



October 10, 2019

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California Independent System Operator
250 Outcropping Way, Folsom CA 95630

Comments of California Transmission Project
Re: 2019-2020 Transmission Planning Process (Presentation September 25-26, 2019)

Request for Economic LCR Assessment

California Transmission Project (CTP) appreciates this opportunity to comment on the information presented at the 2019-2020 Transmission Planning Process meeting on September 25 and 26 and formally submit the project as a potential alternative to LCR capacity. In our January 17, 2019 comments to the 2019-2020 Draft Study Plan, CTP requested to be studied as an Economic project and noted that the project also can provide significant LCR benefits. CAISO acknowledged this by including our project in the list of Economic Study requests in Table 5.3.1 of the 2019-2020 Final Study Plan and responded to our comments by stating, *“The CAISO will study the Western LA Basin and the Big Creek/Ventura LCR areas in its review of alternatives to reduce or eliminate local capacity area requirements for gas-fired generation in this planning cycle and will consider the CTP for both areas.”*¹

Update on Proposed Project Configuration for CTP

CTP is a proposed HVDC transmission system that will be fully controllable and dispatchable by CAISO. CTP will add a total of 2,000 MW of capacity between Northern California (PG&E) and Southern California (SCE). The ISO previously studied the CTP in the 2018-2019 Transmission Planning Process (TPP). In the previous study, the proposed configuration of the HVDC system connected Diablo Canyon in PG&E’s system to Ormond Beach and Redondo Beach in SCE’s system. Through these comments, we are informing the CAISO that we are submitting changes to our previous configuration and propose a system that will connect Diablo Canyon, Goleta, Redondo Beach and Huntington Beach. CTP plans to submit the detailed technical information about the project’s LCR benefits including updated single-line diagrams of the revised proposed configuration for the project in our submittal for the 2019-2020 TPP Open Window due October 15.

In the 2018-2019 Transmission Plan, the ISO concluded that the CTP will potentially provide approximately 1000 MW of LCR reduction benefits in the Western LA Basin and 300 MW of LCR reduction benefit in Big Creek/Ventura area. In this year’s TPP, both the Western LA Basin and the Overall Big Creek/Ventura LCR area are to be studied in CAISO’s Economic Assessment of LCR. Our preliminary studies have determined that the revised proposed configuration of the CTP will provide similar if not more LCR benefits to each of the respective LCR areas.

¹ <http://www.caiso.com/Documents/ISOResponsestoComments-2019-2020TransmissionPlanningProcessMeeting-StakeholderMeeting-Feb282019.pdf>, p10.

Valuation Methodology for LCR Capacity Benefit

CTP continues to be concerned that CAISO “...plans to utilize the same methodology for evaluating the benefit of eliminating the need for local gas-fired resources until new information becomes available through the IRP process.”²

We suggest the ISO update its valuation methodology to instead value LCR benefits based on the cost of replacing new gas-fired generation or based on the cost of long-term local capacity prices that are reflected in recently executed long-term capacity contracts. We believe this will better reflect the cost-effectiveness of potential transmission solutions throughout their asset life. At a minimum, the LCR value should be at least equal to the soft-offer cap (\$6.31/kW-mo.) used for the ISO’s Standard Capacity Procurement. There is no basis for any value less than the soft offer cap which is an estimate of the going-forward costs for existing units plus a 20 percent adder.

Public Policy Requirements and CTP Benefits

In this year’s TPP cycle, the ISO will perform assessments to evaluate transmission solutions needed to meet state, municipal, county or federal policy requirements or directives. The CPUC provided a Base Portfolio as well as two Sensitivity Portfolios for CAISO study. We believe CTP will be able to support delivery of renewable energy between northern and southern California to facilitate the ability of load serving entities to access renewable energy in the Base Portfolio (and the two Sensitivity Portfolios) that is needed to meet their RPS responsibility. And, its unique location offshore offers California an option to interconnect and deliver up to 2,000 MW of economic wind energy if future portfolios include new build for offshore wind.

Again, CTP appreciates the opportunity to provide these comments and we look forward to presenting additional supporting information on October 15th and working with the CAISO to address these long-term planning needs.

Cal Energy Development Company LLC

Sincerely yours,



Marty Walicki
Founding Partner

² Same reference as Footnote 1.