmission solutions, the tariff provides that the CAISO must
9 “consider the degree to which, if any, the benefits of the transmission solutions outweigh
10 the costs,” rather than defining any specific quantitative benefit to cost threshold that
11 must be achieved.¹² The CAISO’s decision to approve a transmission project is primarily
12 based on consideration of the baseline study, which represents the most likely scenario.
13 In the meantime, if some critical sensitivities showed the benefit-to-cost ratio much less
14 than 1.0, the CAISO can consider further investigation and reassessment. In any event,
15 this is not the case for the Ten West Link project, which produced a positive benefit-to-
16 cost ratio in all CAISO studies developed for this proceeding.

17 **Q8. Please explain how the CAISO assesses Energy Imbalance Market (EIM) impacts in**
18 **its TEAM review.**

19 **A8.** Cal Advocates claims that the CAISO failed to consider “impact of EIM as it relates to
20 the proposed project.”¹³ Generally speaking, for projects that are within the CAISO
21 controlled grid, the base case for economic assessment is conducted without the EIM
22 modeled. The TEAM documents states, “[t]he purpose of doing this is to avoid putting
23 CAISO’s ratepayers on risk if a transmission upgrade can only be justified economical
24 with EIM modeled.”¹⁴

¹² CAISO Tariff, 24.4.6.7(d) Economic Studies and Mitigation Solutions, “In determining whether additional transmission solutions are needed, the CAISO shall consider the degree to which, if any, the benefits of the transmission solutions outweigh the costs.”

¹³ Cal Advocates Opening Testimony, p. 1-6 states, “Both the Applicant and the CAISO chose not to discuss or evaluate the impact of EIM as it relates to the proposed project. Pushkar Wagle in his testimony discusses this issue in his section.”

¹⁴ CAISO TEAM document Nov. 2, 2017, p. 32, at http://www.caiso.com/Documents/TransmissionEconomicAssessmentMethodology-Nov2_2017.pdf

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1
2 The Proposed Project was approved as an internal project, *i.e.*, a transmission upgrade
3 fully funded by CAISO’s ratepayers through the transmission access charge. According
4 to the CAISO’s TEAM, the CAISO does not consider the EIM model to assess the
5 Proposed Project’s economic benefits, although EIM encourages energy exchange in the
6 real time market and, as a result, increases use of transmission capacity of inter-ties
7 thereby potentially increasing ratepayer’s benefits. The CAISO therefore took a relatively
8 conservative approach in its transmission planning economic assessment by not
9 considering the EIM model in its testimony in this proceeding.

10
11 The CAISO also notes that its PCM does not consider scheduling limits, which are
12 another set of market related models that may impact the Proposed Project’s overall
13 benefits. The CAISO considers scheduling limits in actual market operation, and these
14 limits may cause congestion on the system. Modeling scheduling limits of branch groups
15 in East of River and West of River corridors in production cost simulation potentially
16 shows congestion on these branch groups in simulation results, and may increase the
17 benefit of the Proposed Project. The CAISO took a conservative approach, however, and
18 did not model any scheduling limits, reducing the Proposed Project’s benefits from what
19 they otherwise might be in the CAISO’s analysis.

20
21 Instead, the CAISO modeled WECC path ratings, scheduled transmission maintenances
22 and the corresponding transmission derate on path ratings based on historical data, which
23 is consistent with CAISO’s transmission planning process.

24
25 **Q9. Please respond to Cal Advocates’ assertion that the CAISO should have conducted**
26 **its own Path Rating studies to assess the Proposed Project’s benefits.**

27
28 **A9.** Cal Advocates claims that the CAISO should have conducted its own path rating studies
29 instead of relying on the path rating studies led and conducted by the Applicant.
30 Specifically, Cal Advocates states that “the CAISO should have conducted an
31 independent investigation to at least verify the Applicant’s path rating studies rather than

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1 taking the Applicant’s findings at their face value.”¹⁵ This assertion is incorrect and
2 appears to ignore the nature of the Western Electricity Coordinating Council’s Path
3 Rating Process.

