

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

In the Matter of the Application of SOUTHERN CALIFORNIA EDISON COMPANY (U338E) for a Certificate of Public Convenience and Necessity for the West of Devers Upgrade Project and for an Interim Decision Approving the Proposed Transaction between Southern California Edison and Morongo Transmission LLC.

Application 13-10-020
Filed October 25, 2013

**REPLY COMMENTS OF THE
CALIFORNIA INDEPENDENT SYSTEM OPERATOR CORPORATION**

Pursuant to the Rule 14.3 of the Commission's Rules of Practice and Procedure, the California Independent System Operator Corporation (CAISO) submits these comments in response the Proposed *Decision Granting Certificate of Public Convenience and Necessity for the West of Devers Upgrade Project and Related Matter* (Proposed Decision).

I. Introduction

The Proposed Decision properly grants Southern California Edison Company a certificate of public convenience and necessity (CPCN) to construct the West of Devers Upgrade Project (Proposed Project). The Proposed Decision correctly finds that the West of Devers Upgrade Project is necessary to facilitate deliverability for renewable energy resources identified in the Commission's renewable portfolios. The Office of Ratepayer Advocates (ORA) recommends that the Commission reject the Proposed Decision on grounds that have been previously considered and rejected. The ORA's claims continue to be incorrect; the Proposed Project is necessary to meet state energy policy goals and the alternatives presented by ORA and the Final Environmental Impact Report (FEIR) are infeasible and fail to meet project objectives. The Commission should approve the Proposed Project and reject the concerns raised by ORA.

II. Discussion

A. The Proposed Decision Properly Finds that the Phased Build Alternative is Infeasible.

The California Environmental Quality Act (CEQA) provides that "public agencies should not approve projects as proposed if there are feasible alternatives or feasible mitigation measures

available.”¹ “Feasible” is further defined as “capable of being accomplished in a successful manner within a reasonable period of time, taking into account economic, environmental, social, and technological factors.”²

The Proposed Decision finds that the Phased Build Alternative to the Proposed Project is infeasible because it provides only “3000 MW of capacity at an estimated cost of \$771 million, while the proposed project with the Tower Relocation and Iowa Street 66 kV Alternatives would provide 4800 MW of capacity at an estimated cost of \$878 million.”³ Due to the reduced transfer capacity of the Phased Build Alternative, it provides extremely limited incremental capacity to move from the 33% renewable portfolio standard (RPS) to the 50% RPS recently adopted in Senate Bill 350, while failing to provide commensurate cost savings.⁴ The Proposed Project provides approximately 1800 MW of additional deliverability compared to the Phased Build Alternative. This additional transfer capacity is a tangible technological, environmental and economic benefit that is fundamental to developing new renewable projects in Riverside East and Imperial Valley areas, both of which have been identified as areas rich in renewable resources. The Phased Build Alternative would be infeasible as a matter of policy, specifically environmental policy, because it would fail to provide incremental transfer capacity suited to meet the state’s 50% RPS goal. When compared to the Proposed Project, the Phased Build Alternative is also economically infeasible because the Proposed Project “provide[s] 60 percent more capacity than the Phased Build Alternative at an incremental cost of 14 percent.”⁵

B. The Interim Upgrades are not a Viable Alternative to the Proposed Project.

Both the Proposed Decision and the FEIR agree that the Interim Upgrades are not a viable alternative to the Proposed Project. As pointed out in the FEIR, the Interim Upgrades do not meet any of the project objectives of the Proposed Project.⁶ The Interim Upgrades would not provide deliverability for renewable generation in the 33% RPS portfolios developed by the Commission, and planned by the CAISO since 2011. ORA continues to misunderstand the incremental deliverability provided by the Interim Upgrades. As the CAISO stated numerous

¹ CEQA § 21002.

² CEQA § 21061.1.

³ Proposed Decision, p. 31

⁴ Exhibit 6 (CAISO/Zhu), p. 16:1-3.

⁵ Proposed Decision, p. 32.

⁶ Final Environmental Impact Report, p. c-35.

times in this proceeding, the Proposed Project allows for deliverability projects not only in the Riverside East area, but also the Imperial area. Based on studies performed in this proceeding, the CAISO found that the Proposed Project could accommodate 3017 MW of deliverability from Riverside East, 1750 MW from the Imperial area with the potential to add an incremental 1700 MW from either area.⁷ This represents an approximate 1600 MW increase in deliverability from Riverside East and an approximate 950 MW increase from Imperial plus an additional 1700 MW that could come from the two areas.⁸ The total increase in deliverability from Riverside East and the Imperial area is therefore approximately 4250 MW (1600 MW + 950 MW + 1700 MW) versus 1050 MW for the Interim Upgrades.

