

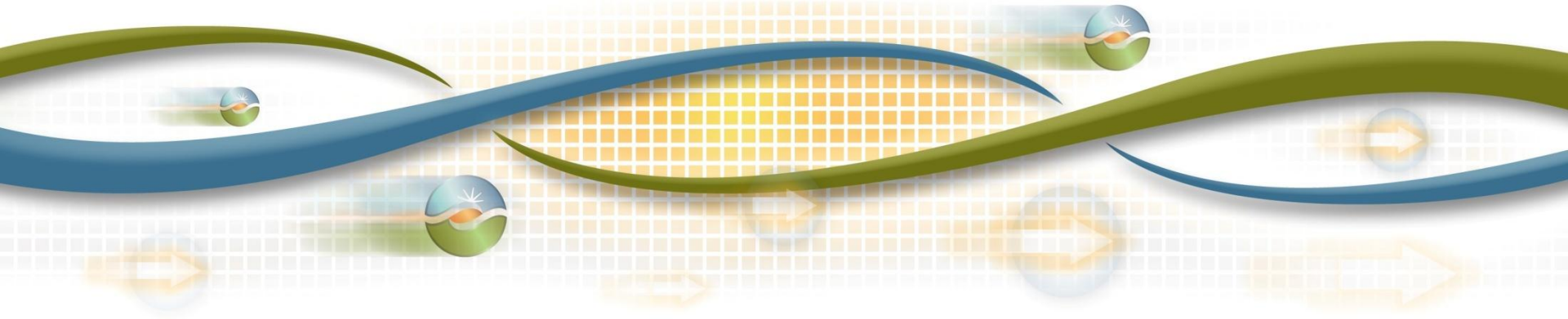
Consideration of Alternatives to address local needs in the TPP

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Stakeholder Web Conference

September 18, 2013



Purpose of Today's Call

- Clarify where we are at in the process
- Review the proposed methodology
- Discuss its application in the 2013-2014 transmission planning process
- Identify the next steps

Agenda

Time	Topic	Presenter
8:00 – 8:10	Introduction & Clarify the Process	Tom Flynn
8:10 – 8:25	Review of Proposed Methodology	Tom Flynn
8:25 – 8:55	Application of Proposed Methodology in 2013-2014 Transmission Planning Process	Tom Flynn
8:55 – 9:50	Q&A	All
9:50 – 10:00	Wrap-up & Next Steps	Tom Cuccia

Clarify where we are at in the process

- Not a stand alone initiative but part of the transmission planning process (“TPP”)
- Proposed methodology published in September 4 paper
- ISO presently applying this new approach to several specific local areas in southern California:
 - LA Basin
 - San Diego
 - Moorpark subarea of Big Creek/Ventura area
- Studies underway; initial results to be made available later in the course of the 2013-2014 TPP

Purpose of proposed methodology

- Support California's policy emphasis on the use of preferred resources
- Consider how such resources can constitute non-conventional solutions to meet local area needs that otherwise would require new transmission or conventional generation infrastructure
- Improve upon ISO's past approach to considering non-conventional solutions
- Provide information in advance that could serve as guidance to prospective developers of preferred resources

Proposed three-step methodology

1. Development of a generic resource catalog reflecting the performance characteristics of response time, duration, and availability
2. Determining an effective mix of resources to meet the performance characteristics needed for a local area
3. Monitoring development of the non-conventional solution

Step one: Development of a generic resource catalog

Type	Duration	Response Time	Availability
Short-duration (annual)	2 hours	20 min.	20 per year
Short-duration (seasonal)	2 hours	20 min.	10 per season
Mid-duration (annual)	4 hours	20 min.	20 per year
Mid-duration (seasonal)	4 hours	20 min.	10 per season
Long-duration (annual)	8 hours	20 min.	20 per year
Long-duration (seasonal)	8 hours	20 min.	10 per season

Step two: Determining an effective mix of resources

- Specify performance characteristics and amounts of each required to meet needs of a local area
- Focus is on post-contingency (e.g., fast-acting products for an N-1-1 event)

Step three: Monitoring development of the non-conventional solution

- If a non-conventional alternative is selected and the Board approves the transmission plan, then the transmission or conventional generation solution to address the same local need is eliminated
- Need to ensure that the local need is actually met in a timely manner
- ISO will need to continually assess the progress of the selected non-conventional alternative against the timing of the local need (as is done today for transmission)
- If satisfactory progress is not being made, then ISO must “de-select” it and return to a conventional solution

Applying the proposed methodology in the 2013-2014 TPP

- A basket of both preferred resources and conventional resources (i.e., transmission and generation) will be pursued
 - This is due to the magnitude of projected reliability needs in the LA Basin and San Diego
- This is unlike how the methodology will be applied in future TPP cycles
 - where preferred resources will be considered as an alternative to conventional resources (i.e., transmission and generation)

Applying the proposed methodology in the 2013-2014 TPP – page 2

- Main focus is on identifying the volume of non-conventional alternatives and the needed performance attributes to address the local reliability needs as part of a basket of resources
- Must recognize that the required attributes may evolve at different levels of reliance on preferred resources
 - For example, they may become more stringent with greater and deeper reliance on preferred resources

Next Steps

- ISO hosts TPP stakeholder meeting on September 25-26
 - Application of proposed methodology will be further discussed
- Stakeholders may provide written comments during September 26 - October 10 stakeholder comment period for the 2013-2014 TPP