

CAISO

## Transmission Planning Process

**Clean Coalition comments on Dec. 7 TPP workshop**

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## **I. Introduction**

The Clean Coalition is a California-based nonprofit organization whose mission is to accelerate the transition to local energy systems through innovative policies and programs that deliver cost-effective renewable energy, strengthen local economies, foster environmental sustainability, and enhance energy security. To achieve this mission, the Clean Coalition promotes proven best practices, including the vigorous expansion of Wholesale Distributed Generation (WDG) connected to the distribution grid and serving local load. The Clean Coalition drives policy innovation to remove major barriers to the procurement, interconnection, and financing of WDG projects and supports complementary Intelligent Grid (IG) market solutions such as demand response, energy storage, forecasting, and communications. The Clean Coalition is active in numerous proceedings before the California Public Utilities Commission and other state and federal agencies throughout the United States in addition to work in the design and implementation of WDG and IG programs for local utilities and governments.

The Clean Coalition is taking part in the TPP primarily to highlight the role that Non-Transmission Alternatives (NTA) can play, and to ensure that the requirements of FERC Order 1000 and the state's Loading Order are met. Our comments here are brief, but we will submit more substantial comments as appropriate.

## **II. Comments**

The Clean Coalition remains concerned that CAISO is not fully complying with the requirements of FERC Order 1000 with respect to considering NTA. Order 1000 (para. 148) states in relevant part: "When evaluating the merits of ... alternative transmission solutions, public utility transmission providers in the

transmission planning region also must consider proposed non-transmission alternatives on a comparable basis.” The Clean Coalition and other parties have urged CAISO to, as a general matter, consider the ability of NTA to meet regional transmission needs.

Moreover, the state’s long-established Loading Order, from Energy Action Plan I and II<sup>1</sup>, require that all state energy agencies, including CAISO, fully consider preferred resources for meeting new energy needs, and in related planning procedures. Preferred resources are well-aligned with NTA in that the Loading Order prioritizes energy efficiency, demand response and renewable energy over fossil fuel generation.

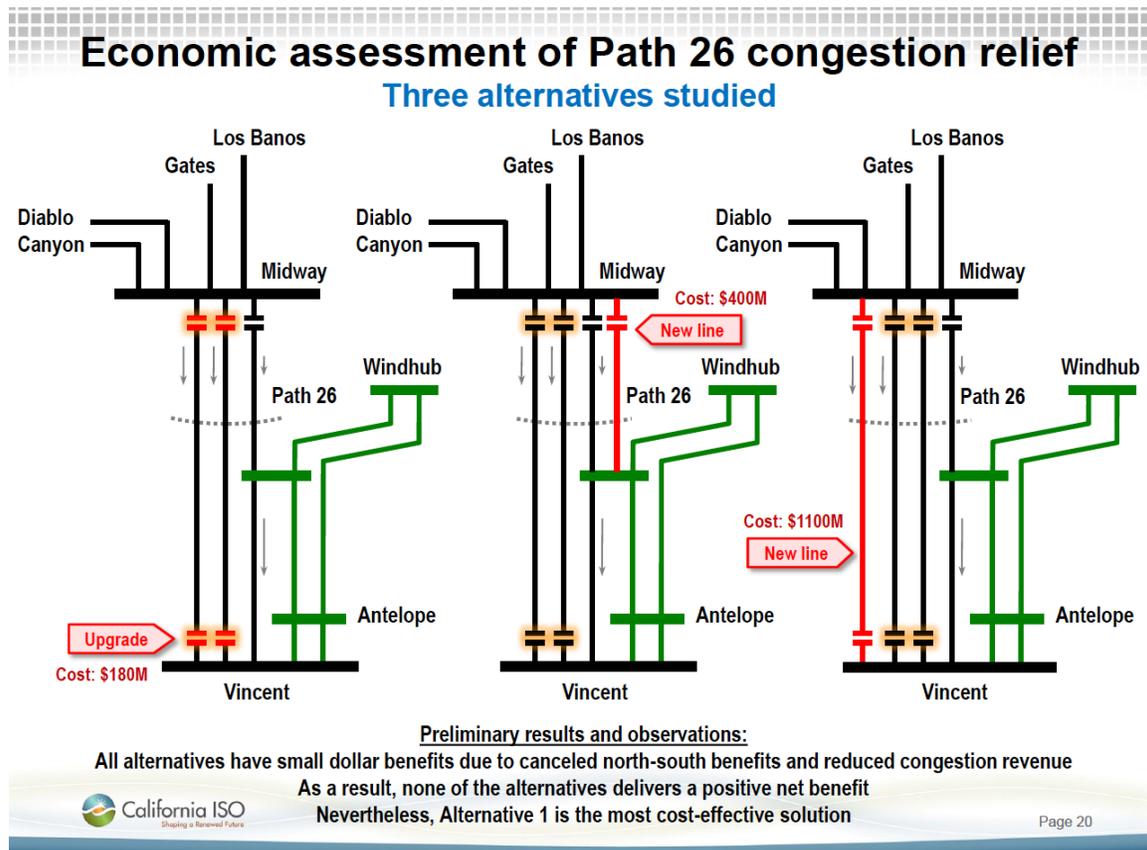
Page 4 of the Dec. 7 slide deck mentions an NTA study but this study is not discussed anywhere else in the slide deck. Is this an oversight or is this study underway, to be presented at a later date?

