

Stakeholder Comments
2012-2013 Transmission Planning Process
Stakeholder Meeting 28 February 2012

Submitted by	Company	Date Submitted
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Critical Path Transmission appreciates the opportunity to submit the following comments in response to the presentations at the 28 February 2012 Stakeholders Meeting.

Topic 1: Transmission Base Case Assumptions

Slide 13 of Brian Fong’s presentation indicates that “ISO-approved transmission projects” will be included in the base case assumptions used for the studies to be conducted in the 2012-2103 planning process. While this slide may not specifically be addressing previously approved LGIP projects, combined with the statement on slide 21 (“ISO’s interconnection agreement status will be utilized as criteria for modeling specific renewable generation”) these comments lead to the conclusion that all of the specific LGIP projects approved in the 2010-2011 Statewide Transmission Plan are included as transmission assumptions in the base case.

CAISO staff have indicated in the past (the 07 February 2012 2011-2012 TPP stakeholders meeting and the 02 February 2012 CPTG Executive Committee meeting) that at least one ISO-approved transmission line (Pisgah-Lugo) is so unlikely to be constructed (due to daunting permitting challenges and other issues) that it would not be included in the base case for any future studies. Based on this recognition of likely outcomes, combined with the lack of realistic progress by the project sponsor, it would be counterproductive for the CAISO to base the entire 2012-2013 Planning Process on such a dubious assumption.

In fact, it would be in the interest of the CAISO to include in the base case assumptions the more likely scenario that neither Pisgah-Lugo nor Coolwater-Lugo will be constructed. Based on ongoing activities at various state agencies and forums, it becomes the responsibility of the CAISO to proactively justify why either Pisgah-Lugo or Coolwater-Lugo would be transmission elements included in the 2012-2013 base case assumptions.

Recommendation:

While including generation that may be part of existing interconnection agreements, the CAISO should specifically

1. Conduct the studies in the 2012-2013 planning process assuming that neither Pisgah-Lugo nor Coolwater-Lugo are permitted or constructed.
2. If a robust rational or justification can be made to support the inclusion of Coolwater-Lugo, then the studies should be conducted with two separate assumptions – with neither Pisgah-Lugo or Coolwater-Lugo as base case assumptions and, alternately, with only Coolwater-Lugo as a base case assumption.
3. If a robust rational or justification can be made to support the inclusion of both Pisgah-Lugo and Coolwater-Lugo, then the studies should be conducted under three separate assumptions: including neither of the projects, including only Coolwater-Lugo and including both of the projects.

It is essential to the CAISO that the studies conducted over the next year not be found to be invalid or unusable due to the use of assumptions that were known to be suspect from the beginning of the process. Such a miscalculation could essentially set the transmission planning process back a full year.

In the past, the CAISO has inadvertently hindered rather than expedited transmission development by not offering alternative projects to state permitting authorities. This “take it or leave it” dilemma at the CPUC during the CPCN process leaves no choice but to approve ill-conceived LGIP projects that have never had economic or environmental evaluation or to explain to elected officials why state policies cannot be achieved. The CAISO now seems to be on the path to a study process that will result in policy-driven transmission elements that are likely to actually be realized. By selecting realistic assumptions, or at the very least conducting studies under a variety of assumed transmission element scenarios, the CAISO can continue on this track to seeing transmission projects actually become a reality.

Further, the Phase 2 study plan under this year’s TPP offers the perfect opportunity to evaluate true alternatives for Pisgah-Lugo and Coolwater-Lugo, and for the CAISO to achieve compliance with the FERC Order dated 20 October 2011, FERC.

As stated by FERC in paragraphs 34 and 35,

We grant Critical Path’s request for clarification that 2008 and 2009 request window proposals should be considered on a comprehensive basis. We note that, under RTPP Phase 2, CAISO conducts a comprehensive analysis that considers all elements together to ensure the most efficient and comprehensive transmission plan was developed. The comprehensive plan includes reliability projects, LCRI facilities, merchant transmission facilities, projects to maintain the feasibility of long term CRRs, and certain LGIP network upgrades. The comprehensive plan also includes policy-driven transmission elements and economically-driven transmission elements...

Furthermore, consistent with the RTPP Order, tariff section 24.4.6.5, as proposed in the compliance filing, provides that, if a policy-driven element is identified in Phase 2 of the RTPP, it could supplant the need for LGIP projects that may have otherwise been identified in a subsequent LGIP process. Therefore, under RTPP, CAISO comprehensively evaluates all

needs and identifies the most efficient and effective projects to meet those needs, allowing, when appropriate, for a 2008 or 2009 request window project to be built by the proposing project sponsor for a policy-driven or economically-driven transmission element while also fulfilling other needs, such as reliability needs identified earlier in Phase 2. As indicated below, we find that proposed tariff sections 24.4.6.8 and 24.4.6.5 in the compliance filing are just and reasonable and therefore accepted.

The FERC Order specifically directed the ISO to conduct “comprehensive analysis” to evaluate the system needs and to identify “the most efficient and effective projects to meet those needs”.

By conducting the studies under realistic transmission assumptions (i.e. no Pisgah-Lugo or Coolwater-Lugo included in the base case), the CAISO can identify more efficient and effective projects, such as the High Desert Power Authority’s AV Clearview Project, that can also meet the electrical functionality of the LGIP projects. At the very least, conducting the studies under multiple, alternative base case assumptions, the CAISO can approach the goal of comprehensive evaluation and identifying the most efficient and effective projects.

Topic 2: Renewable Portfolio Assumptions

Yi Zhang’s slide 3 states “In accordance with tariff Section 24.4.6.6, the renewable portfolios will reflect considerations, including but not limited to, environmental impact, commercial interest, risk of stranded investment, and comparative cost of transmission alternatives.”

Slide 3 also states that “Preliminary portfolios will be shared with stakeholders in March and discussed in a stakeholder meeting.”

On Yi Zhang’s slide 6, regarding Deliverability Assessment Methodology, it states that “Deliverability for the base portfolio and sensitivity portfolios as needed”.

Recommendations:

The CAISO should provide specific information on how they determine both the “environmental impact” and the “comparative cost of transmission alternatives”, including what alternatives are considered and how this information will be incorporated into the 2012-2013 transmission planning process. This information should include how the CAISO intends to align their objectives with the objectives of other state agencies and processes, such as the CPUC and DRECP process being conducted under the auspices of the CEC.

The CAISO should provide specific information on how stakeholder input on the portfolio assumptions will be incorporated into the 2012-2013 transmission planning process.

The CAISO should provide specific information regarding how “sensitivity portfolios” will be selected and used in the Deliverability Assessment.