4
5 The CAISO requested the Applicant to prepare the path rating studies, which is an
6 extensive study, review, and comment process set out in the WECC Path Rating Process.
7 One of the stated purposes of the path rating study process is to “provide a formal process
8 for **project sponsors** to attain an -Accepted Rating and demonstrate how their Project
9 will meet NERC Reliability Standards and WECC Criteria.”¹⁶ (emphasis added) It is
10 only appropriate for the owner of the facilities to lead the process for the facilities they
11 are sponsoring, especially as the process “[p]rovides new projects being integrated into
12 the system with a Path rating, while recognizing protected ratings of other Paths.”¹⁷
13 Further, the path rating process was developed to establish, among other objectives, that
14 “Accepted Ratings that have been reviewed by the WECC membership.”¹⁸ The CAISO
15 is a member of WECC.

16
17 Accordingly, the Applicant is following the WECC Path Rating Process to establish the
18 increase in the Path 46 and Path 49 Path Ratings associated with the Proposed Project.
19 Pursuant to the WECC process the Applicant has formed a Project Review Group for the
20 purpose of reviewing and approving the path rating studies performed by the Applicant.
21 The CAISO and other WECC members are participants in the Project Review Group. In
22 addition, the CAISO along with other WECC members participated in reviewing and
23 commenting on the Phase 1 path rating base cases and the Phase 1 report.

¹⁵ Cal Advocates Opening Testimony, p. 2-20.

¹⁶ *WECC Project Coordination, Path Rating and Progress Report Processes*, page 7. Available at https://www.wecc.org/Reliability/Project_Coordination_Path_Rating_and_Progress_Report_Processes_20170316.pdf.

¹⁷ *Id.*, p. 6.

¹⁸ *Id.*, p. 6.

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1 In summary, the Applicant has followed the correct WECC-based industry practices to
2 assess path rating increases provided by the Proposed Project. Broad participation and
3 stakeholder review, including input from the CAISO, is part of the path rating process.
4 There is no basis, nor is there any need, to have parallel, duplicative path rating study
5 processes led by the CAISO. Such a duplicative process would have been wasteful and
6 confusing to other WECC members seeking meaningful participation in the coordinated
7 study process.
8

9 **Q10. Explain the CAISO's role providing Cal Advocates with access to the CAISO's**
10 **production cost model and ABB's GridView software.**

11
12 **A10.** Cal Advocates' testimony could be misinterpreted to suggest that the CAISO directed or
13 oversaw Cal Advocates' production cost modeling. To clarify, the CAISO employs
14 commercially available and widely used software in its planning studies and the models
15 employed in annual transmission planning processes. The CAISO used these same
16 commercially available software to prepare its opening testimony and it made the
17 underlying models available to parties subject to the appropriate nondisclosure
18 agreements consistent with Commission's Rules of Practice and Procure (Rule
19 10.4(d)(2)).
20

21 To avoid further lengthy and costly delays to this proceeding, the CAISO took the
22 extraordinary step of contracting with ABB, the owner of the commercially available
23 production cost modeling software used by the CAISO, as an external computing service
24 to have Cal Advocates' requested model runs produced under the direction of Cal
25 Advocates, consistent with Rule 10.4(d)(3). This step was enabled by the cooperation of
26 ABB and by the Applicant's willingness to provide the funding for ABB's study work.
27 The CAISO limited its role solely to contracting with ABB and providing Cal Advocates
28 with direct access to ABB. The CAISO was not involved in subsequent communications
29 or producing Cal Advocates' requested production cost modeling runs.

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1 Notwithstanding this additional assistance provided to Cal Advocates, neither the
2 CAISO, nor to my knowledge the Applicant, oversaw the work conducted by ABB for
3 Cal Advocates.

4 Accordingly, the subsequent discussions Cal Advocates may have had with the Applicant
5 and/or ABB to reduce the initial scope of the studies conceived by Cal Advocates upon
6 Cal Advocates' learning of the actual workload and timelines that the Cal Advocates'
7 initial requests entailed in performing these types of studies was not the result of direction
8 from the CAISO.

