

CAISO 2018/19 Transmission Plan: Stakeholder Comments

Submitted by	Company	Date Submitted
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LS Power appreciates the opportunity to submit comments on CAISO's 2018/19 Transmission Planning process. LS Power has comments for the following topics discussed at the meeting.

(1) Economic Studies:

CAISO staff presented its analysis highlighting the discrepancy between Day Ahead and Real Time congestion on the PACI interface. LS Power encourages the CAISO to redouble efforts to understand, accurately model, and develop a solution to this worsening problem. The analysis does help show how the congestion between the two markets can vary due to several reasons highlighted. While this is an effort in the right direction, unfortunately CAISO's presentation fell short in clearly articulating (1) how CAISO will be making modelling enhancements to its production cost models so it can accurately capture the Day Ahead congestion and (2) the timeline to make such enhancements. We recommend that CAISO work on these two items between now and release of the Draft Transmission Plan in January so stakeholders will have the opportunity to review and provide meaningful inputs before the Plan is finalized.

LS Power reiterates the importance of correctly modelling PACI/NOB congestion. This congestion has been one of the top congestion issues in CAISO's Day Ahead Markets for last several years and CAISO ratepayers experienced a lost opportunity cost to the effect of \$50 to \$100 million each of the past 3 years¹. This signals the need for additional transmission capacity that should pay for itself by allowing more economic transfers from the Pacific NW into California. Since this congestion doesn't get correctly quantified in the current planning models, CAISO's Transmission Planning Process does not properly identify the need for additional transmission capacity to relieve the reported congestion and reduce ratepayer costs. LS Power submitted modelling recommendations to CAISO in the 2017/18 TPP through work that the Brattle Group conducted for LS Power². LS Power requests CAISO to respond and confirm whether those recommendations will be included in the 2018/19 Economic studies.

¹ As per 2017 CAISO DMM Annual Report on Market Issues & Performance, Section 8, Table 8.1, PACI & NOB congestion combined was approximately \$50mm in 2015, \$75 mm in 2016, \$100 mm in 2017. The report can be found at: <http://www.caiso.com/Documents/2017AnnualReportonMarketIssuesandPerformance.pdf>

² LS Power comments (including Brattle findings) filed under 2017/18 TPP can be found at: http://www.caiso.com/Documents/LSPComments_2017-2018PreliminaryReliabilityResults.pdf

Correctly capturing this congestion issue in its Economic studies should be CAISO's top priority for the following reasons: (1) As shown in Table 1, congestion has been increasing year over year despite the growth of renewables in California (which CAISO previously projected would cause a reduction in this congestion); (2) Without accurately capturing this congestion in TPP studies, CAISO and entities in the Pacific NW will not be able to make informed planning decisions with respect to resolving the shortfall of transfer capability from the Pacific NW into California.

As shown in Table 1 below, over 75% of CAISO's import congestion charges are attributed to the two paths that connect the Pacific NW to California (PACI and NOB), which is a strong signal to CAISO that transfer capability on this path must be increased.

Table 1: Summary of Intertie Import Congestion (source: CAISO 2017 DMM Annual Report)

Import region	Intertie	Frequency of import congestion			Average congestion charge (\$/MW)			Import congestion charges (thousands)		
		2015	2016	2017	2015	2016	2017	2015	2016	2017
Northwest	PACI/Malin 500	26%	32%	28%	\$6.2	\$7.4	\$12.2	\$37,687	\$51,139	\$60,716
	NOB	22%	27%	26%	\$6.4	\$6.7	\$11.6	\$12,375	\$24,346	\$40,503
	Tracy 500	0.1%		0.1%	\$6.2		\$19.8	\$20		\$125
	COTPISO	1%	6%	2%	\$36.2	\$12.7	\$25.8	\$97	\$158	\$117
	Cascade	2%	2%	1%	\$7.5	\$19.5	\$21.4	\$101	\$244	\$67
	Summit	0.2%		0.3%	\$2.8		\$9.4	\$3		\$8
	Southwest	Palo Verde	3%	5%	2%	\$13.2	\$19.5	\$22.3	\$9,261	\$12,942
IPP Utah		22%	13%	18%	\$2.9	\$3.6	\$7.9	\$1,079	\$803	\$2,362
IPP DC Adelanto		1%		3%	\$3.7		\$9.2	\$77		\$950
Mead		1%	1%	0%	\$14.4	\$12.2	\$21.5	\$1,278	\$1,023	\$808
Market Place Adelanto		0.3%		0.2%	\$18.9		\$16	\$330		\$139
West Wing Mead		1%	3%		\$34.3	\$34.4		\$330	\$865	
CFE_ITC			0%			\$138			\$56	
Sylmar AC			0.2%			\$4.8			\$70	
El Dorado		0.1%			\$3.0			\$14		
Other								\$3	\$92	\$308
Total								\$66,381	\$91,939	\$114,336

(2) LCR Reduction Analysis:

LS Power appreciates the detailed analysis CAISO staff conducted in looking at options to reduce/replace gas generation in LCR pockets. We understand that the analysis conducted under this year's cycle is informational for the most part and going forward CAISO will likely conduct more analysis for the next Planning cycle. We note that the implications of implementing any recommendations from this analysis, whether it is new transmission and/or energy storage to reduce LCR, will likely have a material impact on Competitive Energy Markets and Transmission. Hence we encourage CAISO to conduct a robust policy discussion with the

stakeholders on this. The discussion should be about criteria CAISO will use to determine whether LCR should be reduced within a local pocket by building new transmission, impacts of such on the energy markets, and the use of competitive solicitation to minimize cost.

(3) Interregional Projects:

While CAISO has not yet completed its studies for Interregional transmission projects, it generally presented its approach on how these projects will be reviewed. CAISO plans to continue to assess Interregional projects against Regional needs – policy, economic, reliability. LS Power generally supports CAISO’s proposed approach on this and agrees that all three aspects should be evaluated for the Interregional projects.

With respect to policy needs, we understand that CAISO will not be conducting a detailed modelling of out of state renewables for the 2018/19 TPP analysis; however, if Interregional projects can help improve import capability of renewables into California, the amount by which each project improves this should be captured. This will help guide CPUC IRP work for 2019/2020 cycle under which SB-100 recommendations will be studied. Also, CAISO should look at whether any Interregional projects can help address Aliso Canyon issues and/or can improve transfer capability from Pacific Northwest and reduce over-supply conditions that lead to renewable curtailment in California. Further, if an Interregional project can help reduce the procurement (MW) or overall cost of System Resource Adequacy that should be incorporated into the analysis as well.

For economic analysis purposes, Interregional projects should be tested against the top congestion issues that CAISO noted at its Nov 16 presentation to see if these provide an effective solution. Further, unless CAISO correctly models Day Ahead scheduling limit based congestion that takes place for most CAISO interties, it will be significantly understating the need for an economic solution which Interregional projects can offer.

LS Power appreciates the opportunity to provide these comments.