



June 10, 2016

Submitted to the CAISO at [initiativecomments@CAISO.com](mailto:initiativecomments@CAISO.com) by Rachel Gold (Policy Director) and Susan Schneider (Consultant)

**RE: Comments of Large-scale Solar Association on TAC Options Revised Straw Proposal**

The Large-scale Solar Association (LSA) hereby submits these comments on the CAISO's Revised Straw Proposal (Proposal) in its TAC Options initiative. This is one of several CAISO initiatives to facilitate its potential future regional expansion through incorporation of other western grid entities as Participating Transmission Owners (PTOs). PacifiCorp (PC) has expressed interest in becoming a PTO and would likely be the first entity outside the current CAISO "footprint" to which the Proposal would apply.

Among other things, the Proposal contains a new element – a body of state regulators (Regulator Board) with authority over decisions to build, and allocation of costs, for New Regional Facilities, i.e., policy-driven or economic upgrades in a consolidated Regional ISO (RISO) Transmission Planning Process (TPP) meeting at least one of these criteria:

- Rated >200 kV (was >300 kV);
- Interconnect two or more sub-regions or upgrades an existing interconnection; or
- Create a new or upgrades an existing intertie with a BAA adjacent to the RISO.

The RISO would have some form of "backstop authority" for these functions, as the Proposal says is required by FERC Order 1000. This backstop authority – as well as the relationship of this new body to what may be a separate, independent RISO Board – will be described "later in this initiative," apparently in the Draft Final Proposal later this month.

The costs of projects identified as needed in a RISO TPP that do not meet the above criteria, including reliability upgrades "approved solely to meet an identified reliability need" within a sub-region, would be allocated solely "to the sub-region to which the facilities are connected." The Proposal does not address approval authority for these projects, but presumably the regular RISO Board would have such authority (since it was not mentioned in the Proposal as being in the purview of the Regulator Board).

LSA's comments on the Proposal address the new Regulator Board and the decision-making process for new transmission projects. LSA understands the need to consider input from the various state regulatory bodies in a RISO footprint and to defer to their decision-making authority where appropriate. However, LSA has several concerns about delaying the development of the process and policies on which those decisions will be based, as explained below.

- **The CAISO/RISO should provide processes and policy guidelines for Regulator Board decisions in advance** (e.g., through bylaws and tariff documents), instead of “kicking the can down the road” and potentially leaving those decision criteria solely to that body to develop. LSA shares the concerns expressed by PG&E, SCE, and others at the June 1<sup>st</sup> meeting that FERC is likely to want further details and assurance that the decisions of this body – which will include ratemaking determinations – will be just and reasonable. Incorporating such guidelines in the RISO backstop authority process will likely be insufficient to meet this requirement, and LSA recommends further effort be made now to develop these processes and policy guidelines.

Moreover, LSA understands that the recent MISO decision-making experience with a regulator body with an open approval process and cost-allocation methodology for new transmission projects has led to disputes and paralysis that delayed needed projects. LSA joins TransCanyon and others in urging the CAISO to investigate the MISO and ISO-NE experiences to derive “lessons learned” that can be incorporated into the Draft Final Proposal.

- **RISO backstop authority decisions should also be based on policy guidelines determined in advance** that are contained in appropriate corporate documents. From the meeting discussion, this appeared to be the direction CAISO intends to pursue, and LSA supports CAISO’s efforts to provide additional details in the Draft Final Proposal.
- **The RISO backstop authority process should also be clearly defined**, including the timing. The backstop process should be an expedited review that avoids duplicating the Regulator Board process, e.g., the backstop review should use (to the extent possible) information already developed during the Regulator Board review and the input already received from stakeholders.