9
10 **IV. THE PROPOSED PROJECT WOULD NOT QUALIFY FOR INTERREGIONAL**
11 **COST ALLOCATION.**

12 **Q11. Please briefly explain the CAISO's Interregional Transmission Coordination**
13 **Process.**

14
15 **A11.** FERC Order No. 1000 broadly reformed the regional planning and interregional
16 coordination processes of public utility transmission providers and adopted certain
17 reforms to the electric transmission planning and cost allocation requirements for public
18 utility transmission providers. FERC Order No. 1000 required improved coordination
19 across neighboring regional transmission planning processes through procedures for joint
20 evaluation and sharing of information among established FERC Order No. 1000
21 transmission planning regions. These additional reforms affected the CAISO's existing
22 regional transmission planning process and resulted in the CAISO collaborating more
23 closely with neighboring transmission utility providers and western planning regions
24 (WPRs)¹⁹ across the western interconnection to develop a coordinated process for
25 considering interregional projects. These regional and interregional reforms were
26 designed to work together to ensure an opportunity for more transmission projects to be

¹⁹ Transmission planning regions established under Order No. 1000 within the Western Interconnection are CAISO, NorthernGrid, and WestConnect.

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1 considered in regional transmission planning processes on an open and non-
2 discriminatory basis both within each WPR and across multiple WPRs.

3
4 In compliance with Order No. 1000, the CAISO and other WPRs (1) developed a
5 procedure to coordinate and share the results of their planning region's regional
6 transmission plans to provide greater opportunities for the WPR to identify possible
7 interregional transmission facilities that could address regional transmission needs more
8 efficiently or cost effectively than separate regional transmission facilities; (2) developed
9 a formal procedure to identify and jointly evaluate transmission facilities that are
10 proposed to be located in two or more WPRs; (3) established a formal agreement to
11 exchange among the WPRs, at least annually, their planning data and information; and
12 finally (4) developed and maintained a mechanism for the communication of information
13 related to the interregional transmission coordination process.

14
15 On balance, the CAISO fulfills these requirements by following the processes and
16 guidelines documented in its Business Practice Manual for the Transmission Planning
17 Process²⁰ and through its development, implementation, and coordination of the process
18 with the other WPRs.

19
20 As part of its TPP, the CAISO provides a submission window during which proponents
21 may submit their Interregional Transmission Projects (ITPs) into the CAISO's annual
22 planning process within the current interregional coordination cycle. This window is
23 aligned with the submission windows of other WPRs. The submission window is open
24 from January 1st through March 31st of every even numbered year. ITP submittals must
25 indicate whether or not they are seeking cost allocation from the WPR to which they are
26 proposing to interconnect, list all WPRs that they have submitted their ITP to, and
27 include specific technical and cost information for the CAISO to consider during its
28 validation/selection process of the ITP. In order for the CAISO to consider a proponent's

²⁰ [https://bpmcm.caiso.com/Pages/BPMDetails.aspx?BPM=Transmission Planning Process](https://bpmcm.caiso.com/Pages/BPMDetails.aspx?BPM=Transmission%20Planning%20Process).

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1 project as an ITP, it must have been submitted to and validated by at least one other
2 WPR. Once the validation process has been completed, each WPR is then considered to
3 be a Relevant Planning Region. The WPRs are not required to have, and do not have, the
4 same validation processes for accepting ITPs as they are consistent with the regional
5 planning process of the WPR.

6
7 Once the submittal and validation process has been completed, the CAISO shares its
8 planning data and information with the other relevant planning regions and develops a
9 coordinated evaluation plan for each ITP to be considered in its regional planning
10 process. Once the evaluation plans are completed, then each relevant planning region
11 considers the proposed ITP in its regional planning processes. The process to evaluate an
12 ITP can take up to two years where an “initial” assessment is completed in the first or
13 even year and, if appropriate, a final assessment is completed in the second or odd year.
14 The assessment of an ITP in a WPR’s regional process continues until a determination is
15 made whether the ITP will or will not meet a regional need within that WPR. If a WPR
16 determines that an ITP will not meet a regional need within its region, no further
17 assessment of the ITP by that WPR is required. Throughout this process, as long as an
18 ITP is being considered by at least two relevant planning regions, it will continue to be
19 assessed as an ITP for cost allocation purposes; otherwise, the ITP will no longer be
20 considered within the context of Order No. 1000 interregional cost allocation. However,
21 if one or more WPRs remain interested in considering the ITP within its regional process
22 even though it is not on the path of interregional cost allocation, it may do so with the
23 expectation that the WPR(s) will continue some level of continued cooperation with other

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1 WPRs and with WECC and other WECC processes to ensure all regional impacts are
2 considered.

