

**BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF CALIFORNIA**

In the Matter of the Application of NEXTERA ENERGY TRANSMISSION WEST, LLC for a Certificate of Public Convenience and Necessity for the Suncrest Dynamic Reactive Power Support Project.

A.15-08-027  
(Filed August 31, 2015)

**REPLY COMMENTS OF  
THE CALIFORNIA INDEPENDENT SYSTEM OPERATOR CORPORATION**

Pursuant to Rule 14.3 of the Commission’s Rules of Practice and Procedure, the California Independent System Operator Corporation (CAISO) submits these reply comments on the Proposed *Decision Approving Certificate of Public Convenience and Necessity for the Suncrest Dynamic Reactive Power Support Project* (Proposed Decision). The Proposed Decision approves the Suncrest Dynamic Reactive Power Support Project (Suncrest Project) as proposed by NextEra Energy Transmission West, LLC (NEET West). The CAISO filed opening comments recommending that the Commission approve the Proposed Decision without substantive modification. These reply comments primarily respond to comments submitted by California Unions for Reliable Energy (CURE) requesting that the Commission substantially revise the Proposed Decision.

**I. Introduction**

CURE claims that “but for” the Approved Project Sponsor Agreement (APSA) between the CAISO and NEET West, the Suncrest Project would have been built by San Diego Gas & Electric (SDG&E), without the need for certificate of public convenience and necessity (CPCN) and with “virtually no environmental impacts.”<sup>1</sup> CURE’s claim is based on a fundamental misunderstanding of the CAISO’s competitive solicitation process for transmission projects. The competitive solicitation process is mandated by the CAISO tariff and Federal Energy Regulatory Commission (FERC) Order No. 1000. The Commission strongly supported the CAISO’s efforts to adopt a competitive solicitation process and specifically noted that the process should have a “substantial, transparent, predictable, and

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<sup>1</sup> CURE Opening Comments, p. 2.

verifiable role for cost containment, as an important aspect of selecting developers” for transmission projects. It is the competitive solicitation process and, specifically, the cost containment measures that NEET West committed to in that process, that led the CAISO to award NEET West the right to build, own, and operate the Suncrest Project. The APSA memorializes the result of the competitive solicitation process and ensures that both NEET West and the CAISO fulfill their respective obligations to ensure that the project is built and turned over to CAISO operational control.

## **II. Discussion**

### **A. The Proposed Decision Properly Finds that the Proposed Project Meets a Need for Reactive Power Support Connected to Suncrest Substation.**

CURE objects to Proposed Findings of Fact Nos. 1 and 3, which state:

1. The Proposed Project is needed to facilitate compliance with the RPS by allowing deliverability of renewable electricity generating capacity from the Imperial Valley area.

3. The Proposed Project originated in the CAISO’s 2013-2014 Transmission Plan, when the CAISO identified a policy-based need for a 300 Mvar dynamic reactive power support device connected to the Suncrest Substation 230 kV bus.<sup>2</sup>

CURE asserts that these findings of fact are in error because the “need for the Project that was identified in the [CAISO] Transmission Plan is for an SVC facility at the Suncrest Substation, not for the Project Proposed by NEET West.”<sup>3</sup> The proposed findings of fact indicate that the Suncrest Project will serve the public convenience and necessity, they do not state that Suncrest Project is the only electrical configuration that will meet the identified needs. The CAISO selection report for the Suncrest Project clearly indicated a “dynamic reactive power support facility [was] required to deliver +300/-100 MVAR of continuous or quasi-continuous reactive power response at the Suncrest 230 kV bus.”<sup>4</sup> Consistent with Proposed Finding of Fact No. 3, the Suncrest Project delivers the necessary reactive power by “connecting to” the Suncrest Substation. The CAISO transmission plan does not

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<sup>2</sup> Proposed Decision, pp. 42-43.

<sup>3</sup> CURE Opening Comments, p. 4.

<sup>4</sup> Exhibit CAISO-02 (Millar), Attachment A, p. 2.

prescribe that the need must be met by “an SVC facility at the Suncrest Substation” as indicated by CURE.

**B. The Proposed Decision Properly Finds Suncrest Substation Alternative Infeasible.**

CURE states that the Proposed Decision rejects the Suncrest Substation Alternative as infeasible “based on the APSA, rather than on environmental factors.”<sup>5</sup> CURE’s fixation with the APSA is again misplaced, and its understanding of the California Environmental Quality Act (CEQA) is deeply flawed. The Proposed Decision does not find the Suncrest Substation Alternative infeasible based on the APSA, but rather because the Suncrest Substation Alternative would cause significant economic, legal, and temporal issues. Specifically, the Proposed Decision “is infeasible because of the extensive amount of time it would likely take to resolve the expected legal challenges (e.g., exercise of eminent domain) before construction could commence.”<sup>6</sup> This legal and temporal infeasibility is unrelated to the APSA, but rather based on the fact that NEET West would be required to acquire land within SDG&E’s existing Suncrest Substation to build the Suncrest Substation Alternative.

The Proposed Decision also states that the Suncrest Substation Alternative is infeasible because it “violates the CAISO Tariff and would differ from FERC precedent because it would require a third party to build the Proposed Project as an upgrade to an existing transmission owner’s substation.”<sup>7</sup> Again, the APSA memorializes this outcome, but the Proposed Decision does not rely on the APSA to conclude that the Suncrest Substation Alternative is infeasible. Rather, the Proposed Decision relies existing law, regulations, and the CAISO tariff to determine as the basis for its findings.

CURE’s assertion that the Commission’s infeasibility review should be based on “a comparison of the environmental impacts of the Project”<sup>8</sup> is contrary to the CEQA statute and regulations. The CEQA specifically provides that Commission, as the reviewing agency, should consider any “economic, legal, social, technological, or other

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<sup>5</sup> CURE Opening Comments, p. 6.

<sup>6</sup> Proposed Decision, p. 29.

<sup>7</sup> Proposed Decision, p. 29.

<sup>8</sup> CURE Opening Comments, p. 6/

considerations”<sup>9</sup> that render project alternatives infeasible. The CEQA regulations similarly provide that “in deciding whether changes in a project are feasible, an agency may consider specific economic, environmental, legal, social, and technological factors.”<sup>10</sup> The Proposed Decision properly rejects the Suncrest Substation Alternative as infeasible based on economic, legal, social and other policy considerations that are outlined above. These policy considerations are supported by a clear and convincing evidentiary record. CURE provides no evidence that contradicts the factual record or undermines the Proposed Decision’s conclusions of law.

### **III. Conclusion**

The Proposed Decision properly approves NEET West’s application for a CPCN based on the legal framework established by CEQA and the substantial evidentiary record in this proceeding. CURE failed to identify any factual errors in the Proposed Decision’s infeasibility findings and its legal arguments are inconsistent with CEQA statutes and regulations. As a result, the CAISO recommends that the Commission approve the Proposed Decision.

Respectfully submitted,

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<sup>9</sup> California Public Resources Code Section 21081(a)(3).

<sup>10</sup> CEQA Guidelines Section 15021(b).