

TANC COMMENTS
ON THE CAISO’S 2014-2015 TRANSMISSION PLANNING PROCESS ON THE NOVEMBER
19-20, 2014 STAKEHOLDER MEETINGS

The Transmission Agency of Northern California (TANC) appreciates this opportunity to provide comments on the California Independent System Operator’s (CAISO) 2014-2015 Transmission Plan November 19-20, 2014 stakeholder meeting primarily detailing results of the policy and economic studies. TANC continues to be concerned that the California-Oregon Intertie (COI) and the balance of the system is not being modeled realistically in these studies which results in the studies drastically underestimating future flows and congestion on the COI path.

Economic Studies

The CAISO economic studies continue to show a surprisingly low level of congestion for the COI; just two hours of congestion in 2019 amounting to just \$3,000 of congestion costs and no congestion in 2024. These results do not correspond to reality in that, as shown in the following table, the congestion costs over the COI have been over \$340 million and the COI has been congested 20% of the hours during the past five years (since the start-up of MRTU). In 2014 alone there has been over \$85 million of congestion costs on the COI and it has been congested about 35% of the hours.

| | Congestion Costs ISO COI (\$mil) | # of Hours¹ | % of Hours² |
|---------------------------|-------------------------------------------------|-------------------------------|-------------------------------|
| 2009 | 49.9 | 438 | 5% |
| 2010 | 41.2 | 964 | 11% |
| 2011 | 49.5 | 1,139 | 13% |
| 2012 | 84.9 | 3,689 | 42% |
| 2013 | 34.1 | 1,844 | 21% |
| 2014 (thru Nov. 6) | 87.3 | 2,313 | 35% |
| Total | 342.1 | 10,075 | 20% |

¹The # of Hours is the percentage of Hours times 8760 or 8784 for a leap year, except for 2014 which is the actual hours.

²The % of Hours is the maximum of the % of hours indicated for COTPISO and PACI in the indicated sources.

Sources: For 2009, 2010 and 2011, "2011 Annual Report on Market Issues and Performance", CAISO Department of Market Monitoring, p. 133. For 2012 and 2013 "2013 Annual Report on Market Issues & Performance", p. 180. 2014 is from the CAISO OASIS website, <http://oasis.caiso.com>.

TANC understands that the modeling methodology used for the economic studies assumes that everything is online and all transmission is operational. In other words it is

an extreme “best case” scenario. TANC does not necessarily argue against this approach, but feels it lacks any historical and operational context for how the COI facilities have actually been utilized. Given the millions of dollars of congestion costs over the COI in the recent past, TANC feels it would be worth the effort for CAISO to investigate possible issues and remedies to the ongoing congestion problem at COI and whether there are reasonable solutions to help mitigate these costs and limitations. Furthermore, we believe that the CAISO TPP and all stakeholders would benefit if the CAISO were to model additional cases and/or contingencies that would model the market and COI based upon historic norms. Whether the proper forum for this is the Transmission Planning Process or a separate process that more actively involves the other parties on the COI, is up to the CAISO. However, we would recommend some discussion within the Final Transmission Plan that explains how the CAISO reconciles its modeled congestion on the COI (and other paths) with the historical congestion.

Assessment of Frequency Response During Over Generation Conditions

Information on slide 7 of the CAISO’s presentation on this matter indicates that north-to-south flows on the COI would be only 1,170 MW on April 7, 2024. As above this is far from what is seen historically on the COI. In fact, during the past two years there have been no hours during April when the COI flows have been below 1,170 MW (in April 2012 there were only three hours that were below this threshold). TANC’s concern, as above, is that the CAISO’s modeling of the COI may be deficient, or if the CAISO believes its own assessment than an explanation of the discrepancy should be included in the final plan.