

 <b>California ISO</b>	<b>Market and Infrastructure Policy</b>	<b>Template Version:</b>	<b>1</b>
		<b>Document Version:</b>	<b>0</b>
<b>Policy Initiatives Catalog Submission Form</b>		<b>Date Created:</b>	<b>6/1/2017</b>

**California ISO Policy Initiatives Catalog Submission Form**

This purpose of this form is to propose potential policy initiatives that require a stakeholder process and typically require tariff changes. Do not use this form to request or propose process improvements or administrative changes. Such requests should be made through your Customer Service Representative or Account Manager

**Date: 6/15/2018**

**Submitter Information**

<b>Organization</b>	<b>Contact Name</b>	<b>E-mail</b>	<b>Phone</b>
ITC Grid Development, LLC	Brenda Prokop	bprokop@itctransco.com	216-577-1464

**Please provide a title for the issue.**

Transmission Planning Process (TPP) Value Enhancements

**Please provide a summary description of the issue (i.e. 500 words)**

The CAISO currently employs a number of assumptions or approaches as part of its Transmission Planning Process (TPP) that could have the impact of masking transmission system performance issues or needs. These include:

- Imposing a 2000 MW Export Limit without assessing the impact on neighboring systems as renewable penetration increases and the arbitrary limit is reached.
- Maintaining and relying upon Remedial Action Schemes (RAS) without assessing the value of the cost and benefits of eliminating these schemes when identifying needs and potential solutions.
- Including in assumptions the curtailment of renewable resources without assessing the cost and benefits of avoiding curtailment when identifying needs and potential solutions.

We recommend that the CAISO evaluate with stakeholders the following improvements to the TPP:

- Eliminating the 2000 MW Export Limit, and
- Considering the elimination of RAS and avoidance of renewable resource curtailment in identifying transmission system performance needs and evaluating potential solutions to those needs.

As part of the TPP Value Enhancements initiative, we also propose that the CAISO explore establishing a multi-driver project category. The multi-driver category could consider multiple types of system needs (reliability, economic, and/or public policy) simultaneously in identifying potential solutions, as well as the aggregate benefits of those solutions.

 <b>California ISO</b>	<b>Market and Infrastructure Policy</b>	<b>Template Version:</b>	<b>1</b>
		<b>Document Version:</b>	<b>0</b>
<b>Policy Initiatives Catalog Submission Form</b>		<b>Date Created:</b>	<b>6/1/2017</b>

**Please provide any data/information available that would characterize the importance or magnitude of the issue.**

The CAISO’s imposition of an arbitrary 2000 MW Export Limit in its planning assumptions may have met the original objective of canceling out the performance impact on neighboring systems. However, as the penetration of renewables in CA increases, the CAISO should recognize and evaluate the full impacts on the CAISO and interconnected systems in the TPP. Continuing to maintain the Export Limit as an artificial assumption in order to demonstrate that the CAISO and neighboring systems can absorb these impacts appears short-sighted and masks the benefits California can reap from increased renewable penetration. It also serves to under-value the benefits of transmission projects that allow fuller use of California renewable energy. For example, in assessing the benefits of the NGIV2 project, the arbitrary imposition of a 2000 MW Export Limit underestimates the benefits to CAISO customers by more than \$100M per year.

It would also be instructive and beneficial for the CAISO to develop a systematic process to evaluate the costs and benefits of eliminating existing RAS. Assuming that existing RAS remain effective masks the reliability, economic, and public policy value of transmission solutions that could effectively replace the RAS. Such analysis would provide useful information for policymakers and stakeholders, as well as the CAISO.

In addition, while it may be administratively efficient to place transmission projects into categories based on their primary benefit drivers, it is overly simplistic. Arbitrarily labeling a transmission project as a ‘reliability,’ ‘economic,’ or ‘public policy’ project becomes irrelevant when it is placed into service, since transmission facilities serve all of these functions when they become part of the embedded system. Such categorizations ignore the aggregate benefits provided and multiple functions served by these facilities. Moreover, the CAISO Transmission Access Charge (TAC) does not distinguish between project driver types in allocating the costs of transmission projects. For all of these reasons, we strongly urge the CAISO to discuss with stakeholders the establishment of a multi-driver project category for considering transmission system needs and potential solution benefits.