

Stakeholder Comments Template

Submitted by	Company	Date Submitted
David Oliver doliver@tanc.us 916-852-1673	Transmission Agency of Northern California (TANC)	June 23, 2016

Please use this template to provide written comments on the Clean Energy and Pollution Reduction Act Senate Bill 350 (SB350) Study initiative posted on April 25, 2016.

Please submit comments to regionalintegration@caiso.com by close of business
June 22, 2016

Materials related to this study are available on the ISO website at:

<http://www.caiso.com/informed/Pages/RegionalEnergyMarket/BenefitsofaRegionalEnergyMarket.aspx>

Please use the following template to comment on the key topics addressed in the workshop.

The Transmission Agency of Northern California (TANC) appreciates this opportunity to share our initial comments on the California Independent System Operator's (CAISO) draft SB 350 studies. Similar to comments that TANC (and others) have made in the CAISO Regional Transmission Access Charge initiative, the importance of the issues being studied, proposed and considered by the CAISO are monumental and may have profound impacts on the electricity markets in California and the entire Western Electricity Coordinating Council (WECC) region. Therefore, we strongly advocate that the required analysis be undertaken in a comprehensive and transparent manner. That will require that adequate time is allowed for stakeholder engagement, understanding, and exchange of ideas and concepts. It also requires that all the components for a new regional market be addressed as an entire package – not piecemeal.

1. Are any of the study results presented at the stakeholder workshop unclear, or in need of additional explanation in the study's final report?

TANC is unclear on how the results with the addition and distribution of renewable resources to meet the 50% mandate concludes that no new transmission will be needed. Slide 49 from the May 24, 2016 presentation shows the incremental capacity procurement modelled by E3, we note that the vast majority of the proposed incremental generation is presumed to be south of Path 15 (see table below). The CAISO's Annual Report on Market Issues and Performance for 2015 indicates that Path 15, the only transmission path that transmits energy between Southern California and Northern California, is the most frequently congested transmission path and has been that way for many years. It is difficult to understand how increasing the generating capacity and corresponding energy south of Path 15, will not have further negative impacts on Path 15, when CAISO assumptions are that the south to north flows will eventually be exported out along Path 66 to the Pacific Northwest.

Renewable Capacity (MW)					
Regions (Gray regions are resources in California, North of Path 15)	CEC ¹ On-line	CAISO SB350 Study ² Additional Capacity			
		Scenario 1a	Sensitivity 1b	Scenario 2	Scenario 3
Imperial	1,951	1,823	1,823	1,823	1,412
Carrizo/SLO	813	1,070	1,070	1,070	500
Inyo/Kern/Tehachapi/Owens Valley	4,802	4,303	4,303	4,303	3,336
Riverside	1,683	831	2,959	1,984	0
Kings/Westlands		2,323	873	873	486
San Bernardino/Mountain Pass	1,318	0	0	0	0
Sonoma	1,260	0	0	0	0
Solano	1,044	600	600	0	0
Los Banos/Merced	96	150	150	150	150
Oregon		1,447	447	562	318
Wyoming		500	500	500	2,495
Arizona	569	0	273	502	502
New Mexico		1,000	1,000	1,000	2,962
Utah	304	604	604	604	402
Nevada/Baja	688				
		14,651	14,602	13,371	12,563

¹Tracking Progress, December 22, 2015, California Energy Commission, Tables 3-4, pp. 11-12

²E3 Presentation, p. 49. May 24, 2016

2. Please organize comments on the study on the following topic areas:

- a. The 50% renewable portfolios in 2030**
- b. The assumed regional market footprint in 2020 and 2030**
- c. The electricity system (production simulation) modeling**
- d. The reliability benefits and integration of renewable energy resources**
- e. The economic analysis**
- f. The environmental and environmental justice analysis**

Comment: a and c: See comment to number 1 above.

b, d, and f: no comment at this time

e: Economic analysis: One of the primary benefits cited by the study group is the de-pancaking of costs. While it is true regionalization could reduce pancaking, de-pancaking of costs does not, in and of itself, reduce transmission costs. Transmission revenue requirements still need to be met and presumably will be recovered through transmission access charge (TAC) rates. The allocation of these rates may or may not result in reduced costs to consumers. The CAISO consultants acknowledged that the proposal would result in a loss of wheeling out revenue for the current CAISO Participating Transmission Owners (PTOs). The loss of the revenue from exports will directly lead to an increase in the CAISO high-voltage (HV) TAC as the PTOs will need to recover these lost revenues through an increase in the charges (HV TAC) being paid by current California retail and wholesale customers.

3. Other

Slide 91 from the May 24, 2016 presentation discusses congestion on the paths into California from the Pacific Northwest, the California-Oregon Interface (COI) and the Nevada-Oregon Border (NOB). The slide highlights a key point that TANC and others have made for several years in the CAISO's Transmission Planning Process (TPP), that congestion is not adequately or realistically modeled in the CAISO production simulation models. As the slide points out there are annually tens of millions of dollars of congestion costs related to these two ties, yet an inability to show this congestion in the modelling associated with the CAISO TPP leads to a conclusion that these costs will no longer exist in the future and a conclusion that plans to mitigate the costs should not be undertaken. A CAISO conclusion that other studies (including those performed by the CAISO's own consultants) do not support.

As pointed out in section 1 above, without a greater understanding of how power would flow within the state there can be no conclusion reached about how optimally the grid would be operated or what transmission may be needed to do so. TANC believes that it is critically important that the transmission grid and operation of the grid be accurately modelled in these studies. In the RETI 2.0 studies, TANC has identified that there is a need to look at the impacts of the entire transmission grid – not merely the 500 and 230-kV assets we believe that it is important that this occurs in all of the studies be undertaken by the CAISO.

