THE HYDRO COMPANY, INC.
DBA THE NEVADA HYDRO COMPANY, INC.

August 17, 2014

RegionalTransmission@CAISO.com
California Independent System Operator
250 Outcropping Way
Folsom, CA 95630

RE: Comments on Second Stakeholder Meeting - Imperial County Transmission Consultation October 8, 2014
The Talega–Escondido/Valley–Serrano 500 kV Interconnect Project (FERC Docket ER06–278)
The Lake Elsinore Advanced Pumped Storage Project (FERC Project P–14227 and P–11858; dockets ER12-1302, ER12-1305, ER12-1312)

Dear Sir or Madam:

The Nevada Hydro Company ("Nevada Hydro") has reviewed the materials presented by the California Independent System Operator ("ISO") at its October 8, 2014 Imperial County Transmission Consultation Stakeholder Meeting (the "Meeting"). The ISO requested that stakeholders provide input on issues it identified in the presentation at the Meeting and on materials prepared in support of the Meeting. As described in detail herein, Nevada Hydro is providing comments on the following:

- The Draft Second Discussion Paper ("Paper"),
- Stakeholder Comment Matrix ("Matrix"); and,
- The Imperial County Transmission Consultation Stakeholder Meeting PowerPoint ("PowerPoint").

The Paper notes that comments are due by October 17, and Nevada Hydro responds herein accordingly.

1. Introduction

Nevada Hydro was pleased to see, on page 45 of the PowerPoint, that its Talega–Escondido/Valley–Serrano 500 kV Interconnect Project ("TE/VS Interconnect") is to be assessed by Aspen Environmental Group as we have designed it. As Nevada Hydro had detailed to the ISO previously, the TE/VS Interconnect has been evaluated on numerous occasions and as a result, Nevada Hydro anticipates Aspen's task will be relatively straightforward.

a) The California Public Utilities Commission ("PUC") prepared, according to the California Environmental Policy Act ("CEQA") mandates, a report titled "Interim Preliminary Report on Alternatives Screening for: San Diego Gas & Electric Company Valley - Rainbow 500kV Interconnect Project CPCN Application No. 01-03-036 U.S. BLM Case No. CACA-43368 — November 2002". In this report, the PUC analyzed in detail virtually all of the suggested routes the ISO now has on the table once again. The report remains available on the PUC web site at:

http://www.cpuc.ca.gov/environment/info/dudek/valleyrainbow/valleyrainbow.htm. The report concluded that virtually the only viable route for a connection in or around the newly dubbed "Inland" site, formerly known as the Rainbow site, is the route of the TE/VS Interconnect. From a permitting perspective, in the 12 years since the report was issued, over which time development in the region has occurred, permitting any of these alternatives (other than the TE/VS Interconnect) can only be more problematic then when the report was published.

b) Thirty of the roughly 32 mile length of the TE/VS Interconnect is within the Cleveland National Forest ("Forest"). The so-called "4(e) conditions" the Forest will impose on the project are set forth in the final environmental impact statement ("final EIS") for LEAPS, prepared by the Federal Energy Regulatory Commission ("FERC"). Nevada Hydro has provided the ISO with copies of letters from the Forest to Nevada Hydro and to the PUC documenting their acceptance of the project. Under their rules and as part of their development of the 4(e) conditions, Forest personnel identified and acknowledged each location the project will use within the Forest. This detailed process is documented in the Workbook available here: https://www.dropbox.com/sh/iy3u59ncxdy2rao/AAB1sfsfcYxG3k9fYfLjwho8a?dl=0.

c) The final EIS also sets forth the conditions under which the LEAPS project (including its connection to the grid) can be built. As it notes that LEAPS' connection to the grid and the TE/VS Interconnect are one and the same (see, for example, Appendix B), the TE/VS Interconnect has been assessed under the National Environmental Policy Act ("NEPA") and is clearly viable under the conditions imposed by NEPA, FERC and the Forest.

d) Aspen's designation of the TE/VS Interconnect as the preferred transmission alternative in the final PUC assessment for SDG&E's Sunrise project, again documented that there are no permit issues associated with the TE/VS Interconnect and that the project has been evaluated under the mandates of the California Environmental Quality Act ("CEQA"). The full analysis is available on the PUC's web site at: http://www.cpuc.ca.gov/Environment/info/aspen/sunrise/toc-feir.htm.

