



## AWEA CALIFORNIA CAUCUS COMMENTS ON THE CAISO DRAFT POLICY

### INITIATIVES ROADMAP

January 4, 2018

The AWEA California Caucus (ACC) appreciates the opportunity to offer comments on the California Independent System Operator's (CAISO or ISO) 2018 Draft Policy Initiatives Roadmap. The CAISO's three-year policy roadmap and annual plan offer a good starting place for helping to achieve some of the benefits of a regional grid operator, in the absence of new, regionally diverse utilities joining the CAISO as full Participating Transmission Owners (PTOs).

The CAISO has proposed to address a variety of initiatives which would enhance the day-ahead market, extend the day ahead market to Energy Imbalance Market (EIM) Entities and expand the ability of imports to contribute to resource adequacy. Taken together, these initiatives appear to be aimed at fostering additional regional collaboration and achieving some of the benefits of a larger ISO footprint even in the absence of new utilities becoming PTOs.

However, studies have shown that many of the benefits of regional energy markets are expected to take the form of reduced capital investments associated with accessing lower cost renewable resources to meet future energy needs and energy policy goals, in addition to the potential benefits of operational efficiencies such as those described above. For instance, the CAISO's SB 350 studies forecasted benefits to California ratepayers on the order of \$800M/year (2016\$) because of reduced renewable capital investments under a scenario with diverse renewable resource procurement facilitated by an expanded ISO.

As was the case in the SB 350 studies, accessing these resources, and the associated benefits ultimately requires new transmission lines, which in turn requires effective transmission planning to those resources. ACC is concerned that the CAISO's current efforts appear to be focused solely on achieving operational efficiencies and lack additional attention to new transmission planning. Particularly given the long lead-time required to build new—and inevitably needed—transmission lines, ACC implores the CAISO to immediately begin studying transmission expansion to access low cost renewable resources outside of the current CAISO footprint. ACC notes that the CAISO can consider transmission (and resource) alternatives outside of the current footprint even in the absence of an expanded regional ISO footprint. Several of the transmission alternatives have already been identified as “advanced development” in the State-sponsored RETI 2.0 report, and are thus ripe for consideration. By virtue of its own forward vision, the CAISO should include renewable transmission efforts as part of meeting California's energy policy goals, including low cost and geographically diverse renewable energy procurement.

ACC supports the CAISO's efforts to find additional operational efficiencies and to enhance regional coordination in the Western Interconnection and, in particular, with EIM Entities. In addition, however, ACC encourages the CAISO to not lose sight of the substantial benefits that could be delivered to California customers through further analysis and consideration of new regional transmission to support procurement of a geographically and technologically diverse renewable portfolio.