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# **The Revised Transmission Planning Process**

**(Formerly the Renewable Energy  
Transmission Planning Process (RETPP))**

**Supplement to  
Second Draft Final Proposal**

**April 28, 2010**

# The Revised Transmission Planning Process

(Formerly the Renewable Energy Transmission Planning Process  
(RETPP))

## Supplement to the April 2, 2010 Second Draft Final Proposal

### Introduction

After careful consideration of stakeholder comments submitted in response to the ISO's April 2, 2010 second draft final proposal, the ISO offers this supplement to describe two modifications and two clarifications to the proposed Renewable Energy Transmission Planning Process (RETPP).

The two modifications to the proposal affect the following areas:

- Treatment of economic project proposals submitted to the ISO in the 2008 and 2009 request windows of the current transmission planning process; and
- Process for deciding between multiple proposals submitted to the ISO to build the same elements of the ISO's final Phase 2 transmission plan.

The two clarifications affect the following areas:

- Approach to economic transmission additions and upgrades in subsequent cycles of the revised transmission planning process; and
- The title of this initiative, which will drop the "Renewable Energy" designation to reflect the objective of consolidating all ISO transmission planning activities into a single comprehensive transmission planning process.

The ISO will conduct a conference call with stakeholders to discuss the topics covered in this supplement on Tuesday May 4, and requests that interested stakeholders submit any written comments by close of business Thursday May 6. The matters addressed in this supplement and the related stakeholder activities will not change the ISO's schedule for bringing the proposal to its Board of Governors for approval at the May meeting and filing the proposal at FERC on or about June 1. Nor will these changes affect the ISO's schedule for posting draft tariff language and reviewing that language with stakeholders. Further details on the schedule of these activities will be provided by market notice.

**The title of this initiative**

Starting with this document the ISO is dropping the “renewable energy” designation in the title of the initiative. The ISO began this initiative in August 2009 to make needed changes to the existing transmission planning process to address the large-scale transmission planning effort needed to meet a 33 percent renewable portfolio standard by 2020. From the start, however, a second objective has been to combine the RPS-driven transmission planning effort with the existing planning process rather than conduct a separate parallel effort, so that the unified effort produces a single, annual, comprehensive transmission plan for the ISO balancing authority area that includes the transmission additions and upgrades driven by environmental policy goals as well as those driven by the other needs and objectives transmission planning must address. At this stage of the initiative it has become sufficiently clear how the unified process can be structured, and therefore it is appropriate to use descriptive language that captures the unified design. This and subsequent ISO documents, including related revisions to the ISO tariff and business practice manuals, will therefore refer simply to the ISO’s revised transmission planning process, or occasionally for emphasis, the revised *comprehensive* transmission planning process.

**Treatment of economic project proposals submitted to the ISO in the 2008 and 2009 request windows**

**April 2 proposal.** The April 2 proposal states: “Under the RETPP, economic studies of the final Phase 2 plan will provide the appropriate basis against which the ISO can evaluate other projects that may offer economic benefits. For the 2010 cycle of the RETPP the ISO intends to apply this approach to evaluate the need for projects submitted in the 2008 and 2009 TPP request windows that do not fall under the PTOs’ obligation to build under existing tariff provisions. If any of these transmission elements is found to be needed, parties can submit proposals to build that element, and then seek approval from the CPUC or other siting and permitting authority to build the element.”

**Proposed changes.** The ISO now proposes to allow a party who submitted a 2008 or 2009 request window project the right to build and own its proposed project provided:

- (1) The transmission facilities comprising the project are approved as needed in the ISO’s revised transmission planning process and do not fall under the tariff transmission categories to be built by the PTOs;
- (2) There is only one project sponsor proposing the same transmission facilities in the 2008-2009 request windows; and
- (3) (The project proponent is determined by the ISO, in accordance with criteria the ISO will specify, to be physically, technically and financially capable of (a) completing the project in a timely and proper manner, and (b) operating and maintaining the facilities consistent with good utility practice and all applicable requirements.

This policy will apply to 2008 and 2009 request window economic project submissions that were intended by their sponsors to support access to renewable energy resources and that correspond to facilities approved as needed in the final Phase 2 plan, as well as to submissions that were intended to provide economic benefits such as congestion relief and are approved as needed following the ISO's economic analysis and evaluation in Phase 3. This approach will apply only for the first cycle of the revised transmission planning process conducted during 2010-2011. For subsequent cycles the approach for identifying and approving economically beneficial transmission additions and upgrades will be as described in a later section of this document.

