

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA**

In the Matter of the Application Of
SOUTHERN CALIFORNIA EDISON
COMPANY (U 338-E) for a Certificate of
Public Convenience and Necessity: Eldorado-
Lugo-Mohave Series Capacitor Project.

A.18-05-007
(Filed May 2, 2018)

**REPLY COMMENTS OF
THE CALIFORNIA INDEPENDENT SYSTEM OPERATOR CORPORATION
ON THE PROPOSED DECISION**

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The California Independent System Operator Corporation (CAISO) provides reply comments on the *Proposed Decision Granting Certificate of Public Convenience and Necessity for the Eldorado-Lugo-Mohave Series Capacitor Project* (Proposed Decision) issued in this proceeding on July 22, 2020. The CAISO's reply comments respond to opening comments filed by the Public Advocates Office (Cal Advocates) and Wild Tree Foundation (WTF).

I. INTRODUCTION

Cal Advocates and WTF argue that the Proposed Decision errs in granting Southern California Edison Company (SCE) a certificate of public convenience and necessity (CPCN) for the Eldorado-Lugo-Mohave (ELM) series capacitor project (Project). These arguments are based on speculative assertions regarding application of the CAISO's new deliverability methodology and, more generally, the propriety the CAISO's analysis of the ELM Project. Fundamentally, however, the need for the ELM Project remains clear. The ELM Project continues to provide the same capacity benefits to the transmission system and the same increase in deliverability identified in the CAISO's analysis prepared for this proceeding. The ELM Project will provide deliverability to new renewable and battery storage resources in the Desert renewable zone.

Cal Advocates seeks to reopen the record in this proceeding so it can undertake an entirely new analysis based on the CAISO's updated deliverability methodology. Because there is no change in the transmission capacity benefit provided by the ELM Project, a new analysis would be an unnecessary and significant waste of Commission and party resources.

II. DISCUSSION

A. The Proposed Decision Correctly Identifies the Transmission Capacity Benefits Provided by the ELM Project.

The Proposed Decision states:

The ELM Project would provide a significant functional increase in the ELM lines' capacities to provide power. That increase in capacity would enable CAISO to issue Full Capacity Deliverability Status (FCDS) to more renewable energy generators seeking to interconnect and supply California's retail customers through SCE's transmission system...¹

This conclusion remains accurate, and the CAISO's new deliverability methodology will not impact the incremental transfer capability or deliverability increase in transmission capacity. The CAISO's opening testimony explained that the ELM Project enables SCE to seek a 950 MW increase to the West of Colorado River Path rating.² The ELM Project provides this benefit regardless of the applicability of any specific deliverability methodology. The functional increase in capacity and the attendant increase in the West of Colorado River Path rating will allow more renewable and battery resources to connect to the CAISO grid and provide resource adequacy capacity.

Furthermore, Cal Advocates assertions regarding the deliverability methodology fail to consider the need for the ELM Project based on scheduling rights. CAISO generation inadvertently flows on Los Angeles Department of Water and Power (LADWP) transmission lines, on which, LADWP has entitlements. The CAISO must respect LADWP's entitlements on these lines. Without the Proposed Project, a significant portion of the generation in the Commission-developed resource portfolios would be implicitly planned to flow on LADWP's system. With the CAISO effectively utilizing LADWP's transmission system, LADWP would be expected to enforce operational limitations on the loop flow to protect its entitlements and deliver its own renewable generation to LADWP load. Limiting the loop flow on LADWP's system would prevent the CAISO resources identified in the Commission-developed

¹ Proposed Decision, p. 8.

² Exhibit CAISO-01 (Barave Direct), p. 11:9-13.

base portfolio from being delivered to the aggregate of CAISO load regardless of the specific deliverability methodology in effect.

B. The ELM Project Remains Necessary to Provide Deliverability for Resources in the Desert Area.

Cal Advocates argues that the Proposed Decision errs by failing to address the impact of the CAISO's new deliverability methodology on renewable portfolio standard and resource adequacy eligibility.³ Separately, Cal Advocates asks the Commission to reopen the record in this proceeding to re-consider the need for the ELM Project based on the new deliverability methodology. Reopening the record in this proceeding is wholly unnecessary and would unduly harm developers that are actively relying on the ELM Project to advance generation and battery storage resources.

