

*via electronic mail*

December 27, 2012  
Mr. Neil Millar  
California Independent System Operator  
250 Outcropping Way  
Folsom, CA 95630  
[nmillar@caiso.com](mailto:nmillar@caiso.com)

Dear Mr. Millar,

This letter contains Sierra Club's comments on the materials presented at the California Independent System Operator's (ISO's) 2012/2013 Transmission Planning Process Stakeholder Meeting (the "Materials"). These comments augment and incorporate our comments on the Conceptual Statewide Transmission Plan Update filed on October 22, 2012 (the "Conceptual Plan Comments").

The Sierra Club is a national nonprofit organization of approximately 1.3 million members and supporters dedicated to exploring, enjoying, and protecting the wild places of the earth; to practicing and promoting the responsible use of the earth's ecosystems and resources; to educating and enlisting humanity to protect and restore the quality of the natural and human environment; and to using all lawful means to carry out these objectives. The Sierra Club's concerns encompass protecting our public lands, wildlife, air, and water, while at the same time rapidly increasing our use of energy conservation, efficiency improvements, and renewable energy. Our engagement in the transmission planning process is based on an interest in ensuring that energy development occurs thoughtfully and sustainably. The Sierra Club believes it is important for the ISO to incorporate California's full suite of relevant energy and climate policies and programs into transmission planning. In addition, Sierra Club would like to ensure that all state energy agencies use consistent, valid methodologies and assumptions for determining energy resource needs. This coordination is necessary if California is to meet its climate protection and energy policy goals, while avoiding unnecessary costs and protecting the natural environment that the climate and energy policies are intended to benefit.

**A. The Net Short is improperly applied and results in gross over-estimation of the need for new transmission capacity for the RPS program.**

As we discussed in the Conceptual Plan Comments, although we are pleased to see the ISO coordinating with other state agencies to use a consistent value for the Net Short for transmission planning purposes, there appears to be a fundamental misunderstanding in terminology. Based on our reading, the ISO may be conflating the amount of additional renewable energy necessary to meet California's RPS goals—which is what the CPUC value provides—with the amount of new transmission capacity that will be needed to deliver that renewable energy. By ignoring California state policies and laws which reduce the need for new transmission-- such as allowing 10% of RPS obligations to be met through RECs, 3,100 MW of renewable distributed generation

through existing programs and at least 3,700 MW of new transmission capacity from out-of-state coal retirements---leads to an over-estimation of the amount of new transmission needed to meet California's RPS goals.

### **B. Transmission Planning should properly incorporate the most current information on the Desert Renewable Energy Conservation Plan.**

We strongly support incorporating the land use assumptions and natural resource data developed in the Desert Renewable Energy Conservation Plan (DRECP) process into transmission planning. The DRECP is a far-reaching initiative with huge impacts on the physical and energy landscape of California. The ISO is an integral part of this process, and in particular, has provided invaluable guidance on the development of the DRECP Conceptual Transmission Plan. The DRECP will operate by designating areas of the California desert as renewable energy development focus areas (DFAs). Gen-ties, transmission lines and facilities (both upgrades and new), and transmission line stringing activities are each covered activities subject to the DRECP within the Plan area. One of the key pieces to ensure renewable energy development is incentivized within the DFAs is prioritizing and facilitating the rapid development of transmission serving the DFAs.

To date, the DRECP appears to be incorporated into the transmission planning process rather indirectly--- the CEC incorporates data regarding the DFAs in giving specific generation projects environmental scores, and provides this data to the CPUC for use in developing scenarios. During the time between the development of the scenarios and the Materials, the DRECP has published an interim document (the "Interim Document") with updated Development Focus Areas (DFAS).<sup>1</sup> The Interim Document includes the alternatives which will be analyzed by the REAT agencies in the Draft DRECP and Draft EIS/EIR in 2013. The ISO should incorporate this more accurate data regarding the DFAs into the transmission planning process. Although we understand that a new transmission plan is developed annually, because of the far-reaching implications of the DRECP, the importance of transmission to the success of the DRECP and the long-lead time to develop transmission projects, this data should not be limited to environmentally scoring projects<sup>2</sup> or to the Environmentally Constrained Scenario, but should be used in each scenario, and particularly in the base case.

### **C. Assumptions regarding Conventional Generation.**

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<sup>1</sup>[http://www.drecp.org/documents/docs/alternatives\\_eval/Section\\_2\\_Description\\_of\\_Alternatives.pdf](http://www.drecp.org/documents/docs/alternatives_eval/Section_2_Description_of_Alternatives.pdf)

<sup>2</sup> Because of the wide range in biological impacts between the alternatives in the Interim Document (Alternative 1 provides for 70,559 acres of lands considered high and moderate biological sensitivity within DFAs while Alternative 6 provides for 1,327,690 acres of high and moderate biological sensitivity lands within DFAS) it is inaccurate to term all projects within a DFA as having a positive environmental score, or properly incorporating environmental constraints.

We have concerns that assumptions referenced in the Materials could encourage duplicative natural gas plants, rather than exploring ways to improve the transmission system to use existing gas more efficiently and flexibly. We thank the ISO for incorporating once-through cooling policies but request greater detail on assumptions regarding which plants will be repowered and how these assumptions are incorporated into the base case. We encourage the ISO to consider policies outside of the RPS encouraging renewables generation and the number of existing and planned natural gas facilities when developing these assumptions and to avoid incorporating assumptions that all OTC plants will be repowered in any part of the transmission planning process. We are also concerned to see all new generation from the 2022 Reliability Assessment base cases modeled. We encourage the ISO to look further at the potential impacts of distributed generation, demand-response and energy efficiency when incorporating projections on necessary conventional generation. Particularly, we believe the incorporating higher (and more realistic) levels of incremental uncommitted energy efficiency would provide a more realistic concept of our energy future and would reduce the forecasted need for conventional generation facilities.

#### **D. Specific Transmission Projects.**

Sierra Club is concerned that over-building transmission projects could result in unnecessary direct costs to California's customers as well as high indirect costs by guiding generation projects to sensitive and fragile locations through new transmission capacity<sup>4</sup>. We are pleased to see the ISO focus on the Central Valley, an area of lower habitat value that historically has been overlooked in transmission planning. We are also pleased to see the ISO focus on improvements to ease transmission constraints in the Imperial Valley, an area with high renewable energy resources and relatively low habitat value.

Thank you for your consideration of these comments and for the opportunity to participate in this process.

Sincerely,

Sarah K. Friedman  
Senior Campaign Representative  
Sierra Club

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<sup>4</sup> We encourage the ISO to review our Conceptual Plan Comments, which provide greater detail on specific transmission projects.