



October 10, 2013

Submitted by email to the CAISO at [regionaltransmission@caiso.com](mailto:regionaltransmission@caiso.com)

**RE: Comments of the Large-scale Solar Association on “Consideration of Alternatives to Transmission or Conventional Generation to Address Local Needs in the Transmission Planning Process”**

The Large-scale Solar Association (LSA) hereby submits these comments on a new element of the 2013-2014 Transmission Planning Process (TPP). This element was described in the September 4<sup>th</sup> CAISO document, “Consideration of Alternatives to Transmission or Conventional Generation to Address Local Needs in the Transmission Planning Process” (Proposal), and it was discussed on a September 18<sup>th</sup> stakeholder conference call and at the September 25<sup>th</sup> TPP meeting.

**Proposal overview**

The Proposal (as supplemented by the stakeholder discussions) describes a methodology to consider “non-conventional” or “preferred” resources as an alternative to conventional resources (conventional generation and/or transmission) to serve customer loads in three transmission-constrained Local Capacity Areas (LCAs) – the LA Basin, San Diego, and the Big Creek/Ventura area (Moorpark sub-area). The methodology would be applied in the TPP, starting with this planning cycle, and it may be applied in other areas in future TPP cycles.

The preferred resources considered would be limited to those located in the subject areas. Preferred resources outside those areas that require transmission upgrades to serve reliability needs in those areas would automatically be considered “conventional” and would not be eligible for inclusion under the proposal.

**LSA comments**

LSA strongly supports the CAISO’s efforts to think “outside the box” and develop creative solutions to allow preferred resources to meet the significant reliability needs in the subject areas caused by SONGS closure and load growth. However, consistent with the position advanced by the Natural Resources Defense Council (NRDC) on the September 18<sup>th</sup> conference call, LSA believes that the Proposal is crafted too narrowly, by effectively excluding preferred resources outside the subject areas that might require transmission upgrades to help meet local needs.

Specifically, transmission that would enable preferred-resource solutions to meet the needs in these areas should be considered under the Proposal, as a “policy-driven” upgrade. The “policy-driven” transmission concept has been applied to transmission needed to meet state objectives, such as the 33% Renewables Portfolio Standard (RPS), and it could apply here as well.

FERC Order 1000, which requires that public policy requirements be accounted for in transmission planning, provides the framework for approval of such “policy-driven” transmission projects that could serve two critical purposes in the subject areas: (1) reduce Local Capacity Requirements (LCRs) by increasing transmission transfer capacity into an LCA; and/or (2) access remote preferred resources in renewable resource rich regions, such as those areas being considered in the Desert Renewable Energy Conservation Plan (DRECP).

While LSA fully supports consideration and implementation of preferred resources to meet future LCRs, the Proposal must also consider how this effort aligns with other state policies, including increased renewable energy penetration and greenhouse-gas emission reduction goals. For example, renewable energy penetration above 33% (as currently modeled by various state agencies) will likely require additional transmission to access these resources, even without the Proposal.

Additional renewable resources have been enabled by the recent passage of AB 327 (which clarifies that the RPS is a floor, and not a ceiling). When combined with targeted transmission projects, these resources could reduce future LCRs and meet other state objectives through a more efficient and less limiting (and potentially lower cost) planning approach. Therefore, LSA encourages the CAISO to ensure that this effort is aligned with these mandates and coordinated across agencies.

Serving load in the subject areas with such additional renewable resources, from any location, is clearly aligned with the state’s loading order, greenhouse gas reduction goals, and RPS (as amended by AB 327). As such, LSA recommends the CAISO identify promising areas outside of the LCAs in the Proposal – those with the potential for additional economic preferred-resource development beyond the 33% RPS portfolios considered in the TPP – and consider transmission solutions to enable them to serve load in those LCAs.

The CAISO should also focus on identifying and constructing minor transmission upgrades, including those already proposed in the TPP, connecting LCAs to remote renewable generation, which would increase transfer capacity and reduce LCRs. These relatively minor upgrades can help bridge the gap between the time when major transmission upgrades are needed and the time when such upgrades can actually be constructed.

It is true – as the CAISO pointed out in the stakeholder discussions – that any resources (including conventional resources) can use transmission facilities once they are built, so there is no guarantee that only preferred resources will do so. However, that is also generally true of the transmission facilities approved to date to meet the 33% RPS.

Consistent with the spirit of FERC Order 1000, the presumption in the “policy-driven” framework is that transmission to areas with high preferred-resource development potential will be used for those resources. This assumption can also be applied to such transmission eligible under the Proposal.

Moreover, the likelihood that renewable resources will use these new facilities would be greatly increased by coordination with CPUC and other jurisdictions to focus resource procurement contracting in the areas served by those facilities. The Proposal states CAISO’s intentions to coordinate with these oversight entities in implementing the new methodology, and LSA supports the CAISO’s planned efforts in this area.

In conclusion, for the reasons described above, LSA strongly supports broadening the preferred-resource alternatives considered under the Proposal to include transmission upgrades that will enable preferred resources outside the subject areas to replace new conventional resources inside those areas.