

Stakeholder Comments

Submitted by	Company	Date Submitted
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INTRODUCTION

Duke American Transmission Company (“DATC”) offers the following comments on the California Independent System Operator’s (“CAISO”) draft *2015-2016 Transmission Planning Process Unified Planning Assumptions and Study Plan* (“2015-16 Study Plan”).

The 2015-16 Study Plan identifies only one “overarching public policy objective”, California’s 33 percent Renewables Portfolio Standard (“RPS”), to guide consideration and identification of new transmission “needed to support state or federal public policy requirements and directives.”¹ In identifying the need for new transmission solutions, DATC encourages the CAISO to ensure that the 2015-16 Study Plan: (1) analyzes other, vital state policies and directives such as the 50 percent renewable goal and greenhouse gas emission reduction efforts and (2) analyzes light load and off peak conditions in 2025 to assess the impact of transmission on overgeneration. DATC also encourages the CAISO to be more flexible in its planning process to identify and evaluate projects that have long-term value and benefits beyond the 2015-2016 planning horizon.

¹ Draft *2015-2016 Transmission Planning Process Unified Planning Assumptions and Study Plan*, p. 6 (Feb. 17, 2015).

DISCUSSION

1. The CAISO Tariff does not limit the types of state and federal policies and directives that can be considered in the 2015-16 Study Plan to “formal state requirements”.

Section 3.1 of the 2015-16 Study Plan discusses the public policy objectives that were considered for the purposes of the TPP study process.² DATC agrees with the inclusion of RPS and deliverability of renewable energy resources to support resource adequacy (“RA”) requirements, but questions the relegation of Governor Brown’s announced 50 percent renewable penetration goal to an energy-only “special study”, the results of which “will not be used to support a need for policy-driven transmission in the 2015-2016 planning cycle.”³ The 2015-16 Study Plan states that the 50 percent renewable goal is not being considered to determine the need for policy-driven transmission additions or upgrades because “it is not yet a formal state requirement, so in accordance with the ISO tariff the ISO cannot use it as a basis for approving policy-driven transmission.”⁴ However, Section 24 of the CAISO tariff does not limit consideration of transmission solutions needed solely to meet “formal state requirements.” Rather, Section 24.1 broadly provides that:

24.1 The CAISO will develop a comprehensive Transmission Plan and approve transmission solutions using the Transmission Planning Process set forth in this Section 24. The comprehensive Transmission Plan will identify Merchant Transmission Facilities meeting the requirements for inclusion in the Transmission Plan and transmission solutions needed . . . (5) to meet state, municipal, county and federal policy requirements and directives, including renewable portfolio standards policies;***⁵

Thus, the range of public policy objectives to be considered in the TPP are not just “formal state requirements”, but policies relating to RPS, and other state, municipal, county and federal policy requirements *and* directives. The directive to evaluate transmission solutions needed to meet state or federal policy requirements or directives is repeated throughout Section 24 of the CAISO tariff, including when considering transmission solutions that are needed to meet policy needs in either current or future planning cycles.⁶

² See, Draft 2015-2016 Transmission Planning Process Unified Planning Assumptions and Study Plan, p. 6 (Feb. 17, 2015).

³ See, Draft 2015-2016 Transmission Planning Process Unified Planning Assumptions and Study Plan, p. 41 (Feb. 17, 2015).

⁴ See, Draft 2015-2016 Transmission Planning Process Unified Planning Assumptions and Study Plan, p. 41 (Feb. 17, 2015).

⁵ CAISO Tariff, § 24.1.

⁶ See, CAISO Tariff, § 24.4.6.6; also see §§ 24.1, 24.3.1(g), 24.3.3, 24.4.4.

The inclusion of other identified policy objectives- such as the 50 percent renewable goal and greenhouse gas emission reductions goals- is necessary to allow the CAISO flexibility in the transmission planning process, and allows greater planning for uncertainties. For example, the 2015-16 Study Plan states that it “would be premature and unnecessary to approve any [] transmission projects in the current or even the next TPP cycle” associated with the 50 percent renewable goal as a basis for addressing the RPS policy in a special study, rather than the 2015-2016 Study Plan. However, the purpose of the transmission plan is not just to identify and approve transmission solutions that meet policy needs, but also to identify those “transmission solutions [] that could be needed to achieve state, municipal, county or federal policy requirements or directives but have not been found to be needed in the current planning cycle based on the criteria set forth in this section.”⁷ Consideration of a broad range of known policy objectives will provide the CAISO with more flexibility to consider a broad range of projects, and to more accurately determine the benefits and value of each project in addressing policy needs, even if it ultimately determines that a transmission solution for the policy objectives are warranted in future planning cycles, rather than the current one.

Given the importance of California’s renewable generation and greenhouse gas emissions reduction goals, the 50 percent renewable goal should not be analyzed only as part of a special study, but as part of the broader set of policy objectives governing consideration of transmission solutions needed in the 2015-2016 planning cycle or beyond. At a minimum, the study plan should allow for the likelihood that the 50 percent renewable penetration goal will be formalized this year and develop a study that can be actionable promptly. Given the long lead time of many transmission upgrades that may be needed to achieve the 50 percent goal, and given the substantial amounts of new renewable generation that the goal requires, delaying the needed upgrades that are feasible by even one year can be costly.

Regardless of whether consideration of the 50 percent renewable goal is done as the base case or as a special study, the analysis should not be limited to the assumption that the incremental renewable generation will be energy-only.⁸ Due to the issues of congestion-related curtailment of renewable resources that already exist, California’s greenhouse gas emissions reduction goals, and RA requirements, it would benefit all stakeholders to have a full view of the transmission solutions that will be needed to address the 50 percent renewable goal, particularly if the incremental renewable generation requests the full capacity deliverability status needed to serve as RA resources.

⁷ CAISO Tariff, § 24.4.6.6.

⁸ Draft 2015-2016 Transmission Planning Process Unified Planning Assumptions and Study Plan, p. 41 (Feb. 17, 2015).

- 2. The CAISO should ensure that the 2015-16 Study Plan includes an analysis of light load and off- peak conditions in 2025 to assess the impact of transmission on overgeneration.**

On March 3, 2015, DATC submitted comments addressing points raised at the 2014-2015 Transmission Planning Process February 2015 stakeholder meeting. In those comments, DATC demonstrated how studies using the CAISO’s off peak conditions illustrated a need for a transmission solution, such as that provided by the “right-sizing” of San Luis Transmission Project, which was not identified in the 2014-2015 Study Plan. Therefore, DATC recommends that the 2015-16 Study Plan include an analysis of light load and off-peak conditions in 2025 to determine the transmission solutions that might be an effective way to mitigate reliability concerns during those times.

CONCLUSION

DATC thanks the CAISO for the opportunity to submit these comments, and looks forward to working with the CAISO and all stakeholders in the 2015-2016 Transmission Planning Process.