

California Independent System Operator

**Comments of the California Wind Energy Association
on the CAISO 2012-13 Transmission Planning Process RPS Scenarios**

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The California Wind Energy Association (“CalWEA”) appreciates the opportunity to comment on the California Independent System Operator Corporation’s (“CAISO”) 2012-2013 Transmission Planning Process (TPP) Renewable Portfolio Standards (RPS) resource renewable development scenarios (“RPS Scenarios”). Per the CAISO tariff, these RPS Scenarios will be developed in a “collaborative” process among the CAISO, the California Public Utilities Commission (“CPUC”) and the California Energy Commission (“CEC”) based on an understanding of how renewable resources may be developed to meet the state’s RPS goals.

Leaving aside the validity of the CPUC’s scenarios (which by design show no need for any renewable resources that require new transmission), the CAISO’s potential reliance on this scenario for transmission planning makes it even more critical that the CAISO reform its assessment of the grid’s capability to deliver renewable energy to loads. Failing to do so will prevent the state’s consumers from benefitting from full use of the transmission system that it is paying for. The reality is that the existing grid can handle much more renewable energy than is currently being recognized. Ignoring this capability is bad for the renewable energy market and bad for consumers, because it will lock the state in to distributed resources only, which may be much more costly than centrally located renewables that do not, in fact, require new transmission to deliver their energy 99.9 percent of the time.

The CPUC’s method of determining RPS scenarios places an inordinate amount of weight on avoiding new transmission development. We suspect this is a reaction to the faulty

deliverability assessment methodology used by the CAISO and its Participating Transmission Owners (“PTOs”) in the Generator Interconnection Process (“GIP”) which results in massively extensive and expensive Deliverability Network Upgrades (“DNU”), some of which were declared to be “Policy-Driven” upgrades enabling upfront utility financing crucial to their development.¹ Indeed, a recent CPUC ruling seeks to “minimize costly transmission upgrades” by limiting competition to those projects that will “avoid triggering unnecessary reliability or deliverability upgrades.”² Unfortunately, this “let the tail wag the dog” means of preventing new transmission upgrades will doom competition in the generation market because a project will stand no chance of competing to meet the state’s RPS goals unless it happens to be in an area with available capacity and even then only up to the limits allowed by the CAISO’s overly conservative deliverability methodology. This would be so even if the project’s total cost (with transmission upgrades under the current methodology) is lower overall than competing projects.

With the cards stacked in this way against the competitive generation development market (effectively thwarting open access transmission policies), it becomes even more imperative that the CAISO reform its deliverability assessment methodology going forward to enable more resources to access the grid without additional transmission upgrades -- both within and outside of zones with planned DNUs -- and compete in utility RFOs. For example, even under the CAISO’s current very conservative deliverability assessment process, the deliverability associated with the Tehachapi Renewables Transmission Project (TRTP) is more than 7,000 MW.³ In developing RPS scenarios and in transmission planning exercises, the CAISO and the state agencies should use this 7,000⁺ MW figure, at a minimum, rather than the 4,500 MW figure often cited by Southern California Edison. The sum of the projects that are already online (which should be published by the CAISO) and the zonal capacity for Tehachapi should add up to at least 7,000 MW and modified in other areas to reflect their true deliverability capability.

¹ Unfortunately, this determination was made without appropriate justification. Instead of using a Least Regrets Transmission Planning paradigm, which would look at multiple renewable energy build-out scenarios to identify upgrades common to most or all of those scenarios, the CAISO simply “slapped together” a number of GIP driven transmission upgrades previously developed for a number of specific generation interconnection requests and labeled them as “Policy-Driven” upgrades. See [CalWEA’s previously filed comments](#) on the CAISO’s statewide conceptual transmission plan.

² Assigned Commissioner’s Ruling Identifying Issues and Schedule of Review for 2012 Renewables Portfolio Standard Procurement Plans, p. 24, April 5, 2012.

³ The CAISO’s Robert Sparks stated that the TRTP can accommodate 7,000 MW of capacity during the stakeholder conference call on DG deliverability on April 5, 2012.

CalWEA has previously identified the major issues with the CAISO's deliverability assessment methodology and proposed remedies.⁴ Primarily, the selected dispatch and contingency levels currently being employed in the analysis bear no relation to reasonable expectations of system operation and as a result represent a super-stressed system condition whose likelihood of occurring in reality is effectively zero. Thus, the typical result of "full deliverability" status is over-designed, extremely expensive upgrades that present enormous market-entry barriers to generators.

If the CAISO accepts the "no transmission" CPUC RPS scenarios, it is even more essential that the CAISO (1) revise the methodology and assumptions used in its interconnection study processes to reflect more reasonable system conditions, and (2) address major transmission constraints in its transmission planning process. These two important steps would relieve renewable generators of the financial and transmission-timeline burdens they now face, which in turn would promote greater generator competition and resolve CAISO interconnection queue bottlenecks, while assuring transmission system reliability.

⁴ See "Comments of the California Wind Energy Association on the CAISO January 10, 2012 Revised Discussion Paper on Special Deliverability Requirements for Clusters 1 and 2," January 24, 2012. Available at <http://calwea.org/publicFilings.html#caiso>.