

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA**

Order Instituting Rulemaking to
Update and Amend Commission
General Order 131-D.

Rulemaking 23-05-018
(Filed May 18, 2023)

**OPENING COMMENTS OF THE CALIFORNIA INDEPENDENT SYSTEM
OPERATOR CORPORATION ON THE ORDER INSTITUTING RULEMAKING TO
UPDATE AND AMEND COMMISSION GENERAL ORDER 131-D**

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I. Introduction

The California Independent System Operator Corporation (CAISO) submits opening comments on the *Order Instituting Rulemaking to Update and Amend Commission General Order 131-D* (OIR) by the California Public Utilities Commission (Commission).

II. Discussion

The CAISO recognizes the importance of a predictable, well-defined permitting process and supports the Commission’s decision to open this rulemaking to amend General Order (GO) 131-D. The Commission asks whether it should adopt modifications beyond those required by Senate Bill (SB) 529.¹ The CAISO agrees that there have been significant changes to the electric grid and market structure since the adoption of GO 131-D and supports the Commission’s inquiry into addressing more extensive changes in this rulemaking. Since the last amendment to GO 131, adopted prior to the existence of the CAISO, the CAISO’s and Commission’s roles in identifying and supporting the development of transmission solutions have evolved and are intertwined—in general, the CAISO utilizes resource portfolios from the Commission’s Integrated Resource Plan (IRP) proceeding in order to identify needed transmission projects, which then require permitting approval at the Commission. In line with the expected rapid growth in demand and corresponding new resource development needed to serve that load, the CAISO encourages the Commission to find solutions to expedite the permitting process in a way

¹ OIR at pg. 5; questions 2 and 3.

that both promotes efficient development and transparency. The CAISO looks forward to exploring solutions with other parties in this proceeding.

A. The CAISO’s Transmission Planning Process Has Identified Significant Investments in Transmission Needed to Support State Policy Goals.

In May of this year, the CAISO’s Board approved the 2022-2023 Transmission Plan.² The base case resource portfolio adopted by the Commission and used as an input to the CAISO’s 2022-2023 Transmission Plan requires at least 40 GW of new installed capacity over the next 10 years. A significant amount of new generation is required to meet state greenhouse gas reduction targets and increasing electric demands due to electrification. The sensitivity portfolio used in the 2022-2023 Transmission Plan projects up to 70 GW³ of new capacity needed by 2032. While this year’s transmission plan models the 40 GW portfolio as a base case, the base portfolio developed for next year’s 2023-2024 Transmission Plan aligns closer with this year’s sensitivity portfolio and will require 70 GW of new installed capacity by 2033.

The 2022-2023 Transmission Plan includes 45 approved projects⁴ in total: 24 driven by reliability needs and 21 driven by policy. Under the CAISO tariff, approved by the Federal Energy Regulatory Commission (FERC), the transmission planning process considers projects based on grid reliability needs, policy-driven transmission needs, and economic study considerations. Importantly, these recently-approved projects were identified as cost-effective solutions to meeting those needs in providing benefits for reliability and ensuring progress toward the state’s climate and clean energy policies. The approved project list is driven by an increase in the development of solar, wind, battery, and geothermal resources, as well as imports from regional suppliers. These projects range in lead times of up to 8-10 years, meaning the transmission needed to support these projects must come online with unprecedented speed. The CAISO’s transmission plan is an important piece of the state’s transition to clean energy, but efficient permitting regimes will be necessary to ensure realization of the reliability and policy benefits of these projects.

² Available at <http://www.aiso.com/InitiativeDocuments/ISO-Board-Approved-2022-2023-Transmission-Plan.pdf>

³ 70 GW of new installed capacity by 2032 is the new resource projection from the CPUC’s sensitivity portfolio adopted in D.22-02-004. The base case portfolio adopted in D.23-02-040 will become the base portfolio in the next plan.

⁴ Excludes the \$2 billion Trout Canyon-Lugo proposal for which Board approval is still pending.

Beyond the annual transmission planning cycle, in 2022, the CAISO issued the first 20-year outlook of transmission needs based on public policy drivers and 20-year resource and demand forecasts.⁵ This outlook provided a conceptual plan for the future of the transmission grid and was developed in conjunction with the Commission and California Energy Commission (CEC). The 20-year outlook shows significant transmission buildout is needed to meet new resource and electric demand needs, and align with the goals of SB 100. The 20-year outlook connects the resource and transmission planning processes with the state's longer term policy objectives, and affirms the importance of rapid deployment of new infrastructure to meet reliability and state policy goals.

B. The Commission Should Prioritize Expediting Permitting Under the Permit to Construct (PTC), in Line with SB 529, and the Certificate of Public Convenience and Necessity (CPCN) Processes.

As described above, the CAISO's transmission plan reflects the Commission's resource portfolios, which project rapid generation growth to meet increasing electric demand. A streamlined process to approve the permitting of the projects identified in the CAISO's transmission plan is necessary to ensure these projects are constructed under the timelines necessary to ensure reliability and meet greenhouse gas reduction targets. The CAISO urges the Commission to consider amendments that support expeditious review of applications. SB 529 recognizes this need by specifically exempting the extension, expansion, upgrade, or other modification of an existing transmission line or substations from the more extensive requirements of a Certificate of Public Convenience and Necessity (CPCN) and instead requiring a Permit to Construct (PTC). This exemption, as well as other streamlining opportunities for all projects that the Commission may pursue, recognizes the changes to transmission planning since the adoption of GO 131-D, which now originates from a robust and independent planning process.

