



**Comments of Trans Bay Cable, LLC  
CAISO 2013-2014 Transmission Plan**

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<b>Submitted by (name and phone number)</b>	<b>Company or Entity</b>	<b>Date Submitted</b>
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Trans Bay Cable (“Trans Bay”) appreciates the opportunity to comment on the Draft 2013-2014 Transmission Planning Process Unified Planning Assumptions and Study Plan (“Draft Study Plan”), issued on February 22, 2013. Trans Bay is generally supportive of the Draft Study Plan, and we look forward to collaborating with the California Independent System Operator (“CAISO”) in the coming year on the transmission planning process.

Trans Bay’s comments to the Draft Study Plan are limited: Trans Bay believes that (1) the CAISO should expand the scope of the “state or federal requirements or directives” that may be used to identify a policy-driven transmission element beyond what the current Draft Study Plan identifies; and (2) the CAISO should include a statement in the Draft Study Plan that, in the future, transformers, synchronous condensers, and static var compensators (“SVCs”) may be placed outside of a Participating Transmission Owner’s (“Participating TO”) substation, and therefore may be eligible for competitive solicitation.

**1. Policy-Driven Upgrades**

Section 23.3.2 of the Tariff provides that the Study Plan shall provide, among other things, “[i]dentification of state or federal requirements or directives that the CAISO will utilize, pursuant to Section 24.4.6.6, *to identify policy-driven transmission elements.*” (emphasis added). In the Draft Study Plan, the CAISO stated,

The objectives of the unified planning assumptions and study plan are to clearly articulate the goals of, and agree upon assumptions for, the various public policy and technical studies to be performed as part of Phase 2 of the TPP cycle. These goals and assumptions will in turn form the basis for

ISO approval of specific transmission elements and projects identified in the 2013-2014 comprehensive transmission plan at the end of Phase 2.

Draft Study Plan, at p. 1.

Thus, the state or federal “policy-related” laws identified in the Study Plan appear to be the only ones eligible to drive policy transmission upgrades.

Under the current Draft Study Plan, the CAISO has identified only two state directives that would qualify to determine a policy driven upgrade – the Renewables Portfolio Standards and import Resource Adequacy deliverability status. Draft Study Plan, at p. 6. Trans Bay believes that this list is too narrow, and that other worthwhile policy objectives should be considered. Specifically, Trans Bay believes that upgrades necessary to ameliorate the effects of Once-Through Cooling (OTC) retirements and the potential absence of the San Onofre Generating Station (SONGS) must also be eligible to be analyzed as potential policy-related upgrades.

Clearly, the retirement of OTC units is a “state or federal requirements or directive[.]” that might lead to the identification of additional reliability transmission upgrades, and the CAISO hasn’t provided a justification for omitting OTC from its list of policy-related objectives. According to the CAISO’s website:

The once-through cooling policy approved by the State Water Resources Control Board became effective on October 1, 2010. This policy calls for the retirement or modification of 16 power plants within the ISO balancing authority that are critical for system and local reliability and to ensure sufficient availability of ancillary services to support renewable resource integration. . . .

The ISO will study the reliability impacts of the policy implementation as part of its annual transmission planning process and will join with the California Energy Commission [CEC], California Public Utilities Commission [CPUC], California Coastal Commission [CCC], State Lands Commission [SLC], California Air Resources Board [CARB] and the State Water Resources Control Board [SWRCB] to form the Statewide Advisory Committee on Cooling Water Intake Structures (SACCWIS). The organizations will work together to implement the new policy in a manner that does not threaten the reliability of the state's power supply.

See <http://www.caiso.com/1c58/1c58e7a3257a0.html>.

Thus, there is no doubt that the CAISO is studying the impacts of OTC at the direction of the State Water Resources Control Board, and in conjunction with the CEC, CPUC, CCC,

CARB, and other related government agencies to solve policy-related issues created by the OTC policy.

Similarly, transmission solutions needed due to the potential retirement of SONGS may be policy driven. In the 2012-13 Draft Transmission Plan, the CAISO noted that it prepared studies assessing the impacts on the transmission system of “future unplanned and long term outages to the two nuclear generating stations in California, as well as the impacts of future retirement of both stations” at the direction both the CEC and CPUC (see Revised Draft 2012-13 TPP, at p. 33). The CAISO itself stated “several mitigations identified in these studies may provide benefit in addressing the current and potential future outage of the San Onofre Nuclear Generating Station.” The mitigation of a potential long-term SONGS outage clearly has state and federal policy-related benefits, and again the CAISO has not explained why this “state policy directive” does not warrant inclusion in the Draft Study Plan.

Trans Bay is concerned with narrowly limiting potential policy-related upgrades in the Study Plan because under the currently-effective CAISO Tariff, a reliability project is not eligible for competitive solicitation unless it is a policy or economic upgrade.<sup>1</sup> There is no provision of the Tariff that requires the relevant “policy” to be related to renewables or resource adequacy capacity. In fact, the Tariff uses broad language that allows the CAISO to consider any number of policy considerations. By narrowly limiting the “policies” considered, without justification, the CAISO is artificially and arbitrarily limiting which projects may be subject to competitive solicitation.

## **2. Methodology for Placement of Facilities**

Although the Draft Study Plan does not directly address the issue, Trans Bay believes that the final Study Plan should include a methodology for determining when certain facilities, such as SVCs, transformers, and synchronous condensers, are required (or not required) to be placed in the footprint of a Participating TO’s substation. As Trans Bay expressed in comments to the 2012-13 plan, it is concerned that the CAISO is artificially excluding certain reliability projects from being eligible for competitive solicitation by placing them within a Participating TO’s footprint. There is no reason that these projects should not be open to competitive solicitation.

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<sup>1</sup> Trans Bay understands that this issue may be moot if the Federal Energy Regulatory Commission (“FERC”) approves the CAISO’s Order No. 1000 compliance filing, which would eliminate the requirement that a reliability project must be policy-related or economic to be considered for competition. However, because FERC has not yet accepted the filing – and it is not assured that the new Tariff, even if accepted, will be applied to the 2013-14 TPP – the CAISO should be more inclusive in identifying federal and state directives that may be considered for policy-driven transmission elements.