

**Pathfinder Renewable Wind Energy, LLC and Zephyr Power Transmission, LLC
Comments on the California Independent System Operator's 2012-2013
Transmission Planning Process**

Pursuant to the California Independent System Operator's ("CAISO's") December 7, 2012 Market Notice, Pathfinder Renewable Wind Energy, LLC ("Pathfinder") and Zephyr Power Transmission, LLC ("Zephyr") respectfully submit these comments on the CAISO's 2012-2013 Transmission Planning Process ("TPP").¹

I. Introduction

Pathfinder and Zephyr appreciate the opportunity to comment on topics addressed at the CAISO's 2012/13 TPP stakeholder meeting held on December 11-12, 2012. Specifically, Pathfinder and Zephyr would like to comment on the "33% RPS Sensitivity Case Assessment Modeling a High Out of State Import Scenario" presentation made on December 11, 2012. Zephyr is currently developing its Zephyr Transmission Project, a 500 kV high-voltage direct current ("HVDC") line, to bring high capacity factor wind energy from Wyoming to Southern California through the Eldorado Valley. In early 2012 at the beginning of this TPP, both Pathfinder and Zephyr, as well as several other parties, expressed interest in the development of a resource portfolio that included significantly more renewable energy from out-of-state resources, specifically from resources trying to import to the CAISO at Eldorado. However, the resultant portfolios were still narrowly tailored around in-state renewable energy development even though recent studies from the Western Electricity Coordinating Council ("WECC") suggest that delivering Wyoming wind to California may be economically viable and could provide substantial savings to California customers.²

¹ The CAISO Market Notice is available at <http://www.caiso.com/Documents/2012-2013TransmissionPlanningProcessStakeholderMeeting1211-1212Agenda-CommentsUpdate.htm>.

² See September 26, 2011 article, *Wyoming Infrastructure Authority pushes for wind energy exports to California*, available at http://www.wecc.biz/library/StudyReport/Documents/Articles/snlpdf_67ba3d67-cea6-43b6-9644-afcbb2ab8771.pdf.

Although significant amounts of out-of-state renewable resources were not part of the Final Study Plan, Pathfinder and Zephyr are pleased that the CAISO undertook a sensitivity study to better understand and evaluate the benefits of developing and importing out-of-state renewable resources to help California meet its Renewable Portfolio Standard ("RPS") target. However, Pathfinder and Zephyr find that the High Out of State Import Scenario is too preliminary to represent much more than a starting point. Pathfinder and Zephyr are confident that projects that provide access to out-of-state renewable resources such as the Zephyr Transmission Project can provide cost effective resources for California, but the recent analysis as presented provides little tangible or actionable information regarding the efficacy of such a project.

II. Additional Detail is Necessary on the High Out of State Import Scenario

The stakeholder presentation provided some detail regarding the study results, but was not adequately specific regarding its underlying assumptions. In particular, the study lacked specificity about the makeup of the energy that is being delivered to Eldorado and the locations and nature of the generation that has been removed from the in-state generation portfolio to accommodate the generation being injected at Eldorado. The presentation discusses removing generation from the bottom of the portfolio's supply curve, but does not provide any additional detail on the location and type of generation that is being taken out of the Commercial Interest portfolio nor the characteristics of the generation added. Pathfinder and Zephyr request that such detail be included in the Transmission Plan.

III. The Transmission Plan Should Include a Discussion of Downstream Benefits

Potential downstream benefits are not discussed or even explored in the High Out of State Import Scenario. The analysis showing considerable transmission overloading on the system

downstream of Eldorado seems reasonable and within the bounds of previous cluster studies. However, the removal of 3,000 MW of in-state generation, depending on its location, could mitigate issues identified in the base reliability and policy driven studies elsewhere on the CAISO's controlled transmission system. A discussion of the potential economic benefits of such should be included in the Transmission Plan's discussion of this study, even absent any formal modeling. No such discussion was provided in the presentation or during the stakeholder meeting, but clearly the relocation of such a large amount of renewable generation capacity would likely have significant effects elsewhere on the CAISO's controlled transmission system.

IV. Need for Referenced Mitigation Cost Information in the Transmission Plan

No indication of costs for the potential mitigation was presented and the mitigation options provided were not intended to be anything more than possibilities. It would be helpful for stakeholders to gain additional information regarding the cost of these mitigation strategies and have this information detailed in the Transmission Plan.

V. Build Upon Initial High Out of State Import Scenario Study

Pathfinder and Zephyr recommend that the CAISO continue to build upon the High Out of State Import Scenario initiated in this TPP, and study in a more comprehensive manner during the upcoming cycle of the TPP the planning implications from out-of-state resources providing a meaningful solution to California's RPS goals. Consistent with FERC Order 1000, the CAISO has the responsibility to seriously consider regional alternatives that could provide significant cost and reliability benefits to California energy customers. Specifically, Pathfinder and Zephyr request that the CAISO conduct or provide:

- a. A study of the out-of-state renewable generation case that is similar in scope to the various in-state cases (i.e. resource portfolios) including but not limited to

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contingency analysis, mitigation analysis and production cost savings. This will allow a better understanding of the full system benefits. This will also allow the CAISO to place into better context the results of the analysis relative to the standard in-state cases; and

- b. Provide a basic level of cost analysis regarding the impacts of significant increases in the amount out-of-state renewable generation.

VI. Conclusion

The CAISO should further evaluate a broad range of transmission planning options to consider the diversity of renewable resource development alternatives, including planning for significant imports of out-of-state renewable resources into California. Such an approach would increase the State's ability to satisfy its RPS objectives in the most cost effective manner, and allow the CAISO to plan a transmission system in a manner that is robust enough to address the uncertainty associated with resource development.

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Respectfully submitted,



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