

**UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION**

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| NextEra Energy Transmission West, LLC |)))) | Docket No. ER15-2239 |
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**MOTION TO INTERVENE AND COMMENTS OF THE
CALIFORNIA INDEPENDENT SYSTEM OPERATOR CORPORATION**

The California Independent System Operator Corporation (“CAISO”) respectfully moves to intervene and submits these comments regarding the filing by NextEra Energy Transmission West LLC (“NEET West”) on July 22, 2015, in the captioned docket.¹ The filing includes a formula rate designed to calculate NEET West’s annual transmission revenue requirement for inclusion in the CAISO’s transmission access charge and a request for approval of certain incentive rate treatments for NEET West’s investment in the Suncrest Reactive Power Project (the “Suncrest Project”) and the Estrella Substation Project (the “Estrella Project”) (together, the “Projects”). The purpose of these comments is to confirm certain information relevant to NEET West’s request for incentive rate treatment, to support NEET West’s request for abandoned plant recovery, and to request clarification of certain matters related to NEET West’s transmission owner tariff.

¹ The CAISO moves to intervene and submits these comments pursuant to the Rules 212 and 214 of the Commission’s Rules of Practice and Procedure, 18 C.F.R. §§ 385.212, 385.214 (2015) and Commission’s July 22, 2015 notice in this docket.

I. Motion to Intervene

The CAISO requests that the Commission allow it to intervene because NEET West will recover its proposed transmission revenue requirement, including any rate incentives, through the transmission access charge that the CAISO collects from users of the transmission facilities under the CAISO's operational control. The justness and reasonableness of the CAISO's transmission access charge is dependent upon the justness and reasonableness of the transmission revenue requirements that transmission owners recover through the transmission access charge. As a result, the CAISO has a direct and substantial interest in the proceeding. Because no other party can adequately represent the CAISO's interests in the proceeding, the CAISO's intervention is in the public interest, and the Commission should grant intervention.

II. Comments

A. Nature of the Projects

The CAISO confirms that the CAISO determined the need for the Projects through its annual transmission planning process. Through that process, the CAISO identifies projects to address reliability needs, economically driven needs, and policy-driven needs. The CAISO selected NEET West to construct the Projects through a competitive solicitation process.

The Suncrest project fulfills a policy-driven need identified in the 2013-2014 Transmission Plan for a 300 MVar dynamic reactive power support connecting to San Diego Gas & Electric Company's existing Suncrest Substation. The Suncrest Project comprises a +300/-100 MVar Static VAR Compensator

("SVC") device housed in a new SVC substation and a 230 kV tie-line connecting the SVC substation to the Suncrest Substation.

The Estrella Project fulfills a reliability need identified in the 2013-2014 Transmission plan for reinforcement of the 70 kV system in the Templeton and Estrella areas. The Estrella Project comprises a new 230/70/12 kV substation, new 230/70 kV transformers, and reconductoring and looping of the existing transmission line. The project is approximately five miles east of the existing Paso Robles substation in San Luis Obispo County, California. The Estrella 230 kV bus will loop into Pacific Gas and Electric Company's Morro Bay-Gates 230 kV line, and the 70 kV bus will loop into the existing San Miguel-Paso Robles 70 kV line.

B. Rate Incentives

The CAISO supports NEET West's requested authorization for abandoned plant recovery. The CAISO believes such authorization is appropriate when a facility has been initially proposed and approved through a process involving stakeholder input, such as the CAISO's transmission planning process, the project sponsor is selected in a subsequent competitive transmission solicitation, and the subsequent decision to abandon is not under the control of the project developer. Such abandonment might occur, for example, due to a failure to obtain necessary regulatory approvals. The availability of abandoned plant recovery is an important incentive that serves to expand the options available to the CAISO in meeting reliability, policy, and economic needs.

It is the CAISO's policy not to take a position on requests for rate incentives regarding the return on equity and capital structure.

C. Transmission Owner Tariff

As NEET West explains in its transmittal letter, in its competitive bid for the Suncrest Project, it committed to (i) a binding construction cost cap of \$42,288,000² in 2015 dollars; and (ii) a binding operations and maintenance cost cap (including administrative and general costs) for the first five years following commencement of commercial operation. For the Estrella Project, it committed to (i) a binding construction cost cap of \$24,539,000 in 2015 dollars; and (ii) a binding operating and maintenance cost cap (including administrative and general costs) for the first five years following commencement of commercial operation. NEET West's transmission owner tariff, however, does not include these caps.

The CAISO awarded the Projects to NEET West based on its binding commitment in its project sponsor application to these cost caps, and NEET West agreed to abide by these cost caps in section 10.1.1 of its Approved Project Sponsor Agreement ("APSA") with the CAISO regarding each of the Projects. Under section 2.3.1, of the APSA, section 10.1.1 survives termination of the APSA. It is the CAISO's understanding, therefore, that these caps will serve to limit the amounts that NEET West includes in the formula rate transmission revenue requirement that it submits to the CAISO regardless of whether the

² Cost caps were submitted in 2015 dollars, and will be adjusted for inflation.

transmission owner tariff includes the caps. The CAISO requests that the Commission confirm that understanding.

III. Description of the CAISO and Communications

The CAISO is a non-profit public benefit corporation organized under the laws of the State of California with its principal place of business at 250 Outcropping Way, Folsom, CA 95630. The CAISO is the balancing authority responsible for the reliable operation of the electric grid comprising the transmission systems of a number of utilities, administers the generator interconnection procedures applicable to those facilities, and is the market operator of the energy imbalance market. The CAISO requests that all communications and notices regarding this filing and these proceedings be provided to the following:

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III. Conclusion

For the reasons explained above, the CAISO requests that the Commission grant its motion to intervene, consider its comments, and provide the requested clarification.

Respectfully submitted,

/s/ Michael E. Ward

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Dated: August 12, 2015

CERTIFICATE OF SERVICE

I hereby certify that I have served the foregoing document upon all of the parties listed on the official service list for the above-referenced proceeding, in accordance with the requirements of Rule 2010 of the Commission's Rules of Practice and Procedure (18 C.F.R. § 385.2010).

Dated at Folsom this 12th day of August, 2015.

Jennifer Rotz

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