



ORA

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California Public Utilities Commission
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THE OFFICE OF RATEPAYER ADVOCATES' COMMENTS ON THE CALIFORNIA INDEPENDENT SYSTEM OPERATOR (CAISO) TRANSMISSION PLANNING PROCESS (TPP) PRESENTATIONS AND MEETING ON NOVEMBER 16, 2017

November 30, 2017

The Office of Ratepayer Advocates (ORA) is the independent consumer advocate within the California Public Utilities Commission (CPUC) with a mandate to obtain the lowest possible rates for utility services, consistent with reliable and safe service levels, and the state's environmental goals.

ORA submits the following comments on the CAISO's reliability assessments and the Participating Transmission Owners' (PTO) reliability solutions presented at the November 16, 2017 CAISO TPP stakeholder meeting.

1. The CAISO should include additional information to support the projects presented at the November 16, 2017 CAISO TPP stakeholder meeting.

A. Cost estimates for all alternatives considered should be provided.

The CAISO should include cost estimates for all alternatives considered. During the 2017-2018 TPP stakeholder meeting on November 16, 2017, San Diego Gas & Electric Company (SDG&E) and Pacific Gas and Electric Company (PG&E) presented information on their proposed reliability projects with estimated costs of less than \$50 million. Alternative solutions also were considered including non-wire solutions such as battery storage. The CAISO provided the costs of project alternatives with its presentations for the SDG&E area.¹ However, the CAISO did not provide cost estimates for the project alternatives considered with its presentation for the PG&E area, stating only that the costs of the recommended project solutions in the PG&E area were comparatively lower than the battery storage alternatives considered.² ORA requests that the CAISO include the costs for all alternatives under consideration as part of the project presentations for stakeholders' evaluation.

Going forward, the cost and benefit evaluation of battery storage solutions should also demonstrate that the multiple values and/or services that this technology can provide have been considered, and if they warrant further consideration as an effective solution.

¹ *Reliability Projects Less than \$50 Million, San Diego Gas and Electric Sub-Transmission, 2017-2018 Transmission Planning Process Stakeholder Meeting*, November 16, 2017, Charles Chung SDG&E, slide 7.

² *2017-2018 TPP Projects Recommendations –PG&E Area, 2017-2018 Transmission Planning Process Stakeholder Meeting*, (PG&E 2017-2018 TPP Presentation), November 16, 2017, Binaya Shrestha PG&E, slides 4-7.

B. Single Line-diagrams for all proposed electrical improvements should be provided.

The CAISO should require all project presentations of proposed electrical improvements to include single line diagrams when presenting the project proposals. This would allow stakeholders to understand the basic information of and need for the proposed projects.

2. The CAISO should monitor previously approved projects and inform stakeholders if the projects are no longer cost effective or if there are more cost effective solutions that were not previously considered.

PG&E's presentation on previously approved projects of less than \$50 million also included a list of previously approved transmission projects in PG&E's service territory that will proceed with their current scope, a revised scope, or be cancelled.³ ORA requests that PG&E provide information on the CAISO's transmission planning standards or the current benefit cost ratio (BCR), if applicable, for the projects listed in the PG&E's presentation that are slated to move forward with their current scope or a revised scope. Currently, there is no method for monitoring the BCR of proposed projects from their initial evaluation phase in the TPP to the start of construction. ORA recommends that the CAISO monitor the BCR of proposed projects during all phases of project development by providing the current project costs and BCR calculations in each TPP cycle and prior to the start of construction.

For example, during the CAISO's 2017-2018 TPP September 21, 2017 stakeholder meeting, the CAISO stated that it intends to further analyze the Midway-Andrew transmission project, including re-purposing the Diablo-Midway 500 kV #3 line to a 230 kV line.⁴ During this presentation, the CAISO did not provide the current project cost estimates or BCRs for the proposed project or the alternatives.

ORA generally supports further analyses of the Midway-Andrew project and the CAISO's consideration of existing transmission lines to solve reliability issues in the project area to the extent those issues still exist after the retirement of the Diablo Canyon Power Plant. There are a number of 500 kilovolt (kV) lines and 230 kV lines in the Diablo Canyon-Midway-Andrew project area that may be under-utilized or may have lower demand after the retirement of the Diablo Canyon Power Plant. ORA recommends additional analysis and presentations on the results of the analysis on this project including the current cost estimates and BCR calculations for the project as proposed and the proposed alternatives.

ORA is making this request because the cost estimate for this project has varied widely in the past 18 months. The original PG&E cost estimate for the Midway-Andrew project from the 2012-2013 TPP was \$120 to \$150 million.⁵ The cost estimate in a 2016 FERC filing and in 2017 PG&E AB 970⁶ reports ranges from \$215 million⁷ to \$414 million⁸ and up to \$700

³ PG&E 2017-2018 TPP Presentation slides 10-13.