3
4 **Q12. Do you agree with Cal Advocates' assessment that the Proposed Project is an**
5 **Interregional Project that should have been submitted to WestConnect for cost**
6 **allocation?**

7
8 **A12.** No, the CAISO disagrees with this assertion as it is not consistent with WestConnect's
9 FERC-approved regional planning process. In fact, even after WestConnect established
10 its ITP tariff framework, the Proposed Project was not eligible for submission into the
11 WestConnect process. Neither the Applicant nor the CAISO had an opportunity to
12 submit the Proposed Project to WestConnect's interregional transmission planning
13 process for cost allocation purposes because WestConnect has never, to date, identified
14 any regional transmission needs that could be met through an ITP as required by the
15 WestConnect tariff provisions.

16
17 The WestConnect planning region, unlike the CAISO, is not a single legal entity with a
18 FERC-approved tariff in place governing terms and conditions of its regional planning
19 process. Instead, each member of WestConnect applied individually for the same tariff
20 provisions. Also, each WPR has their own regional planning processes and parameters
21 for assessing the benefits of both regional and interregional transmission projects. FERC
22 Order 1000 requires parties to have coordinated processes including the sharing of
23 common study assumptions, but does not require parties to have the same economic study
24 basis for assessing ITPs as their neighbors.

25
26 Since the WestConnect tariff provisions went into effect for interregional transmission
27 coordination, WestConnect completed two interregional transmission coordination cycles
28 (2016-2017 and 2018-2019). WestConnect's planning process is documented in the
29 WestConnect Regional Planning Process Business Practice Manual (WestConnect

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1 BPM).²¹ The WestConnect BPM requires that ITPs may only be submitted for cost
2 allocation purposes as an alternative to meet a regional need already identified at an
3 earlier stage in the WestConnect planning process.

4
5 As part WestConnect’s 2016-17 and 2018-19 interregional planning processes,
6 WestConnect released a Regional Transmission Needs Assessment Report finding no
7 regional transmission needs within the WestConnect region.²² In the most recent 2019
8 Regional Transmission Needs Assessment Report the WestConnect Planning
9 Management Committee (PMC) specifically noted that it would “not collect transmission
10 or non-transmission alternatives for evaluation as there are no regional transmission
11 needs to evaluate the alternatives against.”²³

12
13 Accordingly, because of the WestConnect PMC’s final determination that no regional
14 transmission needs were identified in the 2016-2017 and 2018-2019 regional planning
15 processes, there was no opportunity for ITPs to be proposed as alternatives to the regional
16 transmission needs. Consistent with WestConnect’s FERC-approved regional planning
17 process, there was no opportunity for the CAISO or the Applicant to request interregional
18 cost allocation for the Proposed Project from WestConnect as there were no identified
19 regional needs for which the Proposed Project could be an alternative.

20
21 Based on this information, it is clear that the Proposed Project was not eligible for cost
22 allocation from neighboring planning regions. The Commission should reject Cal
23 Advocates’ contentions to the contrary.

²¹ The WestConnect BPM describes the WestConnect regional transmission planning process as consisting of seven primary steps. Each of these primary steps is completed across an established timeline for WestConnect’s biennial planning cycle, See Figure 4. <https://doc.westconnect.com/Documents.aspx?NID=17155>

²² *2016-2017 Regional Transmission Needs Assessment Report* available at <https://doc.westconnect.com/Documents.aspx?NID=17749> and *2018-2019 Regional Transmission Needs Assessment Report* available at <https://doc.westconnect.com/Documents.aspx?NID=18393>.

²³ *2018-2019 Regional Transmission Needs Assessment Report*, Section 4.0, p. 9.

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1 **V. CONCLUSION**

2

3 **Q13. Does this conclude your testimony?**

4 **A13.** Yes, it does.