BAMX Comments on the Final Draft of the Revision to the ISO Transmission Planning Standards

The Bay Area Municipal Transmission group (BAMx)¹ appreciates the opportunity to comment on the Final Draft of the Revision to ISO Transmission Planning Standards dated July 16, 2014 (Proposal), the associated July 28, 2014 stakeholder presentation and the CAISO response matrix to the prior stakeholder comments.

There were very few questions raised during the stakeholder meeting concerning the CAISO proposal. This lack of extensive comments reflects on the improved clarity of the CAISO proposal, but should not be construed as support for all elements of the proposed revisions. BAMx continues to be highly concerned about transmission costs. While reliability is very important, the proposal continues to lack safeguards to protect consumers from excessive transmission costs developed supposedly for reliability but that may not actually lead to commensurate benefits. Particularly of concern is that making requirements part of a Planning Standard silences the debate on whether continuity of service should be maintained for rare events, and redirects it to the question of how it should be maintained. BAMx believes that the CAISO response to stakeholder requests for such safeguards is of little relief.

"If small amounts of load shedding would mitigate the problem, then small amounts of demand response, distributed generation, or storage would also mitigate the problem cost effectively." (Stakeholder comment matrix)

While BAMx is highly supportive of such alternatives to new transmission additions, there is currently no specific process to effect such solutions as part of the annual planning process. This response also side-steps the primary question of whether it is cost-effective to maintain service during a particular event in the first place.

In response to stakeholder comments, the CAISO stated:

"Shedding high density urban load rather than building incremental transmission or resource additions is <u>certainly not a reasonable option</u> and it is <u>not reasonable or feasible</u> to perform a detailed analysis to accurately quantify the risks and cost exposure. Instead, the ISO practice is to deterministically acknowledge that the impacts of shedding the high density urban load over the long term are <u>obviously unacceptable</u> and efforts should be focused on evaluating the numerous mitigation options available that maintain the reliability of the system." (Stakeholder comment matrix – emphasis added)

However, no quantitative analysis has been presented as a foundation for this position. At an earlier stakeholder meeting, the SCE representative indicated that SCE has previously done such analysis and has an estimated value of service for its urban loads. We continue to be disappointed in the CAISO's apparent indifference to cost considerations in its rejection of all

¹ BAMx consists of Alameda Municipal Power, City of Palo Alto Utilities, and City of Santa Clara, Silicon Valley Power.

suggestions to take the costs and benefits of dropping or not dropping load into account, even in a simplified manner, in its proposal.

Furthermore, the concept of "dense urban areas" needs refinement. There are, no doubt, many distribution circuits within residential communities in these identified "dense urban areas" where there are no "critical loads" (at least no more critical than those loads found outside of these high density areas). In such cases, that Planning Standard should make allowances for interruption of such loads.

Lastly, BAMx continues to be concerned about the lack of a coherent policy as to where capital expenditures are justified to improve reliability to customers. Take, for example, a 30 MW station in a high-density urban area served from the 115 kV system.

- 1. For more common distribution system outages, loss of the load is acceptable.
- 2. If the station is served via a tapped connection (allowed under the CAISO Planning Standards for stations of up to 100 MW), loss of the load is <u>acceptable</u> for the single contingency loss of the connected 115 kV circuit.
- 3. If the station is served by looping the same 115 kV circuit rather than tapping, loss of the load is <u>unacceptable</u> for the 115 kV single contingency
- 4. For the much more unlikely transmission system multiple contingency, loss of the station is <u>unacceptable</u>, unless the contingency fully interrupts all of the power sources to the station, then it is <u>acceptable</u>.
- 5. For the case similar to item 4 above, if the contingencies interrupt most, but not all sources into the area, loss of the load is <u>unacceptable</u>.
- 6. If shedding the load would allow for increased transfers over the interties, then shedding of the load is <u>acceptable</u>.

The result is that the same high density urban load, for which the CAISO describes load shedding as "certainly not a reasonable option", is subject to hodgepodge rules where it can at times be acceptable and other times be unacceptable to have a service interruption under single and multiple contingencies. In this mixture of requirements and allowances, there is not an explicit linkage to frequency, duration or impact of the potential outages to align why such interruption is acceptable in some cases but not others.

The CAISO Planning Standards do allow for exceptions. In cases where dropping load is acceptable, the CAISO Planning Standards provide that upgrades "may be justified by eliminating or reducing load outage exposure, through a benefit to cost ratio (BCR) above 1.0 and/or where there are other extenuating circumstances." However, this only applies to cases where the reliability of service provided for in the standard may be insufficient. BAMx supports the development of a more consistent and coherent policy that applies such concepts to proposals to increase the reliability of service above the NERC standards.

BAMx appreciates the opportunity to comment further on the proposed revisions to the CAISO Planning Standards. We recognize the improvements made in the recent updated proposal but encourage the CAISO to address our ongoing concerns.

If you have any questions concerning these comments, please contact Barry Flynn (888-634-7516 and <u>brflynn@flynnrci.com</u>) or Robert Jenkins (888-634-0777 at <u>robertjenkins@flynnrci.com</u>).