



**Public Advocates Office**  
California Public Utilities Commission  
505 Van Ness Avenue  
San Francisco, California 94102  
Tel: 415-703-1584  
[www.publicadvocates.cpuc.ca.gov](http://www.publicadvocates.cpuc.ca.gov)

COMMENTS OF THE PUBLIC ADVOCATES OFFICE ON THE CALIFORNIA  
INDEPENDENT SYSTEM OPERATOR'S  
2018-2018 TRANSMISSION PLANNING PROCESS - PRELIMINARY RESULTS  
SEPTEMBER 20-21, 2018 PRESENTATIONS AND STAKEHOLDER MEETINGS

October 5, 2018

The Public Advocates Office at the California Public Utilities Commission (Cal Advocates), formerly the Office of Ratepayer Advocates,<sup>1</sup> is the state's independent consumer advocate 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. The Public Advocates Office submits the following comments on the California Independent System Operator's (CAISO) 2018-2019 Transmission Planning Process (TPP) preliminary reliability results and proposed mitigations presented during the stakeholder meetings on September 20-21, 2018.

**Recommendations for CAISO Transmission Planning Process Studies**

Generation Retirements: The Public Advocates Office supports the CAISO's evaluation of the expected generation retirements beyond those expected through compliance with "once through cooling" requirements. The Public Advocates Office also recommends that the CAISO consider a special study on expected generation retirements due to economics and or end of useful life. The results of such a study would enable the CAISO and California Public Utilities Commission (CPUC) to understand the full scope of potential generation retirements in the CAISO Balancing Authority Area (BAA) and to plan recontracting, local preferred resources and/or associated transmission infrastructure accordingly.

Renewable Integration: The Public Advocates Office supports the CAISO's coordination with the California Energy Commission (CEC) and CPUC on gross load and excess behind-the-meter production forecasts as stated in its comments on the CAISO's Excess Behind the Meter Production straw proposal.<sup>2</sup> The Public Advocates Office also recommends that the CAISO consider initiating a special study or section of the TPP that examines the impact of increased new renewable generation on the transmission system, specifically due to shifting the peak hour such as the peak hour shift in the San Diego Gas & Electric Company's (SDG&E) service area

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<sup>1</sup> The Office of Ratepayer Advocates was renamed the Public Advocates Office of the Public Utilities Commission pursuant to Senate Bill No. 854, which was signed by the Governor on June 27, 2018 (Chapter 51, Statutes of 2018).

<sup>2</sup> Public Advocates Comments on Excess Behind the Meter Production, September 26, 2018, p. 2.

from 4 pm to 7 pm.<sup>3</sup> This will enable the CAISO and stakeholders to better understand the impact of new renewable energy generation and shifting peak hours in the CAISO's BAA and on its ability to reliably serve load as well as the transmission requirements for generators to receive Full Capacity Delivery Service (FCDS) and to plan associated transmission infrastructure accordingly.

Production Cost Modeling Benefits of Large Storage: The Public Advocates Office supports CAISO's continued study of the benefits of large storage on the CAISO controlled grid.

Increased Transfer Opportunities between Pacific Northwest and California: The Public Advocates Office agrees that this special study should consider the range of possible economic benefits that could result from increased transmission capacity between the Pacific Northwest and California, specifically the opportunity to sell excess California solar energy to the Pacific Northwest. To this end, the study analysis should estimate the Pacific Northwest's anticipated demand for California's excess solar energy.

### **Recommendations for Project Approved in Previous TPPs**

Gates-Gregg 230 kV Line Project: As stated in its 2017-2018 TPP comments,<sup>4</sup> the Public Advocates Office recommends that the CAISO cancel the Gates-Gregg 230 kV project to avoid incurring any additional unnecessary costs related to this project. The project is no longer needed for reliability or transient stability.<sup>5</sup>

Ten West Link: The Public Advocates Office requests information on the expected timeframe regarding when the CAISO will post the revised needs assessments for the Ten West Link project also known as the Delaney Colorado River transmission 500 kV project. The Public Advocates Office also requests that the needs assessment include an enhanced project costs and benefits analysis. With anticipated gas-fired generation retirements in California due to surplus generation capacity on the grid as well as the currently expected retirements of coal generation in the Southwest, the economic benefits of this project should be revisited. This project is also expected to provide policy and reliability benefits to Arizona ratepayers, but there has been no discussion or consideration of a cost sharing agreement for this project with the state of Arizona.

### **Valuing Local Capacity Requirements**

The CAISO is seeking stakeholder feedback on how to value reductions in the Local Capacity Requirements (LCRs). The Public Advocates Office recommends consideration of the economic value of local generation or alternative methods and resources such as demand response (DR) and storage to reduce LCRs. The Public Advocates Office also recommends that the CAISO

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<sup>3</sup> 2018-2019 Transmission Planning Process Stakeholder Meeting September 20-21, 2018, SDG&E Main System Preliminary Reliability Assessment Results, slides 3-11.

<sup>4</sup> Public Advocates Office Comments on the November 16, 2017 Transmission Planning Process Presentation and Stakeholder meeting, November 30, 2017, p. 3.

