



Memorandum

To: ISO Board of Governors

From: Keith Casey, Vice President, Market & Infrastructure Development

Date: July 19, 2017

Re: **Decision on tariff amendment regarding conceptual statewide plan**

This memorandum requires Board action.

In 2010, the ISO implemented tariff provisions requiring it to develop a conceptual statewide plan as part of its annual transmission planning process. These provisions were a component of the ISO's revised transmission planning process (RTPP) tariff amendment approved by the Federal Energy Regulatory Commission. The ISO adopted this requirement in conjunction with its participation in the California Transmission Planning Group (CTPG). Since 2010, the ISO has prepared and published the conceptual statewide plan as part of its annual planning process cycle; however, several important changes have occurred that support removing this tariff requirement, including FERC Order No. 1000 regional planning requirements that have supplanted the statewide conceptual plan's purpose.

Accordingly, Management recommends removing the tariff requirement to develop the conceptual statewide plan.

Moved, that the ISO Board of Governors approves Management's request to modify the tariff to remove the requirement to develop a conceptual statewide plan; and

Moved, that the ISO Board of Governors authorizes Management to make all necessary and appropriate filings with the Federal Energy Regulatory Commission to implement the proposed tariff change.

BACKGROUND

In 2009, transmission planners and load serving entities in California formed the CTPG as a forum to informally coordinate on transmission planning activities to meet California's policy needs. The ISO and others actively participated in this effort. In February 2011, the CTPG released the "2010 California Transmission Planning Group Statewide Transmission Plan – Final" that documented results from a significant study effort among the CTPG participants.

On June 2, 2010 the ISO filed a tariff amendment to implement a revised transmission planning process. In recognition of its involvement in and coordination with the CTPG, the ISO proposed tariff language requiring the development of a conceptual statewide plan. Although the proposed tariff language did not expressly refer to CTPG, the ISO proposed this requirement because it intended to work with the CTPG to jointly develop the conceptual statewide plan on an annual basis. In its order approving the RTPP, FERC found the ISO's participation in CTPG planning process acceptable and approved the proposed tariff provisions regarding the development of the conceptual statewide plan. FERC recognized that the conceptual statewide plan would be one input into the ISO's transmission planning process.

The ISO's experience developing the conceptual statewide plan and implementing FERC Order No. 1000

Since January 2011, the ISO has prepared a conceptual statewide plan in parallel with preparing its annual comprehensive transmission plan. During the first two years, CTPG members actively engaged and collaborated with the ISO in preparing the document.

In July 2011, FERC issued Order No. 1000 which required, among other things, that every public utility participate in a regional transmission planning process that produces a regional transmission plan. Accordingly, the ISO and other western planning regions have implemented the regional planning and interregional coordination requirements of Order No. 1000. These efforts have supplanted joint development of the conceptual statewide plan and essentially rendered it unnecessary. As a result, the CTPG is no longer functioning and its members are instead focused on required regional planning and interregional coordination efforts that have, in recent years, resulted in the ISO developing the conceptual statewide plan by itself. Since the conceptual statewide plan no longer facilitates the coordination function it was intended to provide, there is little, if any, value in the ISO alone continuing to develop it, as the requirement unduly diverts ISO and stakeholder resources and efforts away from important regional and interregional activities.

Position of the parties

Management prepared a straw proposal that discussed the history of the conceptual statewide plan requirement, the ISO's experience in developing the plan, and the reasons Management was proposing to remove from its tariff the requirement to prepare the plan. The ISO posted the straw proposal on its website on May 18, 2017 and conducted a stakeholder call regarding the straw proposal on May 25, 2017. The ISO posted a final draft straw proposal on its website on June 22, 2017. No stakeholder objected to removing the conceptual statewide plan provisions from the tariff.

CONCLUSION

Based on the lack of meaningful engagement of CTPG members in the development of the conceptual statewide plan, and the assumption of responsibility for regional planning and interregional coordination by the planning regions through the implementation of

Order No. 1000, Management believes the conceptual statewide plan set out in the tariff no longer provides the coordination function it was originally conceived to provide.

Eliminating the requirement to develop a conceptual statewide plan will not adversely affect the ISO's transmission planning process, and instead will allow ISO and industry resources to be directed toward robust regional planning and interregional coordination activities, meeting important public policy needs, and effectively addressing the needs significant operational challenges of a rapidly changing system.