In addition, the Interim Upgrades are not a long-term solution to provide deliverability.⁹ The Interim Upgrades rely on a Special Protection Scheme (SPS) specifically developed as a short-term measure to provide deliverability until a long-term solution could be in place. The SPS is unfit as a long-term solution because it exceeds CAISO Planning Standards governing SPS complexity.¹⁰

C. ORA Inaccurately Claims that Changed Conditions Warrant Rejecting the Proposed Project.

ORA claims that changed conditions, namely the Commission’s development of version 6 of the RPS Calculator, demonstrates a lack of need for the Proposed Project. ORA’s continued reliance on RPS Calculator version 6 is misplaced. The Commission has never directed the CAISO to use RPS Calculator version 6 to plan for policy-driven transmission projects.¹¹ The CAISO does not expect the Commission to use RPS Calculator version 6 in the future to plan transmission system needs to meet the 33% RPS portfolio. Without support, ORA claims that

⁷ Exhibit 6 (CAISO/Zhu), p. 13:18-19; p. 17:7-10.

⁸ Without the Proposed Project or the Interim Upgrades, deliverability from Riverside East is limited to 1400 MW. Deliverability from Imperial is limited to 800 MW. See Exhibit 28, p. 8, CAISO Response to No. 5.1.1 for current Riverside East deliverability. See also, RPS Calculator, TxInput-v4 tab for current Imperial area deliverability (<http://www.cpuc.ca.gov/WorkArea/DownloadAsset.aspx?id=8635>).

⁹ Exhibit 11 (CAISO/Millar), p. 9:12-20 (“The CAISO has known the limitations with the Interim Upgrades as a longer-term solution since the original development of the Proposed Project to meet the Transition Cluster needs and the consideration of interim measures...Further, as the Interim Upgrades were explored, the CAISO also learned of operating issues in the normal course of its planning analysis that also would have created other operating challenges in the long term even as interim solutions.”)

¹⁰ CAISO Planning Standards require an SPS to be “simple and manageable.” There should be no more than six local contingencies that would trigger the SPS and the SPS should monitor no more than four system elements or variables.

¹¹ Exhibit 11 (CAISO/Millar), p. 4:17-20.

“version 6.0 has yet to change the status quo, [but] it is likely that it would do so going forward based on past precedent, where each new version of the Calculator was used to develop the RPS portfolios.”¹² To the contrary, there is no basis to believe that the Commission would use version 6.0 of the RPS Calculator to undermine the planning and procurement activities already conducted to meet the 33% RPS goal. In fact, in the Commission’s recently released draft assumptions and scenarios for the 2016-2017 transmission planning cycle, it specifically states

...a new 33% RPS portfolio generated by the updated RPS calculator would be based upon increasing customer generation and declining IEPR load forecasts and therefore could be based upon a lower RPS net short than the RPS portfolio used in the 2015-16 TPP. Such a portfolio might not support currently approved transmission projects that will be needed to reach 50% RPS goals. ***We do not want to generate a renewable portfolio which forces the CAISO to reexamine previously approved transmission investment decisions until more information is available.***¹³

Put simply, there is no basis for ORA’s claim that version 6.0 of the RPS Calculator will change the status quo for transmission investment previously approved to meet the 33% RPS goal.

D. ORA Misunderstands the Connection between CAISO and Commission Planning Processes.

ORA continues to assert that the Commission’s RPS portfolios submitted to the CAISO for the 2012-2013 and 2013-2014 transmission planning processes “did not trigger the [Proposed Project] based upon the RPS calculator at that time.”¹⁴ This is incorrect, as CAISO explained, the Proposed Project was triggered in each annual transmission planning process since 2011-2012 based on the RPS portfolios submitted by the Commission.¹⁵ Without any support, ORA now claims that the CAISO used “contradictory information” in the transmission planning process that led to a “disconnect between the Commission and the CAISO on whether the Commission developed portfolios would trigger the Proposed Project.”¹⁶ Although ORA provides no evidence for these assertions, they appear related to ORA’s misunderstanding of the connection

¹² ORA Comments on the Proposed Decision, p. 13.

¹³ See Administrative Law Judge’s Ruling Seeking Comment on Assumptions and Scenarios for use in the California Independent System Operator’s 2016-17 Transmission Planning Process and Future Commission Proceedings, p. 54. (<http://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M158/K117/158117030.PDF>.)

¹⁴ ORA Comments on the Proposed Decision, p. 16.

¹⁵ Exhibit 11 (CAISO/Millar), p. 6:13-18.

¹⁶ ORA Comments on the Proposed Decision, p. 16.

between the Proposed Project and the Imperial Valley area. Every resource portfolio submitted from the 2011-2012 transmission planning cycle forward triggered the need for the Proposed Project. The 2012-2013 and 2013-2014 RPS portfolios identified the Proposed Project as an upgrade to support deliverability from the Imperial Valley zone, rather than the Riverside East zone. There is no disconnect between the Commission's RPS portfolios and the CAISO's policy-driven transmission studies; rather, ORA continues to misunderstand that nature of the information presented in the RPS portfolios.

III. Conclusion

The Proposed Project provides significant transmission capacity benefits to an area that is rich in renewable resources. The CAISO has consistently demonstrated the need for the Proposed Project in both the transmission planning process and in this proceeding. Both the Phased Build Alternative and the Interim Upgrades fail to provide adequate capacity to meet the state's long-term renewable energy goals. As a result, the Commission should approve the Proposed Decision.

Respectfully submitted,

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