

Stakeholder Comment

Subject: 2012/2013 Transmission Planning Process Comments

Submitted by	Company	Date Submitted
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Pattern Transmission LP (“Pattern”) respectfully resubmits comments to the California Independent System Operator (“CAISO”) and stakeholders of the 2012/2013 Transmission Planning Process (“TPP”) relating to the Pacific Gas and Electric (“PG&E”) proposed Moraga-Potrero 230 kV Line Project (the “PG&E Proposal”). While we have made these comments previously, they are now of greater importance in light of the recent CPUC approval of the 586MW Oakley Generating Station Project and are submitted to assist the California ISO in its development of an economical and reliable transmission plan for California ratepayers and consumers.

Comments:

In connection with its consideration of the need for any transmission additions or upgrades required to ensure System Reliability consistent with all Applicable Reliability Criteria and CAISO Planning Standards, the CAISO is obligated by Section 24.4.6.2 of the CAISO Fifth Replacement FERC Electric Tariff to consider “lower cost alternatives to the construction of transmission additions or upgrades, such as acceleration or expansion of existing projects, Demand-side management, Remedial Action Schemes, appropriate Generation, interruptible Loads, storage facilities or reactive power”.

Consequently, pursuant to Section 24.4.6.2, Pattern respectfully submits that the CAISO should re-examine the Bay Area Power Link (“BAPL”) project, which was previously submitted to the CAISO in the 2009 Request Window, as a lower cost / higher economic value alternative to the PG&E Proposal (particularly in light of the other proposed reliability projects that may no

longer be required if the BAPL project goes forward). BAPL would be a public private partnership transmission line project between an affiliate of Pattern and the City of Pittsburg and its municipal utility, the Pittsburg Power Company ("Pittsburg"). It would include a 400MW (or greater) High Voltage Direct Current ("HVDC") transmission line that would connect the PG&E Contra Costa substation to a PG&E substation in the San Francisco Peninsula (Potrero, Hunters Point or another appropriate substation).

As part of the submission of the BAPL project in the 2009 Request Window, Pattern prepared and provided to the CAISO considerable information and analyses of the project which detailed the significant economic, policy and reliability benefits for California ratepayers based on the assumptions at the time. If desired, Pattern would be willing to re-submit that information to the CAISO to assist in its consideration of lower cost / higher economic value alternatives to the PG&E Proposal.

While numerous CAISO assumptions and projections have changed since we submitted the BAPL project into the CAISO, we believe it likely that the BAPL project would still not only have significant economic benefits but also meet the reliability goals identified by PG&E in its proposal (particularly in light of the recent CPUC approval of the 586MW Oakley Generating Station Project). In addition, we believe that it is likely that the BAPL may well solve some of the other transmission issues identified in the *2012-2013 Reliability Assessment: Preliminary Study Results*¹ further increasing the economic and reliability benefits of the project.

According to Section 24.4.6.2, reliability projects that have economic benefits exceeding an amount of the costs will be evaluated under section 24.4.6.7 of the Tariff. Specifically the Tariff states:

A reliability-driven upgrade or addition found to be needed pursuant to this section shall be subject to the provisions of Section 24.5 if such addition or upgrade also provides demonstrable economic or public policy benefits as described below. The CAISO will find that a needed reliability-driven transmission upgrade or addition also provides economic benefits if its economic benefits exceed ten (10) percent of its costs, consistent with the determination of costs and benefits for economically-driven projects under

¹ http://www.caiso.com/Documents/2012-2013_ReliabilityAssessmentPreliminaryStudyResults_Aug15-2012.zip

section 24.4.6.7 and in accordance with the procedures set forth in the Business Practice Manual.

Based on Pattern's prior evaluation of the BAPL, our understanding of the PG&E Proposal, and the recent CPUC approval of the 586MW Oakley Generating Station Project the BAPL is a transmission solution that may not only ensure System Reliability but also provide substantial additional benefits to rate payers in excess of the 10% requirement identified in 24.4.6.2 of Tariff.

Requests:

Pattern requests that the CAISO, in its evaluation of the PG&E Proposal, consider other lower-cost / higher economic value alternatives that may meet any identified reliability needs, including the BAPL project. Further, we request the CAISO review the economic benefits of the such an upgrade to see if the project selected (if any) meets the hurdle set for in 24.4.6.2 and should be subject to the provisions of section 24.5 of the Tariff.