

TPP-GIP Integration Working Breakout Group 4 Notes

Attendees:

Lee Terry (CDWR)
Marco Rios (PG&E)
Garry Mirich (Independent Energy Producers)
Jeff Nelson (SCE)
Keith White (CPUC)
Andres Pacheco (Recurrent Energy)
Robert Mooney (Desert Southwest Transmission Project)
Lin Tun (Nextera Energy)
Dariush Shirmohammadi (CalWEA)
Pushkar Wagle (Flynn RCI/Bay Area Munis)
Robert Sparks (CAISO)

1. Coordination and alignment of CPUC procurement activities with CAISO transmission planning process and generation interconnection procedures

The workgroup 4 went through the topics in the order outlined in the CAISO discussion paper.

Consensus: There needs to be a close coordination between CPUC procurement activities and CAISO planning processes. Such coordination involves flow of information as follows.

- **Transmission cost information from ISO to CPUC:** There could be a number of logistical issues. The workgroup identified the following, but there were no resolutions.
 - a. If it were produced by TPP, how soon it would be produced?
 - b. There might be need for additional studies under TPP with TPP potentially replacing TRCR.
 - c. CAISO indicated that that it will be challenging to expand the currently performed portfolio analysis.
 - d. Procurement process will need a supply curve of transmission cost. How much detailed results the ISO will produce.
- **Information transfer from CPUC procurement to CAISO Planning:** Discussed it under the alternative approaches for allocating TPP deliverability. Did not talk about the specifics of the level of PPA progress fed into the ISO.

Additional Specific Comments on this topic:

Nextera: Do not have problem with funding upgrades. We need more certainty. Uncertainty is more fundamental problem.

CAISO: If there is anything already planned by the CAISO, then it is not subject to further evaluation.

CDWR: Is there any need to distinguish between renewable and fossil (non-renewable) generation?

CDWR: What are the considerations given to OTC retirement impact?

Others: TPP will address this issue. Outside the scope of this workgroup.

Nextera: Additional agenda item. What is driving the RA requirement?

Keith: How deliverability should be studied and allocated in the current process?

Questioning the current deliverability process is out of scope.

SCE: Should we building excess capacity to take into consideration more/different information. Allow for feedback loop to perform adjustment.

Flynn RCI: Need to focus on how we are going about reaching 33% RPS policy goal rather than building excess capacity. Would deliverability be performed under TPP?

CAISO: Deliverability aspect would be presented in the next week's TPP meeting.

IEP: Need for being consistent with the milestones.

IEP: CPUC and CAISO MoU, but how would we expect to see formalization of process? Is there going to another MoU.

CPUC: Last MoU focused on the portfolios modeled under TPP. Check whether they are consistent with the procurement mechanisms?

IEP: We want to minimize uncertainty. Want to avoid further delay. How would ISO handle the delay in the CPUC procurement process?

CPUC: Cannot compress the process. But try for better synchronization. Incorporate contingencies.

Flynn RCI: If the TPP approved (LGIP) projects that do not have CPCN, then should those project cost assumed to be sunk?

CPUC: This question needs further thought.

CPUC: What is the purpose of Phase I studies under the new framework?

CAISO: The reliability upgrades coming from Phase I make it valuable/relevant in future.

CPUC: How does procurement influence the ratepayer-funded transmission?

2. Alternative approaches for allocating deliverability created through the transmission planning process to generation projects in an over-subscribed grid area

Consensus: Milestones should be used to narrow down the number of viable projects competing for TPP delivered transmission. Therefore, they should be part of any preferred approach. There could be a hybrid approach that involves a combination of “milestones and LSE-Choice” or “milestones and Pro-Rata Allocation”. Note that there was no endorsement for ranking criteria outlined by the CAISO. Furthermore, PPA should be considered as one of the milestones and not the only primary milestone (Not a litmus test, but probably a tie-breaker).

Additional Specific Comments on this topic:

LSE Choice

SCE is exploring this option. Under its proposal,

- Any generator in the associated study queue that ultimately obtains “Policy-driven access rights” (PDAR) becomes fully deliverable.
- PDAR are allocated among LSEs.
- If the project associated with it fails, the LSE will try one more time. Assign transition time e.g., three years.
- Some details to work out such as, import capacity.
- CAISO has “anti-hording” rules to ensure all PDAR is associated with projects in a timely fashion.

Pros according to SCE: Load paying for transmission, so they should be able to monetize it. LSE can evaluate all contracts in level-playing field.

Pro-rata Allocation.

CalWEA supports it, as it allows CAISO to keep control in the spirit of FERC open access.

- Cannot question its equitability (although was challenged by SCE).
- To make it efficient, give rights only to those projects, which are viable.
- Apply Readiness criteria/milestones.
- If they do not meet those criteria (PPA, gen-tie, etc.), keep them for one cycle.

Recurrent: Partial deliverability of the projects based on pro-rata allocation could jeopardize the PPA viability.

Auction

Nextera Energy supports it, however general opposition from SCE, CalWEA, Recurrent etc. based on the grounds that ICs/projects with “deep pockets” bidding

high in the auction will likely win the rights for transmission, the cost of which are ultimately reimbursed.

Recurrent: If Procurement side works very well, then there is no need to compete via auction.

Ranking Criteria

Milestones (selection criteria) are important, but quantification based on potential weights/scoring scale could be contentious.

3. Possible further provisions to promote effective management of the existing interconnection queue

Consensus: There is a need for transparency in assessing Pre-cluster study 5 generation-transmission projects, however did not get any formal workgroup vote on inclusion of pre-cluster study 5 projects in the new framework.

Flynn RCI: Support both the CAISO's current initiatives to help "weed-out" inactive generation projects and related unneeded transmission projects. Promote a more transparent process that allows broader Stakeholder input in all its elements. One of the CAISO's recent paper on SCE area suggests that approximately 13,500 MW of generation in the ISO queue that significantly flow across the Victorville- Lugo 500 kV constraint under the N-2 outage conditions, approximately 9,900 MW to 12,000 MW can be accommodated as fully deliverable without the need for the major upgrades. Urge CAISO to perform similar analysis (avoid the delivery network upgrades) for pre-Clusters 1 & 2 projects and remaining cluster 1 & 2 areas.

CAISO: Could perform such analyses if such need is identified.

CPUC: Need additional information from these studies in terms of its assumptions: which generation and transmission were modeled in the pre-project case?

IEP: Provided One-Time Project downsizing Proposal

- Applicable to clusters 3 & 4 only.
- Potentially reduces stranded transmission cost exposure and supports least cost transmission planning

Workgroup member/s response: Why not downsize between Phase 1 and Phase 2 under existing provisions (without penalty exposure)?