

**COMMENTS ON BEHALF OF THE CITIES OF ANAHEIM, AZUSA, BANNING,  
COLTON, PASADENA, AND RIVERSIDE, CALIFORNIA  
ON THE DRAFT SECOND DISCUSSION PAPER FOR THE  
IMPERIAL COUNTY TRANSMISSION CONSULTATION**

In response to the ISO's request, the Cities of Anaheim, Azusa, Banning, Colton, Pasadena, and Riverside, California (collectively, the "Six Cities") submit their comments on the ISO's Draft Second Discussion Paper for the Imperial County Transmission Consultation, posted on October 1, 2014, and the ISO's subsequent stakeholder meeting held on October 8, 2014. The comments below address the proposed transmission solutions for deliverability out of Imperial County that are candidates for further assessment in the ISO's transmission planning process for 2014/15. The Six Cities' comments also address the ISO's proposals (i) to consider eliminating a portion of the Maximum Import Capacity ("MIC") from the Palo Verde branch group and reallocating the MIC to the Imperial Valley branch group(s) and (ii) undertake broader evaluation of comprehensive revisions to existing MIC methodology.

**1. Proposed Transmission Solutions for Deliverability**

The Six Cities reiterate their previously-expressed concerns regarding the potentially very costly transmission projects to facilitate deliverability out of Imperial Valley that are under consideration. While the Six Cities appreciate that the intent of the preliminary assessments being undertaken are merely intended to "be input[s] into future planning discussions," the Six Cities remain concerned that the results of this study process and the presumption that major transmission upgrades must be performed to facilitate Imperial Valley deliverability will overtake any considerations of the cost of these projects and impacts to ratepayers, notwithstanding the ISO's reminder that the transmission planning process "takes into account economic considerations."

The Six Cities recommend that any final guidance documents produced as a result of this consultation and used as inputs to the transmission planning process include cost estimates, however preliminary and subject to further refinement in the planning process, and note in particular the factors associated with each project that are expected to be significant cost drivers, whether such factors serve to increase costs, such as a route involving significant undergrounding or especially large permitting/right-of-way fees, or decrease costs, such as whether a likely route utilizes existing rights-of-ways. The Six Cities are unclear as to whether any cost estimates have been provided by the proponents of the additional projects that the Aspen Group intends to further study, but additionally note that considerations of cost could and should be a way to differentiate between two possible projects, such as Alternative 9 (Hoover to SONGS) proposed by Imperial Irrigation District and Alternative 10 (Midway to Devers) proposed by Southern California Edison Company, that include substantially overlapping routes. Finally, the Six Cities concur with the ISO's conclusion that consideration of project segments may accomplish some of the deliverability objectives while minimizing costs; this approach has merit and should likewise be considered as part of the planning process.

## **2. Reallocation of MIC from the Palo Verde Branch Group to the Imperial Valley Branch Group(s)**

The Six Cities understand that the ISO is currently proposing to establish two separate stakeholder proceedings to address (i) possible reallocation of MIC to the Imperial Valley branch group(s); and (ii) broader issues of whether the existing MIC methodology should be comprehensively revised. With respect to item (i), a new stakeholder process would be initiated to the extent deemed necessary through the transmission planning process.

If either of these two changes are to be undertaken, then they should be considered in open and transparent stakeholder processes. While reallocating MIC from the Palo Verde branch group to the Imperial Branch group may appear to be a relatively minor incremental change, a stakeholder proceeding (culminating in appropriate regulatory filings if necessary) is the proper forum in which to consider waiving or creating an exception to the existing MIC methodology.

Finally, the Six Cities appreciate the ISO's recognition that any changes to the existing MIC methodology or reallocation related to Imperial Valley needs to preserve priority for certain existing rights, including Existing Transmission Contracts, Transmission Ownership Rights, and pre-Resource Adequacy Import commitments, as well as reflect the ISO's reliability and operational requirements.

Submitted by,

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