

TANC COMMENTS
ON THE CAISO'S DRAFT 2016-2017 TRANSMISSION PLAN AND FEBRUARY 18, 2017
STAKEHOLDER MEETING
MARCH 3, 2017

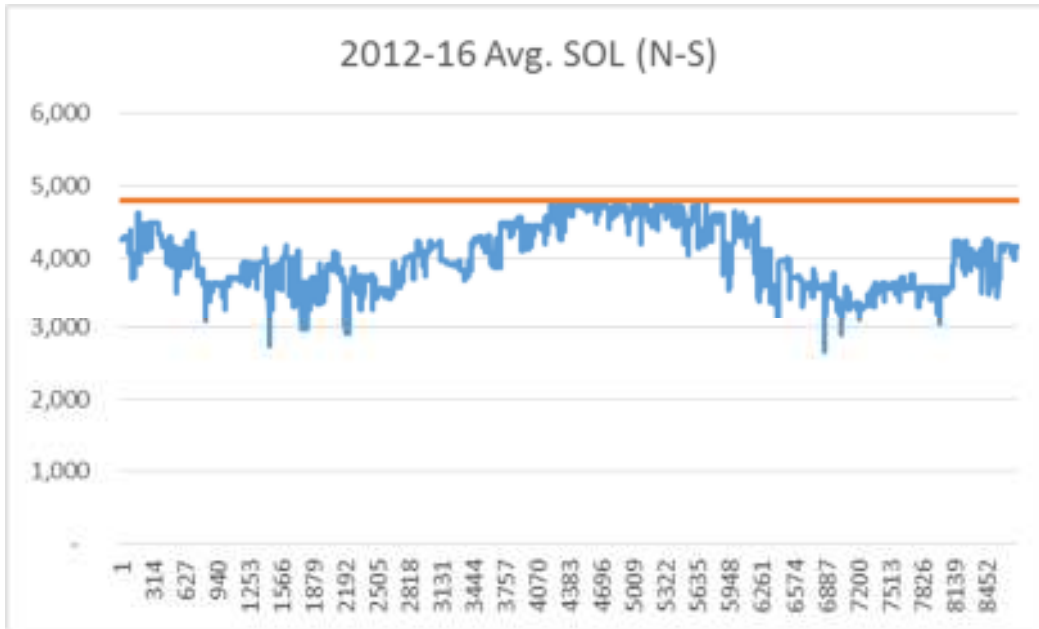
The Transmission Agency of Northern California (TANC) appreciates this opportunity to provide comments on the California Independent System Operator's (CAISO) Draft 2016-2017 Transmission Plan ("Plan or TPP") and February 18, 2017 stakeholder meeting.

TANC appreciated the efforts of the CAISO to perform sensitivities, from the CAISO's Base Case, regarding California-Oregon Intertie (COI) system operating limits (SOLs) that would more accurately reflect the routine and regular maintenance that occurs on the three-line 500-kV AC system (and associated underlying system) interconnecting California with the Pacific Northwest. TANC also appreciates that the CAISO agreed to perform the assessment of the economic study submitted by TANC and the other owners of the COI (Pacific Gas and Electric Company, PacifiCorp, and the Western Area Power Administration). As previously communicated, TANC is concerned that prior CAISO studies and the approach utilized in the TPP planning studies does not provide a realistic assessment of the operating conditions on the COI, thereby failing to reflect the impacts on transfer capability and market performance of known maintenance activities on the COI.

Pursuant to the commitment made to the CAISO, TANC and the other COI Owners provided information and data related to historic and future maintenance practices that result in limitations on COI pursuant to CAISO Operating Protocols. From an engineering perspective, sensitivity analyses utilizing this data should result in modelling results that would reflect SOLs on COI that would be comparable, or at least reflective to historic COI ratings. However, the results in the draft TPP did not meet this expectation. In fact, in our opinion the analysis still fails to accurately represent the reduction in COI capability due to known and planned routine maintenance (regardless of unexpected outages or limitation). By not accurately representing the known reduction in COI capacity, the draft 2016-17 TPP significantly overstates the amount of COI transfer capability that will be available and dramatically understates the cost and frequency of congestion.

The draft Plan discusses the expanded COI analysis in Section 4.7.1. The base case modeling for COI accounted for just \$330,000 of congestion costs over 38 hours. The three scenarios analyzed in Section 4.7.1 have increasing numbers of planned, known maintenance outages. The new scenarios forecast a range of the congestion costs of \$840,000 - \$1,190,000, and the number of hours of congestion from 120-185. As an immediate reference point, according to the CAISO's own data on COI from January-February 2017, there already has been 502 hours of congestion, at a cost of over \$6.1 million (59 days – an average of over 8.5 hours of congestion every day).

TANC has frequently made clear that the COI does not run at the capacity levels that are modeled in the CAISO economic studies. And while the expanded analysis in this year's cycle shows some limited reflection of the actual COI capability, the most recent analysis still comes far short of representing actual transfer capability available on COI. The following charts show the actual system operating limits (SOLs) on the COI from 2012-2016 and year-to-date for 2017.



TANC welcomes the initial steps that the CAISO has taken to better the COI analysis, and is hopeful that the CAISO will continue to work with the OCOA parties to make even more improvements.