Similarly, it appears that that NTA were not considered in the economic planning studies, which presentation begins on slide 182. Slide 201, specifically, lists three alternatives studied for relieving congestion on Path 26 (*see* Figure 1). It doesn’t appear that NTA were considered in this analysis and we urge CAISO to remedy this oversight. The degree to which CAISO must consider NTA after parties like the Clean Coalition have urged such consideration is the gray area with respect to Order 1000. In the particular case of Path 26 congestion, our view is that the Clean Coalition’s assertion that NTA should be considered in this context requires that CAISO do so. We look forward to further discussion on this issue and we will be able to provide additional details as this proceeding develops.

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<sup>1</sup> Online at: [http://www.energy.ca.gov/energy\\_action\\_plan/2005-09-21\\_EAP2\\_FINAL.PDF](http://www.energy.ca.gov/energy_action_plan/2005-09-21_EAP2_FINAL.PDF). Energy Action Plan II states, in part: “The state agencies must work closely with the CAISO to achieve [the Energy Action Plan] objectives and to benefit from its expertise in grid operation and planning.”

Figure 1. Slide 201 from Dec. 7 workshop slide deck.



Slide 202 states, with respect to congestion relief for Path 26: “It has been a challenge to find economic justification to relieve this congestion bottleneck. In this situation, we shall also explore other justifications, such as policy and reliability needs.” We note that the economic assessment appears to only look at the capital expenditure and fails to consider the full ratepayer impact of the rate-based ROI over the extended depreciation schedule, nor does it appear to consider O&M costs. Again, we urge CAISO to fully consider NTA as an alternative for relieving the congestion bottleneck. It is unclear from the CAISO presentation where the revenues and benefits are attributed. Following a goal of reducing ratepayer impacts, a reduction in congestion charges would be generally considered a benefit. It is far better if this goal can be achieved in coordination with the implementation of other State policies such as the Loading

Order, GHG and other emissions reductions, and system resilience. As such, CAISO should include in its economic analysis an alternative that invests at least the amount required for Alternative 1 toward NTA, and analyze the relative merits of this alternative to California's grid, policy goals, and ratepayers.

We do not at this time, and nor does any party, know with any certainty whether NTA are up to the task by themselves, or if congestion can be relieved economically through NTA alone. Nevertheless, it is incumbent upon CAISO to fully consider NTA in this and other transmission planning efforts. While projected improvements in energy efficiency, local Energy Storage, and Demand Response include "uncommitted" programs, and such projects present challenges in modeling, broadly distributed projects may be reasonably assumed at appropriately discounted levels based on trends in development and procurement. The fact that the ISO has no ability or authority to ensure that any proposed NTA are actually implemented does not mean that NTA should be discounted or ignored.

The Clean Coalition has been advocating a "DG + IG" (Intelligent Grid) solution for California and other jurisdictions. The DG + IG suite of solutions falls squarely within the FERC rubric of non-transmission alternatives. The technical means are available, with advanced inverters, high penetration of DG (wholesale and retail), energy storage, and other IG components, to meet all future energy, capacity and voltage and reactive power regulation needs. CAISO has stated in prior workshops that it is looking to examine NTA from other jurisdictions and we look forward to CAISO's updates and conclusions in this regard.

In a parallel effort, we have also been concerned by the conservativeness of CAISO's assumptions in the LTPP (R.10-05-006 and R.12-03-014) modeling that CAISO completed in partnership with the CPUC, particularly with respect to energy efficiency, demand response and DG. Current procurement programs

and active interconnection queues (GIP, WDAT/WDT, and Rule 21) indicate markedly higher DG development than CAISO has adopted in its modeling. The CPUC's Dec. 24th Proposed Decision in LTPP Track 1 includes procurement of substantial energy storage and other resources in order to support local capacity requirements.

In the present context, preferred resource assumptions are not made explicit in the CAISO presentation and we urge these assumptions to be made explicit. We further note that the CPUC's High-DG planning development scenario (in the LTPP) incorporates the same cost weighting as the cost-constrained scenario adopted as the Base Case. This incorporation increases the likelihood of additional DG deployment consistent with this scenario. We will comment further regarding our views on the appropriate assumptions once CAISO makes its economic analysis assumptions explicit in the present context.

Respectfully submitted,

TAM HUNT

A handwritten signature in black ink, appearing to read 'TH', with a long horizontal flourish extending to the right.

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Clean Coalition

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