⁴ *Central Coast and Los Padres Areas Preliminary Reliability Assessment Results - 2017-2018 Transmission Planning Process Stakeholder Meeting September 21-22, 2017, September 21, 2017, Ramesh Chakkapalli CAISO, slide 11.*

⁵ *2012-2013 Transmission Plan, March 20, 2013, CAISO, p. 94.*

⁶ Participating transmission owners (PTOs) provide updates on their projects to the CPUC in quarterly AB 970 Project Status Reports submitted in Investigation (I.)00-011-011, as required by D.06-90-003.

million.⁹ This broad range makes it difficult to assess the value of removing the existing Special Protection System from the project area and proceeding with the Midway-Andrew project as proposed.

3. ORA recommends the City of Santa Clara fund the Northern Receiving Station (NRS)-Scott 115 kV Line Upgrades.

During the November 16, 2017 CAISO TPP stakeholder meeting, the CAISO presented a modification to the NRS-Scott #1 115 kV Line Reconductor project scope. This modification expands the scope to include reconductoring NRS-Scott #1 115 kV line as well as #2 115 kV Line.¹⁰ This modification is in response to a request from the City of Santa Clara. The City of Santa Clara is served by Silicon Valley Power, which is not a participating transmission owner in the CAISO's balancing authority area. For this reason, ORA recommends the costs of this project be allocated to Silicon Valley Power consistent with FERC Order No. 1000,¹¹ which sets forth the principle that project costs be allocated commensurate with benefits received.

4. ORA recommends canceling the Gates-Gregg 230 kV Line Project

During the CAISO 2017-2018 TPP presentation on November 16, 2017, the CAISO stated that the Gates-Gregg 230 kV line project "appears" to be no longer needed.¹² For this reason, ORA recommends cancelling the project as soon as possible to avoid incurring unnecessary costs. As ORA stated in our March 14, 2017 comments on the TPP study plan, the CAISO should avoid incurring costs for projects that will ultimately be cancelled or significantly revised.¹³ The cost of this project also has increased significantly since approved in the 2012-2013 TPP from \$145 million¹⁴ to \$200 million in 2017.¹⁵ With this cost increase, the BCR threshold for this project may no longer be met. ORA recommends that future presentations on

⁷ *Quarterly Project Status Report of Pacific Gas and Electric Company (Public Version)*, filed April 3, 2017 in CPUC I.00-11-001, Appendix A, p. 17 (Estimated cost dropped to \$215 million with no change in scope.).

⁸ *Petition for Declaratory Order of Pacific Gas and Electric Company*, filed March 10, 2016 in FERC Docket EL16-47, Exhibit PGE 1, p. 18 (PG&E's witness Brian McDonald presented an estimated cost of \$413,770,544.).

⁹ *Quarterly Project Status Report of Pacific Gas and Electric Company (Public Version)*, filed January 2, 2017 in I. 00-11-001, Appendix A, p. 13 (Estimated cost is \$600-\$700 million).

¹⁰ *Review of Previously Approved Projects*, November 16, 2017, CAISO, slide 12.

¹¹ *Order No. 1000, Transmission Planning and Cost Allocation by Transmission Owning and Operating Public Utilities*, Federal Energy Regulatory Commission, July 21, 2011, Section 622, p. 447.

¹² *CAISO Central California Study (2012-2013 Transmission Plan) Project Review (CAISO Central California Study)*, November 16, 2017, CAISO, slide 19.

¹³ *Office of Ratepayer Advocates' Comments on the California Independent System Operator's Draft 2017-2018 Transmission Planning Process Unified Planning Assumptions and Study Plan*, March 14, 2017, p.2.

¹⁴ *2012-2013 Transmission Plan*, March 20, 2013, CAISO, p. 149.

¹⁵ *CAISO Central California Study*, slide 15.

this project and other projects under evaluation should include the BCR calculations to confirm the value of such projects as updated information becomes available.

5. The CAISO should provide additional insights into economic planning study projects.

The CAISO's presentation on Preliminary Results of Congestion and Economic Assessments during the November 16, 2017 2017-2018 CAISO TPP stakeholder meeting provided information on congestion duration and costs on major transmission lines under the CAISO control. It also recommended economic planning studies for eight different project areas.¹⁶ The CAISO's presentation on these requested studies listed the potential benefits as provided by the project developers, but did not discuss the underlining reasons for the proposed study projects.¹⁷ The CAISO should explain the factors driving the need for the proposed projects, if any, including but not limited to those identified by the project submitter, such as congestion, but also peak renewable growth, ramping demands, and any other factors so that stakeholders may better understand the drivers and inherent need for the proposed study projects.

If you have any questions on this submittal, please contact Kanya Dorland at Kanya.Dorland@cpuc.ca.gov or (415) 703-1374.

¹⁶ *Preliminary Results of Congestion and Economic Assessments- 2017-2018 Transmission Planning Process Stakeholder Meeting, November 16, 2017, November 16, 2017, CAISO, slide 11.* The project developers have submitted eight different projects under the category of economic planning study requests but the projects may have other driving factors. For instance, one of the project developers has submitted Red Bluff-Mira Loma 500 kV Transmission Project as a reliability transmission project, but has asked to study the project as an economic project. The project developer claims that the project would have the benefit of reducing LA Basin's Local Capacity Requirement (LCR) and LA Basin and San Diego combined LCR as listed on the slide 11 of the CAISO presentation.