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February 19, 2016

California Independent System
Operator Corporation
250 Outcropping Way
Folsom, CA 95630

Attention: Representatives of the CAISO SB 350 Study Process

Subject: Senate Bill 350 (SB 350) Study Process

The City of Los Angeles Department of Water and Power (LADWP) thanks the California Independent System Operator Corporation (CAISO or ISO) for the opportunity to comment on the process to develop a study of the impacts on California of regional expansion of the CAISO, pursuant to SB 350, as presented at the CAISO's stakeholder meeting on February 8, 2016.

The City of Los Angeles is a municipal corporation and charter city organized under the provisions set forth in the California Constitution. LADWP is a proprietary department of the City of Los Angeles. The City of Los Angeles's governing structure consists of a mayor, a fifteen-member City Council, and LADWP consists of a five-member Board of Water and Power Commissioners. LADWP is the third largest electric utility in California, and is its own balancing authority. As a vertically integrated utility, LADWP owns and operates its generation, transmission and distribution systems to serve its customers. It has an expansive electric system, covering 465 square miles in the City of Los Angeles and most of Owens Valley and transmission spanning over 3,600 miles. LADWP serves approximately 3.9 million people in Los Angeles.

LADWP appreciates the presentations of the consulting team that the CAISO has assembled to conduct the study of the impacts of SB 350. LADWP is concerned, however, that the study framework and methodologies presented by the CAISO appear to broadly address potential impacts to all Californians when, in fact, the consultants' analytical frameworks did not consider the impacts on balancing authority areas outside of the CAISO, including LADWP.

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SB 350 expressly states that CAISO expansion is to be investigated as to its potential impacts on Californians as a whole, not only the potential consequences for ratepayers located within the CAISO's balancing authority area. For example, as one of the preconditions of CAISO regional expansion, the text of Section 13(e)(1) of SB 350 requires the CAISO to:

Conduct[] one or more studies of the impacts of a regional market enabled by the proposed governance modifications, including overall benefits to ratepayers, including the creation or retention of jobs and other benefits to the **California** economy, environmental impacts in **California and elsewhere**, impacts in disadvantaged communities, emissions of greenhouse gases and other air pollutants, and reliability and integration of renewable energy resources. The modeling, including all assumptions underlying the modeling, shall be made available for public review.

(Emphasis added).

The SB 350 study approach as presented focuses only on the CAISO study output and should be clear that it is focused only on the CAISO's transmission and customers. Otherwise, it could be misinterpreted to apply to California as a whole, while failing to state that other utilities also provide transmission and balance the energy needs of a large percentage of California's population.

Although LADWP does not, as a general matter, oppose the expansion of the CAISO balancing authority area to regions outside of California to include additional transmission owners that wish to voluntarily participate in the CAISO, LADWP seeks to ensure that the SB 350 studies that are being conducted to assess the potential impacts of such expansion are described accurately.

If you have any questions or if further information is required, please contact me at mukhlesur.bhuiyan@ladwp.com or (213) 367-2532.

Sincerely,



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MB:jm

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