



**California ISO**  
Shaping a Renewed Future

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**Proposed Policy-Driven Elements in  
Imperial Valley Area with Capital Costs of  
Less Than \$50 Million**

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Market and Infrastructure Development

# Proposed Policy-Driven Elements in Imperial Valley Area With Capital Costs of Less Than \$50 Million

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# Proposed Policy-Driven Elements in the Imperial Valley Area With Capital Costs of Less Than \$50 Million

## 1 Purpose

The ISO has identified the need for a policy-driven transmission elements in the Imperial Valley area to support development of renewable generation in the area in order to meet the 33% RPS requirement. Because this public need can be met by a transmission element costing less than \$50 million, the ISO intends to proceed toward management approval of the element ahead of the ISO's annual comprehensive transmission planning process.

In keeping with its tariff and business practices, the ISO is communicating this information to stakeholders for consultation and comment, prior to moving forward with this management approval.

## 2 Background

In the transmission planning process the ISO conducts studies to determine the need for transmission upgrades or additions that will help to advance public policy goals. For the current 2012/2013 cycle the state's 33% RPS by 2020 is an overarching public policy goal and, consistent with ISO tariff section 24.4.6.6, the ISO worked closely with the CPUC and the CEC to develop renewable generation development portfolios to be used in analyzing transmission needs. Those portfolios include energy from renewable resources located in the Imperial Irrigation District (IID) area. The ISO has previously approved public policy transmission elements to accommodate renewable resources in IID.

In a May 16, 2012, letter from the CPUC and CEC that accompanied the renewable portfolios submitted to the ISO, these state agencies also recommended that the ISO evaluate additional transmission reinforcements into the Imperial Irrigation District (IID) region needed to enable the delivery of at least 1400 MW of renewable energy to the ISO grid.<sup>1</sup> The Commissions understood that the cost of IID reinforcements recovered

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<sup>1</sup>The CPUC previously recommended that the ISO use a maximum import capability of 1,400 MW for imports from projects within the IID Balancing Authority Area as part of the evaluation of projects and bids within the 2011 Renewables Portfolio Standard (RPS) solicitation. The CPUC relied on the CAISO's revised forward-looking Maximum Import Capability calculation process, the planned transmission capabilities inside the CAISO footprint, the renewable scenarios provided to the CAISO by the CPUC staff and the intentions and ability of IID to upgrade its transmission system to support greater export from IID

from generation development in the area may have been a further impediment to the development of renewable generation resources in the region north of the Imperial Valley substation. In light of the continued objective of effectively and efficiently meeting California's 33 percent RPS goals and the identification of parts of the Imperial Valley in the Desert Renewable Energy Conservation Plan as a Renewable Energy Study Area, the Commissions encouraged the CAISO to consider (or investigate) and advance as necessary additional transmission reinforcements into the region to enable delivery of at least the previously identified 1,400 MW of renewable generation from IID.

