

August 24, 2017

**COMMENTS ON BEHALF OF
THE CITIES OF ANAHEIM, AZUSA, BANNING, COLTON,
PASADENA, AND RIVERSIDE, CALIFORNIA ON THE
TRANSMISSION ECONOMIC ASSESSMENT METHODOLOGY
DOCUMENTATION UPDATE**

In response to the ISO's request, the Cities of Anaheim, Azusa, Banning, Colton, Pasadena, and Riverside, California (collectively, the "Six Cities") submit the following comments on the draft Transmission Economic Assessment Methodology ("TEAM") document that was posted for stakeholder review on August 8, 2017 and the Economic Planning – TEAM Overview and Review of Documentation Update stakeholder call held on August 10, 2017.

As a general matter, the Six Cities support the ISO's efforts to review and update its documentation of the TEAM study approach. While TEAM continues to be used by the ISO in its transmission planning activities, the ISO has not updated its TEAM documentation since June 2004. Therefore, revisions to reflect the ISO's evolving implementation of TEAM are long overdue.

Benefits: The Six Cities understand from the stakeholder call and presentation materials that the ISO assesses the benefits of a proposed project from the perspective of the ratepayers that will be paying for the proposed project – *i.e.*, ISO ratepayers, unless an interregional project is being studied. The Six Cities support this approach. However, the Six Cities observe that, in a number of places, the TEAM document does not clearly express this concept. For example, in Section ES.2.1., the ISO discusses how the ratepayer perspective has been consistently "relied upon" in the ISO's application of TEAM and how societal and participant perspectives were "subsequently discarded." (*See* TEAM document at p. 4.) The same paragraph then states that societal benefits are considered in the context of impacts to the entire WECC system, but does not document that such societal benefits are only considered when assessing an interregional project, as suggested in Section ES.5. (*See id.* at p. 8.) In light of the ISO's statements that the TEAM methodology is intended to identify benefits to ISO ratepayers, this paragraph appears to be internally inconsistent and is confusing. The same section goes on to describe a laundry list of other benefits, such as production, capacity, public policy, renewable integration, and/or avoided cost of other projects. Are these intended to represent a subset of ISO ratepayer benefits, other types of benefits that the ISO does not consider, or a general description of benefits that were considered as part of the TEAM study approach in the past?

The discussion of benefits in Section 2.1 suffers from the same lack of clarity as Section ES.2. Based on the discussion in Sections 2.4.3 and 2.4.4, the ISO attempts to identify ISO ratepayer benefits through the TEAM, except when using the TEAM for interregional study purposes. The Six Cities request that the ISO review the portions of the TEAM document that discuss benefits and consider whether there may be ways to clarify the discussion so that readers of this document are able to identify what group of ratepayers are deemed to benefit from particular types of projects.

References to Conceptual Statewide Framework: The TEAM document includes references to a conceptual statewide framework. (*See, e.g.*, TEAM document at pp. 9-11.) Given the ISO's recent filing to remove from its tariff the requirement to complete a conceptual statewide framework (*see* Clean-Up Tariff Amendment to Remove Requirement to Develop a Statewide Conceptual Plan as Part of the Annual Transmission Planning Process, *Cal. Indep. Sys. Operator Corp.*, Docket No. ER17-2179-000 (filed July 28, 2017)), the Six Cities believe that these references are now obsolete and should be deleted.

Appendix C – EIM Modeling: The ISO has determined that, “due to the relative ease for entities to exit EIM and the long life of transmission assets, it is not recommended to consider the full effect of EIM in project justification.” (*See* TEAM document – App. C at p. 35.) The Six Cities agree that the ISO should not consider benefits to the broader EIM footprint when attempting to identify the benefits to ISO ratepayers of a project that will be fully funded through the ISO's rates. The Six Cities therefore concur in the ISO's statement that the TEAM study approach should “avoid putting CAISO's ratepayers on [sic] risk if a transmission upgrade can only be justified economical[ly] with EIM modeled.” (*Id.*) The Six Cities do not object to consideration of EIM benefits as a sensitivity, provided that the basis for approval of an economically-driven project funded by ISO ratepayers should be benefits to those ratepayers and not benefits to other participants in EIM. If a sensitivity identified greater benefits to the EIM relative to ISO ratepayers, then the ISO should consider whether a project is more appropriately undertaken as an interregional project with cost sharing among all project beneficiaries.

Finally, the Six Cities observe that posting a redline reflecting all proposed changes would aid stakeholders in their review and assessment of revisions to this document.

Submitted by,

Margaret E. McNaul
Thompson Coburn LLP
1909 K Street N.W., Suite 600
Washington, D.C. 20006-1167
mmcnaul@thompsoncoburn.com
202.585.6940

Attorney for the Cities of Anaheim, Azusa,
Banning, Colton, Pasadena, and Riverside,
California