



March 14, 2019

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California Independent System Operator  
250 Outcropping Way, Folsom, CA 95630

Dear ISO Transmission Planning:

CEDC appreciates the opportunity to comment on the ISO's 2019-2020 Draft Study Plan. On January 17, 2019, CEDC submitted the proposed California Transmission Project (CTP) as an alternative to traditional AC Transmission solutions for ISO's consideration as a reliability, policy and economic project. We are pleased to see that the ISO has included our project in Table 5.3.1 of the Draft Study Plan for study as an economic project. The CTP was previously studied in the 2018-2019 Transmission Planning cycle and we continue to agree with ISO's statement on page 291 of the Draft 2018-2019 Transmission Plan: *"The [CTP] project provides other benefits for which the ISO is valuing with conservative assumptions at this time, due to uncertainty regarding future reliance on gas-fired generation for system and flexible needs."* We request again that ISO study the CTP to determine the economic, policy and reliability benefits to the State's ratepayers under its updated 2019-2020 study assumptions specifically with regards to the following:

- **Gas-fired generation retirements** – We support ISO's assumptions in Section 3.7.5 to assume retirement and model offline resources age 40 years or more. Further, we suggest ISO include scenarios wherein the gas-fired generation operation complies with California state policy and laws (60% RPS by 2030, 100% carbon free by 2045 and aggressive MMT targets). We believe that CTP can be an economic solution for maintaining grid reliability while supporting the State's policy objectives. CTP's proposed HVDC transmission system will be fully controllable and dispatchable by the ISO and will add a total of 2000 MW of capacity between Northern California (PG&E) and Southern California connecting at Diablo Canyon, Ormond Beach and Redondo Beach. The power transferred may be sourced by (1) generation from 2,000 MW of offshore windfarms off the central California Coast, (2) power transfers from the 500 kV or 230 kV AC systems at Diablo Canyon Power Plant (DCPP), Ormond and Redondo Beach, or (3) any combination of the two.
- **Local Capacity Areas** – The 2019-2020 study plan will continue its comprehensive review of alternatives to reduce or eliminate local capacity area requirements for gas-fired generation for the remaining local capacity areas and sub-areas not studied in the previous cycle. We request that ISO consider the CTP as a potential solution for reducing LCR needs in the Big Creek/Ventura as well as update the value of CTP's quantified benefit for the LA Basin. We observed from the 2018-2019 Transmission Planning results that a conservative valuation methodology was used to determine benefits for LCR reduction provided by transmission solutions. We suggest the ISO update its valuation methodology to instead value LCR benefits based on the cost of replacing new gas-fired generation or similar long-term local capacity prices that are currently observed for long-term contracts. We believe this will better reflect the cost-effectiveness of potential transmission solutions throughout its asset life.



- **Public policy objectives** – The ISO notes in Section 4.1 that it will receive updated renewable portfolios from the CPUC to be analyzed for policy-driven assessment. As CPUC finalizes its recommended portfolios, we understand that new legislation (AB 1371) has been filed requiring the CPUC to evaluate 2000-4000 MWs of offshore wind and directing the ISO to also evaluate the required transmission to assist in bringing the energy to the terrestrial ISO grid. As provided in our January 17, 2019 submittal, the CTPs unique location off shore offers California an option to interconnect and deliver up to 2,000 MW of economic wind energy as well as support delivery of renewable energy between northern and southern California.
- **Other reliability benefits** – As a modern HVDC transmission cable with voltage sourced converters, CTP provides unique benefits, especially to the grid in load pockets such as the LA Basin that have historically relied on gas fired generation as a critical component of reliable service to customers. Specifically, the CTP’s undersea HVDC cable connection at the switchyard of a retiring coastal power plant can provide ramping capability, voltage support, frequency support, short circuit capacity, etc. Essentially a HVDC connection can match or exceed the local reliability support benefits of local gas-fired generation MW for MW. We encourage the ISO to consider these benefits in their reliability assessments for the 2019-2020 study plan, and as ISO suggests in Section 3.8 CEDC also intends to submit the project into the 2019-2020 “Request Window” to be studied as a reliability solution.

We appreciate ISO’s attention to our comments and are happy to further discuss our project’s benefits with the transmission planners. Thank you for your consideration.

Sincerely yours,

A handwritten signature in black ink, appearing to read "Marty Walicki".

**Marty Walicki**  
*Founding Partner*