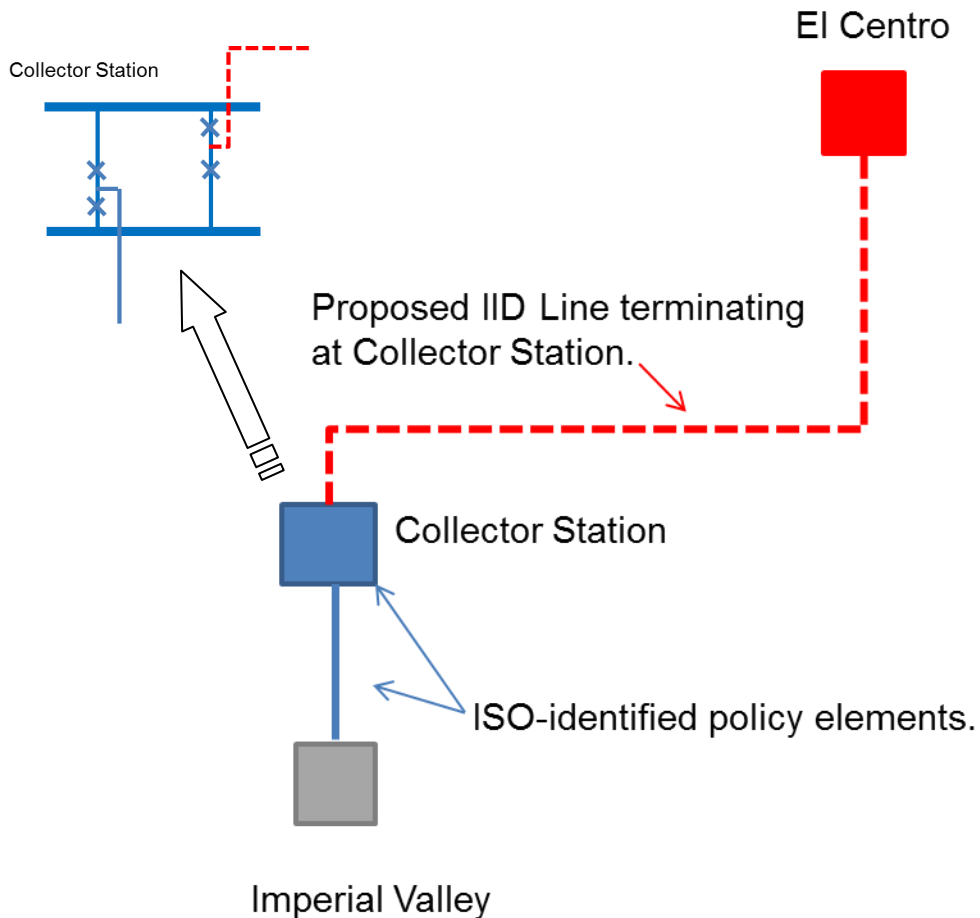
### **3 Proposed Project**

To carry out this directive, the ISO analyzed the location of generation projects in the ISO queue seeking interconnection to the Imperial Valley (IV) substation and considered transmission configurations that might reduce permitting and other concerns in the area. The ISO has also coordinated with IID and has been advised that IID plans to upgrade the IID IV-EL Centro line (the "S" line) to enhance its ownership rights at the IV substation. The ISO has reviewed such plans from IID. Based on this collaboration with IID and the need to provide an efficient means by which ISO queue generation located in Imperial Valley can move forward to commercial operation, the ISO has identified a policy-driven need for a 230 kV collector substation (located approximately one mile north of the IV substation) and 230 kV transmission line connecting the collector substation to the IV substation, contingent upon IID upgrading the S line and looping it into the new collector substation, as depicted below:<sup>2</sup>

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to the CAISO footprint. These steps alone proved insufficient for the resources to develop and interconnect through IID's facilities, necessitating further policy direction from the CPUC and CEC.

<sup>2</sup> Because the 230 kV line and substation will not become network facilities until IID completes the S line loop-in, these elements cannot be turned over to ISO operational control until IID completes the network upgrades on its system.



The ISO estimates that the cost of the two elements- the collector substation and the connecting 230 kV line- will cost under \$25 million.

This proposed transmission configuration will provide a means by which renewable generation MW in the ISO interconnection queue can quickly and efficiently be delivered to the existing ISO grid, while minimizing environmental impacts in the IID service territory. Because the capital costs are less than \$50 million, this policy-driven element can be approved by ISO management before the Board approves the 2012/2013 Transmission Plan if the tariff criteria for accelerated approval are met: 1) there must be an urgent need for approval; 2) the transmission enhancements will not conflict with other projects being considered in Phase 2; and 3) the need to accelerate approval is driven by the external circumstances.

The identified policy-driven element meets these requirements. The ISO understands that several generation projects in this area must move forward on an expedited basis in order to achieve PPA and LGIA milestones, and in some circumstances, procure

financing. If the proposed policy-driven element is approved on the same time schedule as other projects that cost \$50 million or less, these milestones likely cannot be met. The ISO is not considering other projects or elements between the Imperial Valley substation and IID's El Centro substation, and has coordinated this plan with IID's intention to rebuild IID's "S-line". Therefore the ISO does not anticipate conflict with the results of its ongoing studies in Phase 2. Thus, the ISO finds the proposed element to be needed expeditiously to achieve 33% RPS goals and recommends that management approve the element before Board approval of the comprehensive 2012/2013 Transmission Plan.

## **4 Next Steps**

The ISO proposes the steps identified below:

- November 29 Stakeholder call
- December 6 Comments from Stakeholders
- December 13 Briefing to ISO Board of Governors
- December 14 Management approval of Policy-Driven Elements and initiation of competitive solicitation process.