

TANC COMMENTS
ON THE CAISO'S DRAFT 2017-2018 TRANSMISSION PLAN
FEBRUARY 22, 2018

The Transmission Agency of Northern California (TANC) appreciates this opportunity to provide additional comments on the California Independent System Operator's (CAISO) Draft 2017-2018 Transmission Plan ("TPP"), February 8, 2017 stakeholder meeting, and the CAISO's Responses to stakeholder comments. These comments respond to the CAISO's reply to previous comments submitted by TANC.

On November 30, 2017, TANC provided the CAISO with comments with respect to TANC's concerns over the level of congestion reflected on Path 66 in the CAISO's economic planning studies. On February 7, 2018 the CAISO published responses to TANC's and other stakeholder's comments. The response to TANC's comments on the economic modeling was:

The comment does not identify the source of the congestion data described in the comment. Based on the comments regarding the same issue that have been submitted in previous planning cycles, the congestion data in this comment are likely representing day-ahead COI congestion. While the ISO agrees that the day ahead congestion represents real costs, these are issues best explored at the market level rather than assuming that infrastructure solutions are appropriate and attempting to fully incorporate these factors into transmission planning analysis. Therefore, the transmission planning analysis will continue to focus more on physical congestion – generally experienced in real time – and will continue to track progress on improved market efficiencies in addressing the day ahead congestions and other issues identified by TANC.

The CAISO is correct that TANC refers to the Day-Ahead market when presenting comparable numbers of actual congestion. Although, it is important to note that the COI experiences instances of congestion in each of the CAISO's markets. Based on the CAISO's response, it is unclear why congestion in the Day Ahead market, which the CAISO agrees represents a real cost, is not a cost to be potentially mitigated in its TPP. In its response to TANC's comments, the CAISO makes a distinction between Day-Ahead congestion and Real-Time operations which simply raise more questions regarding the role of the TPP to provide solutions for transmission constraints on COI. The Day-Ahead market attempts to operate efficiently based on the same physical transmission grid as the Real-Time market. Recognizing that Day Ahead congestion costs on PACI alone exceeded \$60 million in 2017 alone, it is important for the CAISO's TPP to provide a venue for identifying and addressing all congestion costs, including Day-Ahead congestion on the intertie and potential transmission or other solutions to address constraints and economic inefficiencies.

TANC continues to strongly supports improvements to the transfer capability between California and the Pacific Northwest, and also supports the request made by the California Energy

Commission and California Public Utilities Commission in their February 15, 2018 joint letter to the CAISO.