

## News Release

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### **Board approves 2017-18 Transmission Plan, CRR rule changes Plan calls for canceling, modifying projects to avoid \$2.6 billion in costs**

FOLSOM, Calif. – The California Independent System Operator (ISO) Board of Governors yesterday approved the 2017-2018 Transmission Plan to support electric system reliability while canceling or modifying previously approved projects to avoid \$2.6 billion in future costs.

The board on Thursday also approved improvements to the ISO's congestion revenue rights (CRR) auction design, and made a rule change to enhance natural gas cost recovery by suppliers.

The 2017-2018 Transmission Plan, which outlines the proposed design and construction of transmission networks for the next decade, identified 17 new transmission projects at a combined cost of nearly \$271.3 million. The plan also recommends the cancellation of 18 transmission projects and revisions of 21 other projects in Pacific Gas & Electric (PG&E) area and two in the San Diego Gas & Electric area, avoiding an estimated \$2.6 billion in future costs. The changes were mainly due to changes in local area load forecasts, and strongly influenced by energy efficiency programs and increasing levels of residential, rooftop solar generation.

Another seven PG&E projects are either on hold, or recommended to be delayed, pending further review in future transmission planning cycles.

The recommendations follow an extensive, months-long public stakeholder process, including consideration of public comments. The annual transmission plan is developed in close coordination with the California Energy Commission, California Public Utilities Commission and stakeholders over 15 months, culminating every March with board action.

The 2017-2018 plan also includes special studies on the impact of a 50 percent renewable resources policy, the early retirement risks of the gas fleet and updates to previous studies on the benefits of large scale storage. Click [here](#) to view the entire 2017-2018 Transmission Plan.

The board also changed rules to improve the congestion revenue rights (CRR) auction, a mechanism for market participants to hedge their congestion cost risks. The rule changes are expected to be in place before the 2019 annual auction held in July 2018. The intent of the changes are to more closely align CRR auction prices to the ISO's payouts to CRRs purchased in the auction. The ISO will reduce the number of CRR purchase options, which will increase the CRR auction's efficiency by increasing



competition in the auction. Another change is to more accurately estimate transmission capacity available for CRR purchases by establishing a deadline to report transmission outages prior to the CRR annual auctions. Additional enhancements for the 2019 auction are planned over the next few months as well as modifications for the 2020 auction that would further mitigate payouts in excess of revenues.

The board also approved changes in rules that govern how energy suppliers recover their natural gas costs, allowing more flexibility in accounting for regional diversity and the gas markets volatility.

Click [here](#) to see the entire board agenda and related documents.

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