

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

In the Matter of the Application of DCR
TRANSMISSION, LLC for a Certificate of
Public Convenience and Necessity for the Ten
West Link Project

Application 16-10-012
(Filed October 12, 2016)

**ADDITIONAL BRIEF OF THE CALIFORNIA INDEPENDENT SYSTEM OPERATOR
CORPORATION**

I. Introduction

Pursuant to Administrative Law Judge Lee’s July 14, 2021 *Email Ruling Granting Cal Advocates’ Motion to Set Aside Submission for Taking of Additional Evidence and for Further Briefing* the California Independent System Operator Corporation (CAISO) provides this additional brief. The Public Advocates Office at the California Public Utilities Commission (Cal Advocates) filed the additional evidence on July 20, 2021. The additional evidence includes the CAISO’s Active Generation Interconnection Queue as of June 22, 2021 (Exhibit Cal PA-26) and the CAISO’s Preliminary Cluster 14 Project List (Cal PA-27). The CAISO understands the purpose of this additional briefing opportunity is to address the new evidence in Cal PA-26 and Cal PA-27 as it may relate to the necessity of the Ten West Link Project (Proposed Project). Accordingly, the CAISO has limited its brief to addressing the relevance of the new evidence.

The Proposed Project continues to provide economic benefits well in excess of its costs. In addition, the Proposed Project provides significant reliability and policy benefits, as outlined in the CAISO’s opening brief. The additional interconnection queue information does not affect the Proposed Project’s economic, reliability, or policy benefits provided. The interconnection queue data, which the CAISO produces throughout each year as part of its annual interconnection request process, only serves to underscore the severity of California’s current system resource needs. Generation developers have entered the interconnection queue to serve those needs and the Proposed Project remains necessary to meet those needs economically. The Commission should grant the Certificate of Public Convenience and Necessity (CPCN) to construct the Proposed Project as expeditiously as possible.

II. Background

A. The Proposed Project

The CAISO approved the Proposed Project as an economic transmission solution in its 2013-2014 transmission planning process. The CAISO determined the Proposed Project provided production cost savings and capacity benefits in excess of the estimated project costs. In this proceeding, the CAISO re-studied the Proposed Project's economic benefits based on updated study assumptions, base cases, and Commission-developed renewable generation portfolios prepared for the 2019-2020 transmission planning process. The CAISO re-assessed both the production cost and capacity cost benefits of the Proposed Project. The CAISO's analysis showed the Proposed Project would produce combined production and capacity costs well in excess of project costs, with benefit-to-cost ratios consistently above 1.00.

The Proposed Project also provides significant reliability benefits by mitigating the existing Path 46 Interconnection Reliability Operating Limit that, if violated, could lead to system instability, uncontrolled separation, or cascading outages. The Proposed Project creates a new 500 kV line that parallels the Palo Verde–Colorado River 500 kV line. As a result, it mitigates the reliability impacts of the loss of the Palo Verde–Colorado River 500 kV line, which is one of the most critical transmission lines in southern California. The interconnection queue data provided in Exhibits Cal-PA 26 and Cal-PA 27 have no impact on these benefits.

B. The Incremental Interconnection Queue Data

Cal-PA 26 is the CAISO interconnection queue as of June 22, 2021. Cal-PA 27 is the CAISO preliminary Cluster 14 Project list as of May 20, 2021, representing the new interconnection received during the Cluster 14 interconnection request window. The CAISO's most recent Cluster 14 interconnection request window opened on April 1, 2021 and closed on April 15, 2021—after the record in this proceeding had closed. The CAISO-tariff defined interconnection request window is an annual process.¹ The CAISO updates the interconnection queue to incorporate the new requests from each annual interconnection window. In addition, the CAISO regularly updates the interconnection queue to remove interconnection requests from the queue as developers complete, withdraw, or downsize their projects. As a result, the CAISO's interconnection queue is dynamic. Regular and expected updates to the interconnection queue do not materially impact the need for transmission infrastructure approved in the transmission planning process.

III. Discussion

A. The Interconnection Queue Data Does Not Materially Affect the Proposed Project's Economic Benefits.

The quantity of generator interconnection requests in the CAISO queue does not materially change Proposed Project's economic benefits because any reasonable economic analysis must use the Commission-developed renewable generation portfolios to determine the location and volume of future renewable energy development. The Commission develops the

¹ See CAISO Tariff Appendix DD, Section 3.3.1.

resource portfolios based on RESOLVE modeling to determine an economically optimized portfolio to meet state policy goals and reliability needs. Although interconnection queue data can inform RESOLVE modeling—by validating there is adequate resource development in model-selected areas—it does not drive the optimized portfolios. Rather, RESOLVE selects optimized portfolios based on economic and reliability parameters. The CAISO uses the Commission-developed renewable generation portfolios in all of its transmission planning studies, including the economic and reliability analyses conducted in this proceeding to review the need for the Proposed Project. Incremental interconnection requests do not modify the Commission-developed portfolios and therefore do not materially impact the economic benefits of the Proposed Project.