In the event that more than one of the 2008-2009 request window projects would provide the same transmission facilities approved as needed in the final Phase 2 plan, or would provide the same economic benefits as determined in Phase 3, the procedure described in the next section for deciding between competing proposals will apply.

### **Process for deciding between multiple proposals to build the same plan elements**

**April 2 proposal.** The April 2 proposal states: "In Phase 3 the ISO will receive proposals to build the renewable access transmission upgrades or additions that were approved unconditionally in the final Phase 2 plan. ... The ISO will review such proposals to determine whether they are technically consistent with the specifications in the final Phase 2 plan, and if found to be technically acceptable the sponsors of the proposals may proceed to the CPUC or other appropriate siting and permitting authority." Under the April 2 proposal, if two or more eligible parties submit technically acceptable proposals to the ISO to build the same approved element in the final Phase 2 plan, the ISO will refer the entities to the appropriate state siting authorities to determine which party's proposal should be approved.

**Proposed changes.** For situations where different parties proposing to build the same plan element would be subject to different state siting authorities as their ultimate approval venues, the ISO will utilize objective criteria to select the proposal that will be eligible to receive cost recovery through the transmission access charge, provided that such proposal is approved by a siting authority. For this purpose the ISO will consider existing approaches such as the criteria used by the Public Utility Commission of Texas in conjunction with the ERCOT renewable transmission planning process. For situations where the parties would be subject to the same siting authority, the ISO will defer to that authority to determine which party's proposal should be approved. The ISO will require parties who submit proposals to build elements of the final Phase 2 plan to indicate in their proposals the siting authority to which they intend to apply for permitting.

### **Economic transmission additions and upgrades in subsequent cycles of the revised transmission planning process**

The April 2 proposal is clear about the role of economic project proposals in the first annual cycle of the revised transmission planning process, including the proposed treatment of economic project proposals submitted to the 2008 and 2009 request windows, and the ISO's intention to modify the tariff to reflect a change in scope of the request window going forward. It is necessary, however, to clarify how the ISO proposes to address the potential need for economic transmission additions and upgrades in subsequent cycles of the revised transmission planning process.

**April 2 proposal.** The April 2 proposal states: The "Phase 2 submission window will not be open to economic projects as the current TPP request window allows because ... it is not possible to evaluate economic project proposals until the final Phase 2 plan is completed to serve as the reference against which to evaluate the economic benefits of a proposal. The ISO intends to modify the request window provisions of its tariff to reflect these changes in scope."

**Clarification.** Starting with the second annual cycle of the revised transmission planning process which will commence in January 2011, the ISO will:

1. Accept economic planning study requests from participants in the Phase 1 stakeholder process in which the ISO establishes the unified planning assumptions and study plan. The ISO will follow the existing tariff and BPM guidelines in determining how many and which economic planning studies it will perform and will include these in its study plan.
2. Perform, during the Phase 2 process, sufficient economic analyses to enable the ISO to identify potential areas of the grid for economic additions and upgrades. Thus, even if the participants in Phase 1 submit very few economic planning study requests, the ISO may identify and perform its own economic planning studies to ensure that opportunities for economically beneficial additions and upgrades are identified in each cycle of the revised transmission planning process.
3. Based on these analyses the ISO will incorporate in the final Phase 2 plan those economic additions and upgrades it determines will provide economic benefits that justify their costs. Thus, consistent with the current tariff, participants can submit economic planning study requests to help the ISO identify economically beneficial transmission elements. In contrast to the current request window provisions, however, the ISO will identify the optimal transmission elements to include in the comprehensive transmission plan to realize economic benefits, rather than allowing participants to submit economic project proposals.
4. The needed economic additions and upgrades identified by the ISO will be included as elements of the final Phase 2 plan and, upon approval of the plan by the ISO Board, will be open to both PTOs and non-PTOs to submit proposals to build in Phase 3, except for those additions and upgrades that the PTOs build in accordance with other existing tariff categories. If multiple eligible parties propose

to build the same plan element in this category, the procedure described in the previous section for deciding between competing proposals will apply.

5. The ISO will revise section 24.1.1 of the current tariff to reflect the new process described here for identifying and approving economically beneficial transmission additions and upgrades.