

California Independent System Operator
250 Outcropping Way
Folsom, CA 95630

March 14, 2013

NextEra Energy Resources Economic Study Request in the 2013-14 Transmission Planning Process and Study Plan

NextEra Energy Resources, LLC (“NextEra”) appreciates the opportunity to comment on the California Independent System Operator Corporation’s (“CAISO”) 2013-14 transmission planning process and explicitly requests, pursuant to Section 24.3.3(d), an Economic Planning Study as part of development of the unified study assumptions and study plan. Specifically, NextEra requests that the CAISO examine the economic benefits associated with networking the current radial Highwinds - Windhub 230kV circuit. Alternatively, if the CAISO does not elect to conduct the foregoing Economic Planning Study, NextEra requests that the CAISO take steps to complete compliance with the tariff provisions supporting networking of Locational Constrained Resource Interconnection Facilities by developing a plan to ultimately network LCRIFs.

The Highwinds to Windhub 230 kV Circuit

As part of the CAISO 2011-2012 Transmission Plan, dated March 23, 2012, the CAISO approved the Highwinds LCRIF to radially connect the Highwinds Substation to the Windhub Substation in order to access renewable resources in the Tehachapi area (Segment 3B of the Tehachapi Renewable Transmission Project). Conditional approval was originally granted by the CAISO Board of Governors on May 18, 2009. NextEra operates two projects interconnecting to the LCRIF. The phased North Sky River wind project totals 292 MW of capacity. The initial phase is currently online and constitutes 163 MW of capacity. NextEra has until 2015 to complete the second phase. In addition, NextEra’s 77 MW Sky River wind facility also interconnects to Segment 3B.

Section 24.3.4.1(b) states that the CAISO’s assessment of whether an Economic Planning Study request should receive High Priority will consider:

Whether the requested Economic Planning Study addresses delivery of Generation from Location Constrained Resource Interconnection Generators or network transmission facilities intended to access Generation from an Energy Resource Area or similar resource area assigned a high priority by the CPUC or CEC.

Segment 3B of the Tehachapi transmission project provides 1,150 MW of capacity to access a high priority renewable energy resource area. Accordingly, NextEra requests that the CAISO consider studying the prospect of networking Segment 3B to encourage

broader utilization not only of the transmission capacity of the LCRIF, but also the entire ratepayer investment in the Tehachapi renewable energy zone.

Locational Constrained Resource Interconnection Facilities and Network Facilities

Even if NextEra's request to network the LCRIF does not qualify as a High Priority Economic Planning Study, the CAISO should nevertheless clarify the means by which the LCRIF can be converted to a network facility. Section 24.6.3.1(d) requires that any application to construct a LCRIF include a plan to ultimately network that facility. Proposals must include:

An assessment of the potential for the future connection of further transmission additions that would convert the proposed facility into a network transmission facility, including conceptual plans;

Furthermore, in the CAISO evaluation of whether the proposed facility met the requirements of Section 24.4.6.3.2, the CAISO must have evaluated the capability and prospect for ultimately networking the LCRIF. Section 24.4.6.3.6(b) required the CAISO to determine:

Whether, and if so, the extent to which, the facility has the capability and flexibility both to interconnect potential LCRIGs in the Energy Resource Area and to be converted in the future to a network transmission facility.

Conditional approval of the LCRIF was granted by the CAISO Board of Governors at its May 18, 2009 meeting. (See [http://www.caiso.com/Documents/Board6DecisionforConditionalApprovaloftheHighwindLocationConstrainedResourceInterconnectionFacilityProject\(LCRIF\).](http://www.caiso.com/Documents/Board6DecisionforConditionalApprovaloftheHighwindLocationConstrainedResourceInterconnectionFacilityProject(LCRIF).)).

Since Segment 3B was constructed and went into commercial operation in December 2012, it clearly passed the eligibility and evaluation screens established to assess the potential for the facility to convert to a network transmission facility. However, the discussion in the approval memorandum does not address these criteria. NextEra believes it would be beneficial for the CAISO to disclose and revisit the analysis that supported the determination that these elements of the tariff were satisfied. Moreover, from the tariff criteria, it seems clear that it was not intended that such facilities remain radial facilities in perpetuity. Since Segment 3B passed the threshold that included the capability of LCRIF's to ultimately convert to a network facility, it seems reasonable to reassess the merits of the original plan. These comments, therefore, request that the CAISO revisit the original proposal for networking Segment 3B and study the ability to convert the facility to network facilities.

Conclusion

NextEra appreciates the opportunity to request that the CAISO's study the prospect for converting Segment 3B of the Tehachapi to a network facility either through an Economic Planning Study or, alternatively, as part of its obligation in approving an LCRIF to define potential mechanisms for such conversion.

Sincerely,

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