As the CAISO detailed in rebuttal testimony, the ELM Project is necessary to fulfill SCE's obligations to interconnect generation resources in the CAISO interconnection queue that have applied for Full Capacity Deliverability Status.⁴ The Proposed Decision correctly finds such interconnection requests and SCE's associated obligations to upgrade its transmission system are relevant considerations in determining the need for transmission system improvements.⁵

In this proceeding, the CAISO noted that as of October 2019, there were 485 MW of generation projects online and awaiting completion of the ELM Project to achieve Full Capacity Deliverability Status and another 3,715 MW of active projects in the CAISO interconnection queue with executed Generation Interconnection Agreements that require the ELM Project to achieve deliverability.⁶ In total, the CAISO identified approximately 10,900 MW of resources in its interconnection queue that depend on the Proposed Project to achieve deliverability.⁷ Although the CAISO does not expect all of this generation to be built, it demonstrates there is substantial developer interest in the area well beyond the levels indicated in the Commission-developed RPS portfolios. There is no basis to believe that the CAISO's new deliverability methodology would allow all of these resources to be accommodated without the ELM Project.

³ Cal Advocates Opening Comments, p. 3.

⁴ Full Capacity Deliverability Status entitles a Generating Facility to a Net Qualifying Capacity amount that could be as large as its Qualifying Capacity and may be less pursuant to the assessment of its Net Qualifying Capacity by the CAISO. *See* Exhibit CAISO-03 (Millar Direct), p. 6, fn. 2.

⁵ *Id.* at p. 6.

⁶ Exhibit CAISO-01 (Barave Direct), p. 11:9-13.

⁷ *Id.*, p. 11:3-4.

In addition, the ELM Project will provide deliverability to a significant amount of new resources—including solar, storage, and hybrid resources—that will be able to count toward meeting system resource adequacy requirements. The CAISO estimates that the Proposed Project will provide access to a minimum of approximately 2,700 MW of incremental qualifying capacity that can count toward system resource adequacy needs.⁸ Further, this estimate is extremely conservative, especially in light of recent requests to add approximately 1,935 MW of energy storage to existing renewable interconnection projects.⁹ At a minimum, the Proposed Project will provide access to effective resources that will be eligible to provide system resource adequacy.¹⁰ The estimated increase in total resource adequacy capacity that can be accommodated with the ELM Project will not decrease based on the new deliverability methodology.

The significant generator interconnection request activity in the areas supported by the ELM Project are consistent with the Commission and CAISO planning processes. The vast majority of these projects are preferred resources—primarily solar, storage, and hybrid (*i.e.*, combined solar and storage)—that are key to achieving the state’s renewable and greenhouse gas reduction goals.¹¹ This preferred resource development shows resource developers have invested in specific renewable energy zones based on the Commission and CAISO planning and procurement processes.

C. The ELM Project Will Provide Deliverability for New Renewable and Battery Storage Resources that Can Help Meet System Reliability Needs.

As outlined in the previous section, the ELM Project will continue to interconnect and provide deliverability for new renewable and battery storage resources in the Desert area. In Decision (D.) 19-11-016, the Commission directed its jurisdictional load-serving entities to procure 3,300 MW of incremental resources to meet system resource adequacy needs. Load serving entities must procure resources that count toward resource adequacy purposes, which means they must be deliverable. The ELM Project increases the quantity of resources in the Desert area that can count as deliverable resources, regardless of the specific deliverability methodology in place. As a result, the ELM Project

⁸ Exhibit CAISO-02 (Barave Rebuttal), p. 3:19-20.

⁹ Opening Brief of the California Independent System Operator Corporation, p. 5.

¹⁰ *Id.*

¹¹ Exhibit CAISO-01 (Barave Direct), p. 11-13, Table 4.

will provide access to a significant quantity of new renewable and battery storage resources that can help meet the system resource adequacy needs identified in D.19-11-016.