<sup>5</sup> CAISO 2018-2019 Transmission Planning Process Stakeholder Meetings, September 20-21, 2018, "Greater Fresno Area Preliminary Reliability Assessment," slide 20.

coordinate with the CPUC on its LCR evaluation and share this information for incorporation in the CPUC's Integrated Resource Plan (IRP).<sup>6</sup> Specifically, CAISO should post for stakeholder review its economic valuation for existing, new and or local generation to meet LCRs. Such economic evaluation should occur under the rubric of the CPUC's IRP.

## **Recommendations for New Projects**

### Interregional Projects

#### *North Gila-Imperial Valley #2*

The LCR evaluation for this project should consider the economic value of local generation and alternative resources such as DR and storage to meet demand and or reduce the LCRs in the service area.

#### *Southwest Intertie Project North*

The project sponsor has identified economic, policy and reliability benefits that the Southwest Intertie Project North (SWIP North) would deliver. For cost allocation, the Public Advocates Office recommends that the CAISO provide more information on the entities that will benefit from this project with respect to policy targets, reliability issues and economic outcomes. For cost allocation, the Public Advocates Office recommends allocating costs based on load or usage, consistent with Federal Energy Regulatory Commission Order No. 1000, which requires that transmission costs be allocated commensurate with benefits received.

### CAISO Balancing Authority Area Projects

#### *GridLiance West's Amargosa Valley Reliability Project*

GridLiance West<sup>7</sup> has proposed a new 230 kV circuit and 230/138 kV transformer at Valley Switch Station, with an estimated cost of \$41.5 million.<sup>8</sup> This facility upgrade would support the Valley Electric Association (VEA) system. GridLiance West states that the Amargosa Valley reliability improvement project would improve "overall grid reliability,"<sup>9</sup> but it did not demonstrate that the existing system design fails to meet required North American Reliability Corporation (NERC) planning standards and therefore requires this transmission upgrade. The CAISO's current system assessment does not support this recommended system upgrade and the

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<sup>6</sup> R.16-02-007

<sup>7</sup> GridLiance West is a subsidiary of GridLiance Holdco LP (GridLiance), which comprises transmission only operating and holding companies. GridLiance west was formed specifically to develop, acquire and operate transmission facilities within the California Independent System Operator Corporation (CAISO) region. GridLiance West will become a public utility once it acquires certain transmission assets from Valley Electric Association.

<sup>8</sup> GridLiance West Transco's 2018 Request Window Proposal, CAISO 2018/2019 Transmission Planning Process, September 20-21, 2018, (GridLiance 2018-2019 TPP Presentation) slide 2.

<sup>9</sup> GridLiance 2018 TPP Presentation, slide 3.

other project upgrades that GridLiance West proposed.<sup>10</sup> The CAISO should not approve GridLiance West's proposed Amargosa Valley reliability project or GridLiance West's other proposed reliability projects as reliability improvement projects without first completing a formal cost and benefit analysis as envisioned in the CAISO Planning Standards, Section 5.4. As for the Pahrump Valley Loop-In Project, in the event that upgrades are ultimately justified through a formal cost and benefit analysis, other alternative solutions to the 138-kV system and associated 230/138 kV transformer upgrades should be evaluated.

*Pacific Gas & Electric's (PG&E) New Reactive Support Projects*

More information is needed on how the levels of support were identified for the two large PG&E Reactive Support Project proposals.<sup>11</sup> The most cost-effective technology to address any deficiencies is also unclear. PG&E's reactive support projects should be subject to competitive bid solicitation for reactive support solutions to address any identified high voltage issues rather than proscribing technology solutions. Competitive solicitations should not have proscribed solutions to allow for the possibility of receiving proposals that have lower cost solutions than what would have been proscribed, which would reduce costs for ratepayers.

*San Diego Gas & Electric Company's (SDG&E) Local Capacity Requirement Reduction Proposals*

The economic value of SDG&E's proposed mitigations to reduce LCRs should be evaluated in comparison to alternatives.<sup>12</sup> The CAISO also proposed lower costs solutions to address potential overloads on SDG&E's system, such as re-dispatching energy and enhanced coordination control and remedial action schemes that should be further explored.<sup>13</sup>

If you have any questions regarding these comments, please contact either Joseph Abhulimen at [Joseph.Abhulimen@cpuc.ca.gov](mailto:Joseph.Abhulimen@cpuc.ca.gov) or Kanya Dorland at [Kanya.Dorland@cpuc.ca.gov](mailto:Kanya.Dorland@cpuc.ca.gov).

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<sup>10</sup> Valley Electric Area Preliminary Reliability Assessment Results, 2018-2019 Transmission Planning Process Stakeholder Meeting September 20-21, 2018, Meng Zhang CAISO, slides 2-12.

<sup>11</sup> PG&E's 2018 Request Window Proposal, CAISO 2018-2019 Transmission Planning Process, September 21, 2018, PG&E, Round Mountain 500 kV Voltage Support and Gates 500 kV Voltage Support, slides 29-42.

<sup>12</sup> [http://www.caiso.com/Documents/Day2-Presentations\\_SDGaE\\_2018RequestWindowProposal-2018-2019TPPMtg-Sep20-21-2018.pdf](http://www.caiso.com/Documents/Day2-Presentations_SDGaE_2018RequestWindowProposal-2018-2019TPPMtg-Sep20-21-2018.pdf)

<sup>13</sup> SDG&E Main System Preliminary Reliability Assessment Results, 2018-2019 Transmission Planning Process Stakeholder Meeting September 20-21, 2018, slides 12-20.