The CAISO utilizes its Federal Energy Regulatory Commission (FERC)-approved tariff-based transmission planning process to study reliability, policy-driven, and economic transmission needs. Projects are justified based on an objective and conservative cost/benefit analysis. Each of the transmission projects identified by the CAISO is the result of this rigorous

⁵ Available at <http://www.aiso.com/InitiativeDocuments/20-YearTransmissionOutlook-May2022.pdf>

transmission planning process, and each is identified as the most appropriate, efficient, and cost-effective transmission solution to meet a specific need or needs. Importantly, this process is both transparent and accessible, in that stakeholders are invited to participate from the beginning, including providing input on study assumptions and the draft plans. The CAISO makes its model used to complete cost estimates available to stakeholders, who in turn participate and provide feedback through the stakeholder process. There is extensive opportunity for the public to participate in driving the final transmission plan.

Moreover, the CAISO must adhere to independence principles adopted by FERC. As part of these principles, regional transmission organizations (RTOs) and independent system operators (ISOs) maintain financial independence from their market participants, including entities seeking to develop transmission. RTOs/ISOs must perform their transmission planning process ultimately to benefit transmission customers.

General Order 131-D and its bifurcated approach between the CPCN and PTC process was drafted before the creation of the CAISO and thus before the development of the transmission planning process. Additionally, the California Environmental Quality Act (CEQA) process evaluates routing and environmental impacts separate from the CAISO transmission planning process. The CEQA process also allows for stakeholder engagement and for the identification of alternatives that meet the same reliability needs. In some instances, the routing for a project changes through this process to reflect the needs and interests of impacted communities.

By the time a project reaches the Commission in an application for either a CPCN or a PTC, there has been extensive vetting and analysis of the project. The permitting process, which is intended to ensure compliance with CEQA and offer a final vetting, must recognize the extensive up-front work, including an analysis of alternatives, done at the CAISO and through the CEQA process, both with stakeholder engagement. The Commission has the opportunity to expedite the permitting process by leveraging the work already completed. This idea is present in a Memorandum of Understanding (MOU), to which both the Commission and the CAISO are party, which emphasizes the need for the timely development of resources, giving weight in the permitting process to projects consistent with the CAISO's transmission plan. In order to support the rapid growth of new resources identified by the Commission in the IRP process, the pace of transmission development must be just as rapid.

The CAISO urges the Commission to consider new strategies for expediting the permitting process which may be developed in this proceeding and to reconsider potential amendments that may slow this process down. Specifically, the CAISO is concerned with the Commission’s proposed revision to extend the permitting process timeline to 18 months, by requiring an application to be submitted earlier than needed. This proposed change, without an explanation as to how it would improve the overall efficacy and timeliness of the permitting process, appears to introduce longer timelines instead of shorter, contrary to the intent of SB 529.

Finally, the OIR redlines propose several new data components.⁶ The CAISO does not have a position on the data requested but draws attention to these new hurdles in the spirit of encouraging efficiency and timeliness. We appreciate the Commission’s interest in transparency and hope the Commission can strike a balance between information disclosure and the speed of review necessary for these applications.

C. The CAISO Suggests the Commission Not Explicitly Include the Role of the CAISO or Government Agencies in the Permitting Processes Outlined by GO 131-D.

While the CAISO’s role in developing the transmission plan is clearly defined under FERC jurisdiction, the role the CAISO plays in the permitting process before the Commission is more case-specific. The CAISO suggests the Commission allow for this flexibility by not explicitly defining how it, or California agencies, participate in the process. In general, the CAISO’s primary role is to “identify and plan the development of solutions to comprehensively meet the future needs of the ISO-controlled transmission grid”⁷ in a cost-effective and reliable manner. This role takes place outside of the scope of GO 131-D, which focuses on the permitting after the projects have been approved in the context of economic, policy, and/or reliability need.

Within the scope of GO 131-D, the CAISO is a willing participant in the process and frequently provides technical expertise and data to build the record in an application proceeding. The CAISO’s focus continues to be on providing this expertise on the benefits of specific projects. This includes supporting the need for a project in a CPCN and describing a project’s

⁶ OIR at pg. 9.

⁷ See California ISO 2022-2023 Transmission Plan, pg. 1, available at <http://www.caiso.com/InitiativeDocuments/ISO-Board-Approved-2022-2023-Transmission-Plan.pdf>

benefits in a PTC. Because each project is different, the needs of a proceeding can vary greatly. Therefore, the CAISO suggests the GO maintain focus on the roles of the Commission and the applicants while allowing other parties to engage as best suited for each individual proceeding. Maintained flexibility with regard to the CAISO's participation ensures that the CAISO can remain as supportive of this process as possible and does not define a role which may vary from proceeding to proceeding or may change in the future as the CAISO continues to work with the Commission and the CEC to enhance CAISO and state agency coordination.

Ultimately, GO 131-D is a part of web of orders, tariffs, and agreements, each focusing on a different aspect of transmission planning. Many of these roles are more clearly described in the MOU between the CAISO, Commission, and CEC.⁸ GO 131-D explicitly covers the permitting process and the roles and requirements for the applicants and the Commission in that process. The Commission should not define the participation of other parties here.

III. Conclusion

The CAISO appreciates the opportunity to provide comments on the OIR.

Respectfully submitted

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⁸ Available at <http://www.caiso.com/Documents/ISO-CEC-and-CPUC-Memorandum-of-Understanding-Dec-2022.pdf>