Cal Advocates suggests the existing evidence fails to demonstrate the Proposed Project is cost effective, but both the CAISO and DCRT provided detailed economic modeling showing the Proposed Project provides benefits in excess of its costs. These modeling efforts used the Commission-developed, economically optimized renewable portfolios as the starting point for economic analysis. With Exhibits Cal PA-26 and Cal PA-27, Cal Advocates again arbitrarily points to the new interconnection requests to argue there are other resources that could supplant those included in the Commission-developed resource portfolios. Because the new interconnection requests do not modify the Commission-developed resource portfolios, there is no basis to conclude they materially change the Proposed Project’s economic benefits.

B. Cal Advocates Attempts to Use the Interconnection Data to Undermine Coordinated Transmission and Resource Planning.

The Commission and the CAISO have acknowledged the importance of agency coordination in developing and studying the renewable energy portfolios to identify transmission projects. The Commission reiterated this commitment to agency coordination in the Integrated Resource Planning (IRP) proceeding, which recommended the CAISO use the IRP-developed Preferred System Plan in the 2019-2020 Transmission Planning Process.² The Commission’s Decision transmitting resource portfolios for the 2021-2022 transmission planning process explicitly notes that the adopted base case portfolio “aligns with the direction given to the [load serving entities] for planning in D.20-03-028, and one of the key objectives of this process is to maintain close alignment between planning and resource development, including transmission development.”³ Cal Advocates’ efforts undermine the coordinated resource and transmission planning processes by using the interconnection queue to supplant the Commission-developed resource portfolios.

Specifically, Cal Advocates argues the incremental interconnection requests demonstrate the Proposed Project is unnecessary to meet state policy goals. This argument mistakenly suggests the Commission should ignore the resource planning conducted in the IRP merely because of the existence of other renewable resources in the interconnection queue. However, the IRP process selected least cost resource portfolios specifically designed to meet state policy goals. The Proposed Project helps meet those state policy goals by providing deliverability for resources in the Commission-developed portfolio and reducing overall production costs. The deliverability and economic benefits provided by the Proposed Project will allow developers to build the resources and California load serving entities) to procure them economically consistent

² See Decision (D.) 19-04-040.

³ D.21-02-008, p. 17.

with the Commission-developed portfolio.

C. The New Interconnection Request Data Is Not Material to Project Need.

Cal Advocates argues the “overabundance of resources seeking interconnection” to the CAISO grid demonstrates the Proposed Project is not necessary. However, this argument is unsupported, as it falsely assumes new resource interconnection requests reduce the need for the Proposed Project. As an economically justified project, the incremental interconnection requests have no impact on the project need, as the CAISO discussed above. In fact, prior to incorporating the new interconnection data, the record demonstrated an “overabundance” of generation interconnection requests in the CAISO queue. In 2019 testimony, the CAISO provided evidence demonstrating the significant quantity of generation in the interconnection queue. Even at that time, the generation capacity in the interconnection queue exceeded overall system need. In the same 2019 testimony, the CAISO acknowledged that applications to interconnect to the CAISO grid would continue to arrive as part of the normal interconnection process.

The CAISO further noted its iterative transmission planning and interconnection processes have continued while the Proposed Project sought regulatory approval: “the reality is that five annual transmission plans have been completed and approved by the CAISO, and the CAISO has received approximately 580 generation interconnection requests across the CAISO footprint, since initially approving the Proposed Project.”⁴ That more generation entered the queue through Cluster 14 is not unexpected, nor does it modify the need for the Proposed Project. Both the CAISO and DCRT economic analyses determined the Proposed Project’s benefits in providing service to potential resources that do depend on the Proposed Project, based primarily on the economically-optimized resource portfolios developed by the Commission. The overall quantity of resources in the interconnection queue does not directly affect the Proposed Project’s economic benefits.

The lack of relevance and usefulness of this information is even further highlighted by the fact that there is no information regarding the transmission requirements the new interconnection requests will themselves drive. The CAISO has not yet studied the Cluster 14 interconnection requests, but they may potentially drive significant network upgrades. Without knowing the extent of such upgrades, there is no basis to determine the associated costs.

⁴ Exhibit ZAISO-03 (Millar), p. 13:16-19.

IV. Conclusion

The interconnection data included in Cal PA-26 and Cal PA-27 is irrelevant to the need for the Proposed Project and should not delay the Commission's decision in this proceeding. The CAISO request the Commission approve DCRT's application for a CPCN for the Proposed Project. The CAISO also recommends the Commission issue a Proposed Decision on DCRT's application for CPCN as soon as practicable to reduce any potential for further delay and associated expense.

Respectfully submitted

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