

## Western Regions Interregional Coordination Meeting: Stakeholder Comments

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LS Power appreciates the opportunity to provide comments on the Western Regions Interregional coordination meeting held in Folsom, CA on Feb 22, 2018. We encourage all the Western Regions to strive for additional interregional planning coordination efforts in the interest of enhancing the reliability, economic and policy benefits for ratepayers throughout the West. Please accept the following comments offered in the interest of improving the coordination process.

### **(1) Comparison of Interregional Transmission Projects with Regional Solutions**

Under the current paradigm as demonstrated through the 2016-2017 regional planning processes and the associated interregional coordination, each Western Region first completes their Regional planning process to determine regional needs and solutions prior to evaluating the need/benefits of new proposed Interregional Transmission Projects (ITPs). Once Regional projects are identified to meet the regional needs, the Regions then compare these against the proposed ITPs to determine if an ITP is more efficient and/or effective as compared to the selected Regional projects. The ITPs are generally expected to fail this test as by their very nature these projects are often larger in size and not designed specifically to meet specific Regional needs. In fact, due to the long lead time to develop the large ITPs, they are often developed with at risk capital with the intention of providing projected interregional economic, reliability and policy benefits, and such benefits may not squarely fit within the need as determined under the Regional processes due to tariff definitions and planning protocols that do not align well with the intent of FERC Order 1000. Nevertheless the ITPs may still provide significant economic, policy and/or reliability benefits to one or more Planning Regions. Regions should encourage the participation of such projects in the interregional coordination process, and should evaluate the merit of these ITP proposals beyond the current paradigm, beyond the strict minimums required by the current tariffs. In addition to providing economic, policy & reliability benefits, some ITPs may also provide enhanced benefits from the Energy Imbalance Market (EIM) that is currently in place among certain western Balancing Authority Areas (BAAs) and is expected to be joined by more BAAs in future. In addition to improving reliability benefits between two regions, an ITP can provide significant economic savings to the Regions by improving market participation. These benefits should be captured as part of the

ITP evaluation rather than only testing if the ITP can offset a Regional need. In the 2018-2019 Interregional coordination cycle, we encourage all Regions to think beyond the bare minimum coordination that is required under Order 1000 process and look at the proposed ITPs as an opportunity to foster new infrastructure that will benefit a vast pool of ratepayers across various Regions. In particular if an ITP provides economic and/or policy benefits, it should not necessarily be compared solely with currently identified Regional solutions but should be evaluated on its own merits.

**(2) Approval of an Interregional Transmission Project by a single Region**

As Regions evaluate ITP proposals and account for economic and/or policy benefits to their Regions, if the benefits of such ITP outweigh the costs for any particular Region, the Region should be able to select the project as a Regional project without participation from the other Region, regardless of the geographic location of the ITP and its endpoints, and regardless of whether it physically interconnects with a specific Region.

**(3) Interregional Transmission Project evaluations by CAISO**

Unlike the previous interregional coordination cycle, this year CAISO in its Regional process is not planning to conduct any special studies to evaluate ITPs will be submitted for 2018-2019 interregional coordination. Absent such studies, it is unclear how CAISO will perform Interregional project evaluation and to what extent stakeholders will have an opportunity to participate in interregional coordination. LS Power requests CAISO to provide more specific information to stakeholders on how ITPs will be evaluated in its 2018 Regional process.

LS Power thanks Western Regions for the opportunity to provide these comments and looks forward to participating as the Regions evaluate 2018-2019 ITPs.