COMMENTS OF THE STAFF OF THE CALIFORNIA PUBLIC UTILITIES COMMISSION

ON THE IMPERIAL COUNTY TRANSMISSION CONSULTATION

SECOND DRAFT DISCUSSION PAPER AND OCTOBER 8, 2014 MEETING

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October 15, 2014

The Staff of the California Public Utilities Commission ("CPUC Staff") appreciates this opportunity to provide comments on the California Independent System Operator's ("CAISO") second draft discussion paper and the October 8, 2014 stakeholder meeting and discussion regarding the Imperial County Transmission Consultation. Our comments briefly address two topics.

1. ***Reallocation of Maximum Import Capability (MIC) Among Interties and a More Universal Forward-Looking Approach to MIC Determination Should be Systematically Considered <u>Together</u>, and This Should be Informed by the Extent of Actual Circumstances Where Historically-Based MIC Allocations are Impeding Planning and Procurement.***

Moving away from historical approaches to MIC determination and MIC allocation (among interties) may entail complex studies to test simultaneous deliverability over multiple interties under different future conditions. However, MIC changes could produce significant benefits such as avoiding or delaying costly transmission upgrades, identifying the most efficient upgrades, or providing transmission clarity for resource planning and procurement. Once there is a desire to import additional resource adequacy (RA) resources (or perhaps procure internal RA resources in locations that would compete with imports for deliverability) this inherently takes us beyond the historical approach to MIC, as desired RA resources will have diverged significantly from the historical pattern.

Changes to MIC determination and MIC allocation appear to be very intertwined and should be considered together. Assessment of the need for fundamental changes should *take into account the extent of actual (current or likely) as opposed to purely conceptual conditions requiring MIC changes*, such as based on significant deviation of desired or actual capacity

imports from historical patterns. This would provide a sound basis for a decision as to whether or not to pursue fundamental changes. On the other hand, if situations requiring changes are limited and poorly predictable, a one-off approach to MIC changes might suffice for now.

2. The CAISO Should Provide Additional Information in the 2014-5 Transmission Plan on Various Proposed High Capacity Transmission Projects in the Los Angeles and San Diego Areas, Including Reliability[1] and Renewable Resource Delivery Benefits as Well as Known High Level Environmental Obstacles – with the Understanding that Such Projects are Not Ripe for Approval but Need to be Better Understood Going Forward.

Efficient and timely electric reliability planning for the Los Angeles and San Diego areas is especially challenging because of enormous load concentrations, recent and imminent loss of considerable local conventional generation, diversity and unfamiliarity of preferred and nonconventional local resource options, and environmental challenges for developing both transmission and conventional resources. Recent CAISO approvals of transmission infrastructure and CPUC authorizations of local resource procurement have addressed certain immediate needs and provided some clarity. However, we still must consider longer term electric reliability needs in this region, recognizing both constraints ***and*** opportunities provided by California's energy policies, resource priorities and emerging technologies. This includes the possibility of going beyond 33% RPS to procure, deliver and integrate higher amounts of renewable generation, as well as the likelihood of increased penetration of and reliance on local distributed electric solutions. By advancing our understanding of the various proposed high capacity transmission options within this broader context, the 2014-2015 Transmission Plan can facilitate ongoing consideration of diverse reliability solutions and their interaction. It is especially important to identify and analyze options that are environmentally feasible.

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[1] E.g., local capacity requirements avoided