



Southwest Transmission Partners, LLC

Stakeholder Comments on 2013-2014 Transmission Planning Process Stakeholder Meeting November 20, 2013

| Submitted By: | Company: | Date Submitted: |
|-------------------------------------------------------------|-----------------------------------------|------------------|
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Thank you again for the opportunity to provide comments on the CAISO 2013/14 Transmission Plan Preliminary Results and to provide an update on the North Gila – Imperial Valley #2 (NGIV2) Project. We are coordinating closely with APS as the sponsor for the Hassayampa-North Gila #2 (HANG2) Project, as well as with the IID and SDGE as the existing transmission owners in the southern WECC region to complete Phase 1 of the WECC Three Phase Rating Process in 2014. The permitting for the NGIV2 Project is progressing with the Environmental Impact Statement (led by the BLM as the lead federal agency) to be completed in 2016.

Our specific comments are related to the economic analysis that was conducted for the NGIV2 Project. We are encouraged that the latest analysis includes a reduction in congestion and ultimate benefit to consumers of \$279M, very close to the latest cost estimates provided to the CAISO of \$295M. We have a few comments related to the:

- a) **Calculation related to the Total Cost** – the calculation of the Total Revenue Requirement over the life of the project is calculated as the Capital Cost x 1.45. It is our estimation that the factor is much less and closer to 1.1 over the life of the Project. A lower percentage contingency included in our Capital Cost of the Project would also produce much more positive results. Taken with other reliability and policy benefits, the Project should be considered in a more positive light.
- b) **Consideration of System Resource Adequacy (RA)** - the analysis concludes that no capacity benefit is attributed to the Project due to the “downstream bottleneck” (assumed to be in the SDGE area). We believe that the Economic Analysis should include some capacity benefit, primarily based on the G-1/N-1 involving the outage of the existing North Gila – Imperial Valley 500kV line. SDGE had also provided comments to the potential benefit to the System RA by reducing the Local RA for the SDGE area earlier this year in response to the previous (2012-13) Economic Analysis. If some capacity benefit were included in the calculation, the BCR would prove to be greater than shown in the current economic analysis.
- c) **Reliability Benefit** – the reliability benefit of the NGIV2 Project should also be included in the analysis, primarily for:
 - i. Increase in the capacity of both the Path 46 (West of River) and Path 49 (East of River) paths under various conditions. The increase in capacity on the Path 46 is at least 1600MW and Path 49 at least an incremental 600MW (on top of the rating for the proposed HANG2 project).
 - ii. The CAISO Reliability Assessment included several CAISO system overloads for the N-1 of the existing North Gila – Imperial Valley 500kV line, as well as for the loss of Path 42. With the NGIV2 Project (including the interconnection to the IID Highline 230kV substation), the requirement for many of the upgrades noted in the Reliability Assessment can be eliminated or deferred.