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March 14, 2016

Mr. Neil Millar  
Executive Director  
Market and Infrastructure Development Division  
California Independent System Operator

*Sent via email*

**Re: Duke American Transmission Company's Comments on the 2016 – 2017  
Transmission Planning Process.**

Dear Mr. Millar,

Duke American Transmission Company (“DATC”) appreciates the opportunity to provide these comments on the 2016-2017 Transmission Planning Process (“TPP”). DATC is a California Independent System Operator (“ISO”) Participating Transmission Owner (“PTO”). DATC owns the majority of the transmission service rights for the critical Path 15 Upgrade Project portion of the ISO controlled transmission grid. DATC and its parent entities, including Duke Energy and American Transmission Company, have considerable experience developing, owning and operating major transmission facilities across the country. DATC looks forward to providing its perspective in the 2016-2017 TPP as a PTO, transmission developer, and a stakeholder interested in seeing California achieve its aggressive 2030 Climate Goal. As discussed below, DATC is concerned that the State’s 2030 Climate Goal is not effectively accounted for in the 2016-2017 TPP. The 2016-2017 TPP would utilize a 10-year planning horizon and include an “informational” 2030 planning scenario that would have no impact on the actual transmission plan. Transmission planning, investment and construction takes time and the decisions the CAISO makes in this TPP will affect the State’s ability to achieve the 2030 Climate Goal. DATC therefore requests that the CAISO revise its Study Plan to actually incorporate the results of the 2030 scenario into the Plan itself.

California has set a very high bar for the energy sector by raising the state’s renewables penetration goal from 33% to 50% by 2030 and by calling for a 40% reduction from 1990 GHG emission levels by 2030 (and putting the State on the trajectory for reaching an 80% reduction by 2050). To achieve these ambitious goals, California will need to go beyond the 50% RPS and must start planning now for the infrastructure necessary to meet the 2030 targets and beyond. It is of utmost importance that planning and decision making processes that the State engages in today support the overall goals and long-term objectives for California.

Sound transmission development will play an integral role in meeting the State's GHG targets by connecting renewable resources to load and facilitating an increasingly regionalized transmission grid. While 2030 may seem distant, for transmission planners, it is rapidly approaching. Planning, permitting, financing and constructing significant transmission projects in California can take up to ten years or even longer. Thus, if California is to have the transmission in place to meet its 2030 (and beyond) carbon reduction goals—which include very significant electrification of transportation on top of the renewable energy demand—it needs to engage in coordinated multi-agency long-term planning starting now.

The 2016 – 2017 TPP sets a relatively short a planning horizon that does not account for the 2030 target:

The studies that comply with TPL-001-4 will be conducted for both the near-term (2017-2021) and longer-term (2022-2026) per the requirements of the reliability standards.

Within the identified near and longer term study horizons the ISO will be conducting detailed analysis on years 2018, 2021 and 2026. If in the analysis it is determined that additional years are required to be assessed the ISO will consider conducting studies on these years or utilize past studies in the areas as appropriate.<sup>1</sup>  
(Citations omitted)

In finalizing the Study Plan, the CAISO should consider how the planning horizon correlates with the State's 2030 Climate Goal and whether the 2030 Scenario contemplated in Section 7.3 of the Study Plan should be more than just "informational". This analysis should consider whether the use of a 10-year planning horizon foregoes "right-sizing" opportunities that may be needed to meet the 2030 Climate Goal. Transmission developers assume significant costs and spend considerable time in obtaining financing and regulatory approvals. These efforts are based upon a definition of the project size that must be made early in the development process. Once a commitment to constructing a transmission project at a particular voltage has been made, the opportunity to resize that same transmission project later becomes increasingly costly, time consuming, and potentially impractical. In many cases, the opportunity will be lost entirely once a commitment to a voltage level has been relied upon for financing, permitting and planning. Thus, the decisions made (or not made) in this planning cycle will impact how the State achieves its 2030 Climate Goal and the 2030 scenario should be integrated into the plan itself.

In sum, one of, if not the most, significant hurdles in providing transmission planning certainty and using transmission as a tool in achieving the 2030 Climate Goal is the ten-year planning horizon used by the CAISO and the CPUC. While a ten-year planning horizon may be

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<sup>1</sup> See 2016 – 2017 TPP Study Plan at p. 8, available at:  
<http://www.aiso.com/Documents/Draft20162017StudyPlan.pdf>

March 14, 2016

Page 3

appropriate for certain transmission planning objectives – e.g., reliability needs, the ten-year planning horizon is too short to facilitate the achievement of the 2030 Climate Goal. DATC appreciates the CAISO's consideration of these comments and looks forward to participating in the 2016-2017 TPP.

Sincerely,



Brian S. Biering

Ellison, Schneider & Harris L.L.P.

Attorneys for Duke American Transmission Company