D. The Commission Should Deny Cal Advocates' Request to Reopen the Record.

On August 10, 2020, Cal Advocates filed two motions requesting that the Commission (1) reopen the record in this proceeding, and (2) take official notice of the Federal Energy Regulatory Commission's May 19, 2020 approval of the CAISO's new deliverability methodology. In prior transmission permitting proceedings, the Commission has recognized there is no need to delay a permitting decision based on regulatory changes that do not fundamentally change the status quo.¹² For the reasons discussed above, the new deliverability methodology does not fundamentally change the status quo because the ELM Project will continue to provide deliverability to needed resources.

Not only is restudying the project given the new deliverability methodology irrelevant and unnecessary, Cal Advocates motions are out of time and granting them would be unduly prejudicial. The Federal Energy Regulatory Commission (FERC) granted, in part, CAISO's request to change its deliverability methodology on May 19, 2020. Cal Advocates waited almost three full months to file its motions to reopen the record and take official notice of FERC's decision. Cal Advocates should have raised these motions as soon as FERC issued its order, but instead Cal Advocates delayed until after the Commission issued the Proposed Decision, thereby potentially delaying an approved final decision. Cal Advocates should be aware that the timing for a decision in this proceeding is critical, as even a minor delay in permitting could cause a significant delay in the construction schedule.¹³ Cal Advocates' failure to raise this issue in a timely manner is prejudicial to the CAISO, SCE, and any generators relying on the ELM Project to achieve deliverability. The Commission should not permit Cal Advocates' procedural tactics to significantly delay construction of necessary transmission facilities especially given any restudy based on the new deliverability methodology would not—and could not—

¹² *In the Matter of the Application of S. California Edison Co. (U 338-e) for A Certificate of Pub. Convenience & Necessity for the W. of Devers Upgrade Project & for an Interim Decision Approving the Proposed Transaction Between S. California Edison & Morongo Transmission LLC.* (West of Devers Decision), No. 13-10-020, 2016 WL 4699448, at p. 7 (Aug. 18, 2016), p. 20.

¹³ See July 2, 2020 Email from SCE attorney Tammy Lynn Jones to Administrative Law Judge Jungreis and all parties noting that "SCE's construction schedule contemplates a start date of September 15, 2020 in order to perform critical work that must be performed in advance of the available outage window. Any further delays in the Proposed Decision, and consequently the Final Decision, would result in a delay of several months, significantly jeopardizing the ELM Project's in-service date."

show the project is unnecessary, as discussed above a re-study is unnecessary because the fundamental conclusions would not change.¹⁴

Instead, the Commission should follow the framework established in other transmission permitting cases, re-evaluating project need only if there is a fundamental change to the status quo.¹⁵ As the discussion above details, there has been no fundamental change in the status quo that would render the project unnecessary or require re-evaluation in this case. As a result, the Commission should grant SCE's application for CPCN for the ELM Project.

III. CONCLUSION

The CAISO recommends that the Commission approve the Proposed Decision and grant SCE's application for CPCN.

Respectfully submitted,

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¹⁴ Cal Advocates motions are predictably short-sighted in asking the Commission to reopen the record to reconsider one specific piece of new information. The transmission planning process and associated regulatory developments are, by their nature, updated frequently. Using a single regulatory change as a reason to reopen the proceeding would create an untenable precedent that would allow for interminable delay in the permitting process. There are frequently new developments that, in isolation, could be relevant to a particular permitting proceeding. For example, the CAISO incorporates updated load and resource data on an annual basis. These data are fundamental to the CAISO's analysis, but do not trigger a need to reevaluate particular project, especially if the Commission is in the process of reviewing the project in a multi-year CPCN proceeding. The Commission would be unable to make final decisions on any such transmission projects if the Commission reopened for immaterial changes in circumstance. Reopening the record here to accommodate a new study that would not change the outcome would be obstructionist.

¹⁵ West of Devers Decision, p. 20.