

## **BAMx Comments on the CAISO 2019-20 Transmission Planning Process** **Draft Study Plan**

The Bay Area Municipal Transmission group (BAMx)<sup>1</sup> appreciates the opportunity to comment on the California Independent System Operator (CAISO) Draft 2019-20 Transmission Planning Process (TPP) Unified Planning Assumption and Study Plan (Study Plan). The comments and questions below address the Study Plan posted on February 21, 2019 and as discussed during the February 28, 2019 stakeholder meeting. We continue to see positive enhancements being made to each year's plan and look forward to continuing to work with the CAISO to continuously improve the planning process.

Similar to what we have observed in the previous planning cycle, there continues to be much uncertainty in the current planning environment. While system loads are forecast to decline and the time of peak demand is shifting, major issues are also being discussed including (1) what to do about wildfire risks (in the operation of transmission lines that could dramatically increase the cost of transmission), (2) gas-fired resources facing early economic retirement, (3) the still-unknown outcome of regional expansion efforts, and (4) the impacts of efforts in transportation electrification - and these issues are only just starting to come into view. In such a changing environment, maintaining flexibility and careful consideration of long-term investments are critical. As such, BAMx strongly supports the CAISO efforts identified on slide 29 of the stakeholder presentation<sup>2</sup> to identify corrective action plans that include lower cost alternatives to the construction of transmission facilities.

### **Previously Approved Projects**

BAMx applauds the significant progress that the CAISO made in the prior four planning cycles in evaluating previously approved transmission projects. However, some projects like the *North of Mesa* project still remain on hold. In addition to further assessment of the conversion of one of the 500kV lines from Midway to Diablo to 230kV as part of the *North of Mesa* project, we request the CAISO to further assess the reliability need for the *North of Mesa* Project in the 2019-2020 transmission planning cycle.

While much work has been done to evaluate previously approved projects as a one-time effort, part of the Study Plan should include a formal process to continually monitor such previously approved projects. During the February 28<sup>th</sup> stakeholder meeting, the CAISO indicated that they would do such an assessment on a case by case basis in the 2019-2020 cycle. We recommend that this monitoring should include at least two aspects. First, until the project starts construction it would be monitored as to whether there have been changes that would impact the project necessity and scope. While all approved projects should be monitored, special emphasis should be targeted for those that have been delayed beyond their initially proposed on-line dates as well as those with on-line dates during the second half of the planning horizon. Second, stakeholders are seeing tremendous and chronic cost escalation after a transmission project is approved by the CAISO, at times up to 900%. Further, this historic escalation appears to have had nothing to do

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<sup>1</sup> BAMx consists of City of Palo Alto Utilities and City of Santa Clara, Silicon Valley Power.

<sup>2</sup> Page 39 of the February 28<sup>th</sup> CAISO presentation PDF file

with the mitigation of the risk of transmission lines causing wildfires. Such cost increases can materially impact the selection of the preferred alternative or overall scope of work. During the post-approval transmission project monitoring, BAMx recommends that the CAISO monitor cost escalation for both (a) scope creep in the event that work eventually deemed unnecessary to the project objectives may be kept out of, or removed from, the project, and (b) whether any such cost increase should trigger a project review as has been performed by the CAISO for the past several planning cycles. BAMx encourages the CAISO to monitor the projects in all the PTO's service territories for potential cost escalation followed by a review in the scope of the project if a significant cost escalation has been identified. The results of such monitoring activities should be included in the annual Transmission Plan. The significant increases in costs that are occurring after the CAISO approves a project makes some type of process - such as the one we suggest - extremely important.

A major issue the State faces is paying for the past costs of wildfires. As we know, the State has even developed a new commission to deal with wildfire mitigation risks. And even more importantly for the CAISO, extensive mitigation measures, from aggressive vegetation management to insulated conductors to even undergrounding of existing overhead transmission lines, are being discussed. Also, a potential reorganization of the Pacific Gas and Electric Company (PG&E) would be a major issue of Statewide concern. Clearly, major transmission expenditures that involve insulated open conductors and/or undergrounding should be explored as other cost-effective alternatives are investigated. It is important for the CAISO, as the entity responsible for the operation and planning of the transmission system, to engage stakeholders in how these issues should affect the CAISO's decision-making process.

### **Local Capacity Requirement (LCR) Studies**

BAMx appreciates the CAISO's significant efforts on the LCR Reduction studies performed in the 2018-2019 transmission planning cycle. It appears the effort that was put into those studies was extraordinary. BAMx finds these informational studies to be very helpful in reviewing the options to maintain local reliability. We endorse the CAISO's comprehensive approach that not only considers (i) the reliability benefits of competing mitigation solutions including transmission and storage resources,<sup>3</sup> but also assesses (ii) the production benefits and (iii) the local capacity benefits. BAMx supports the CAISO plan to perform an assessment of the remaining local capacity areas and sub-areas in the 2019-2020 planning cycle as a continuation of the 2018-2019 planning cycle.

### **Need for Additional Coordination Between CPUC IRP and CAISO TPP and Stakeholder Review**

The CAISO 2018-2019 policy-driven assessment found the need for some major transmission upgrades and generation dropping Remedial Action Schemes (RAS) in the Eldorado-Mountain Pass-Southern NV area to mitigate a large amount of congestion and transmission overloads.<sup>4</sup> It

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<sup>3</sup> We have noted in our previous comments, we request that demand side options such as slow demand response be also considered in all areas where such measures would address the identified reliability constraints.

<sup>4</sup> 2018-2019 Transmission Plan Policy-driven Assessment, slides #22-30, 2018-2019 Transmission Planning Process Stakeholder Meeting, February 14, 2019.

was explained during the February 28<sup>th</sup> stakeholder meeting that this need was a consequence of (a) modeling a large amount of solar and wind resources in these areas, (b) such resources being mapped to transmission constrained locations, and (c) such resources modeled at high production levels based upon the CAISO's existing deliverability assessment methodology.

BAMx appreciates the CAISO's due diligence in providing updated transmission capability amounts as well as renewable resource location selection (or, resource mapping), which would avoid artificial transmission congestion/overload issues in the 2019-20 TPP and also in future years.<sup>5</sup> However, BAMx is concerned about the lack of transparency into the resource mapping aspect of the feedback loop between the CPUC IRP and the CAISO TPP. We believe that the stakeholders need to have an adequate opportunity to review and provide input into the resource mapping process. BAMx expects several resource mapping issues would be discovered as the CAISO and the stakeholders alike have the opportunity to review and assess the implications of the TPP renewable portfolios for the base and sensitivity cases.<sup>6</sup> Therefore, BAMx urges the CAISO to engage the stakeholders in the process of modeling these renewable portfolios in the 2019-2020 transmission planning power flow and production cost modeling cases.

BAMx appreciates the opportunity to comment on the draft Study Plan. BAMx would also like to acknowledge the significant effort of the CAISO staff in developing the Study Plan to date, as well as the CAISO staff's willingness to work with the stakeholders in the process of developing the Study Plan. We hope to work with the CAISO staff to continue to improve and enhance the Study Plan.

If you have any questions concerning these comments, please contact Moisés Melgoza ([mmelgoza@svpower.com](mailto:mmelgoza@svpower.com) or (408) 615-6656).

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<sup>5</sup> 2018-2019 Transmission Plan Policy-driven Assessment, slide #39, 2018-2019 Transmission Planning Process Stakeholder Meeting, February 14, 2019.

<sup>6</sup> The portfolios being considered for CAISO's (2019-2020) Transmission Planning Process were posted at <http://www.cpuc.ca.gov/General.aspx?id=6442451195> on 02/28/19.