

Stakeholder Comments Template

***CAISO Draft Final Proposal - Approval of Transmission Elements Under \$50 Million dated June 21, 2012***

<b>Submitted by</b>	<b>Company</b>	<b>Date Submitted</b>
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**Summary**

SCE recognizes that there could be unique circumstances that would justify the need for CAISO management to approve a transmission element (e.g., a policy driven transmission project) whose cost is estimated to be below \$50 million prior to the completion of the regular transmission planning cycle. Therefore, SCE supports the CAISO’s proposal to approve transmission elements below \$50 million provided the CAISO’s final proposal 1) provides stakeholders with a sufficient process for reviewing the proposed element, including the ability to appeal a CAISO management decision to the CAISO Board if necessary and 2) includes language (preferably tariff language) specifying the unique circumstances under which an element would be eligible for CAISO management approval (i.e., what qualifies as an urgent need). Similar to SCE’s comments on the CAISO’s Order 1000 straw proposal<sup>1</sup>, SCE also urges the CAISO to revise its Tariff such that PTOs would not have an obligation to “backstop” a policy, economic, or CRR driven transmission element below \$50 million if the project sponsor failed to complete the project or no entity proposed to develop the policy, economic, or CRR driven project.<sup>2</sup> Additional details are provided below.

**Stakeholder Review of Below \$50 Million Transmission Elements**

In response to SCE’s initial comments, SCE appreciates the CAISO providing more detail about the stakeholder process for urgently-needed policy projects that the CAISO is considering to approve that are under \$50 million and on an accelerated timeline in advance of the TPP approval. SCE believes that the CAISO can define a robust stakeholder review process through development of its BPM and looks forward to participating in the CAISO’s stakeholder process to develop the BPM language.

To ensure a strong stakeholder process to accelerate the approval of urgently needed elements of \$50 million or under, SCE recommends that the CAISO include a process for stakeholders to appeal a CAISO management decision to the CAISO Governing

<sup>1</sup> See comments on Topic 5, pages 3-4 at <http://www.caiso.com/Documents/SCE-Comments-FERCOrder1000ComplianceStrawProposal.pdf>

<sup>2</sup> PTO would continue to have the obligation to backstop a reliability project.

Board. In contrast to reliability project – where the need and consequences can be assessed against NERC and WECC reliability criteria – the urgent need for a policy or economic transmission element may not be as well defined. By having an opportunity to appeal, stakeholders would have the opportunity to have unresolved concerns heard by the CAISO Board for possible action.

**Criteria for Urgently Needed Transmission Elements (Policy or Economic)**

SCE appreciates that the CAISO intends to utilize this proposed process infrequently, only when projects are urgently needed. SCE recommends that the CAISO develop and include criteria to guide the CAISO management and stakeholders on situations when the CAISO would require the expedited treatment of management approval of transmission elements (policy and economic projects) outside of the annual Transmission Planning process. Typically, if a reliability project is needed on an urgent basis, the CAISO will be able to identify it through its analysis and application of reliability criteria. SCE recommends that for policy and economic projects, the CAISO develop criteria that can be used by CAISO management and stakeholders to assess identification of urgently needed policy projects in advance of the Annual Transmission Planning Process. The criteria should codify (preferably in Tariff language) the reasons set forth in the CAISO's Draft Final Proposal:

- The need must be urgent for the approval to be advanced;
- There must be a high degree of certainty and comfort with the nature of the upgrades from a planning and engineering perspective, such that the upgrades could not conflict with other projects or alternatives being considered in the comprehensive plan. If, for example, the CAISO could not demonstrate that the upgrades can confidently be advanced without creating a possible conflict with the rest of the transmission plan, the CAISO would not seek to advance the approval;
- The scope of the upgrades or additions is limited by the \$50 million cost ceiling; and
- While an urgently needed upgrade may be identified in the early stages of the ISO's annual transmission planning analysis, such needs could also arise as a result of some other external factor or change of circumstances.

In addition, the CAISO should be required to demonstrate how the transmission element supports the state policy objective (e.g., how it aligns with the CPUC's resource portfolio assumptions and what change has driven the urgent need for the policy project).