Simply put, the TE/VS Interconnect has no permitting issues. This will be reflected in Aspen's report: of all the alternatives under consideration, only the TE/VS Interconnect can be classified under Aspen's criteria as **Green: Possible.**

2. The Draft Second Discussion Paper

Nevada Hydro was pleased to see that the Energy Commission has decided to evaluate Nevada Hydro's TE/VS Interconnect "in time for the next ISO Transmission Planning Process meeting in late fall 2014" (page 8).

Nevada Hydro was also gratified that the ISO has acknowledged that

> *"The base TE/VS Interconnect was one such segment of a larger scheme that could provide reliability benefits that the larger plan may not be able to achieve. In fact, such considerations were suggested as an interim arrangement that could provide additional time to consider other options" (page 9).*

Nevada Hydro noted that the ISO is clearly aware of the scope of studies relating to the impacts of the TE/VS Interconnect on neighboring systems. The TE/VS Interconnect is the only alternative with studies already completed that define the scope of these upgrades. Nevada Hydro again notes that none of the other projects are well enough defined to make any guess as to the need for and magnitude of upgrades to adjacent systems. Such considerations need to be included in the ISO's consideration of these other options as it seems to be a factor in the consideration of the TE/VS Interconnect.

3. Stakeholder Comment Matrix

Nevada Hydro here provides its comments on the Matrix:

3.1 Comment 13a

The ISO notes that, "TEVS line is not expected to increase deliverability from Imperial County", but provides no basis or support for this statement. As the only proposed project under consideration with its full deliverability assessment complete, the LEAPS/TE/VS Interconnect includes system upgrades that allow for the full deliverability of 1,000 MW, enough to accommodate both the deliverability of LEAPS and IID's MIC allotment.

As a result, if IID were to connect their proposed HVDC line into Nevada Hydro's Lake substation, Nevada Hydro could deliver the full capability of IID's line to the SONGS area. Further, the ISO can easily confirm Nevada Hydro's belief that the TE/VS Interconnect + LEAPS will increase deliverability from IID to the ISO grid, without the need for a new HVDC line.

3.2 Comment 13c

The ISO notes that Nevada Hydro's comment

> *"suggests incorporating the project configuration from the 2007 Final Environmental Impact Statement (FEIS); however, that FEIS published by Federal Energy Regulatory Commission (FERC) addressed the combination of the TE/VS Interconnect with LEAPS. The Aspen report focused on the transmission corridor without taking into account the proposed pumped storage components that were the subject of the FEIS prepared by FERC."*

Nevada Hydro notes first that the FERC went to considerable length both the pumped hydro and the transmission portion of the project in its final EIS. See for example, Appendix B. The fact that FERC's final EIS "addressed the combination of the TE/VS Interconnect with LEAPS" is irrelevant to the electrical configuration of the project that has been public since FERC published the final EIS. Clearly, Aspen is eminently capable of excising the hydroelectric portions of FERC's project configuration to arrive at that of the TE/VS Interconnect. In its comment, Nevada Hydro objected to the ISO's description of the "TE/VS" project as consisting of elements not described in FERC's final EIS. Nevada Hydro is pleased that Aspen is to now evaluate the TE/VS Interconnect as described by Nevada Hydro and as described in the final EIS.

From an environmental perspective, the inclusion of LEAPS with the TE/VS Interconnect in the final EIS still demonstrates the permitability of both components and whether or not LEAPS is present has no relevance to the permitability of the TE/VS Interconnect itself, as the final EIS addressed both

components. Notwithstanding, Aspen's analysis of the TE/VS Interconnect in the Sunrise environmental documents again demonstrates its complete permitability as a stand–alone project.

3.3 Comment 13d

The ISO notes,

> *"As a result, the TE/VS Interconnect has no project-specific CEQA document other than the analysis presented for the Sunrise Powerlink alternatives analysis*

The ISO acknowledges that the TE/VS Interconnect is the ONLY alternative described in this proceeding that HAS a project specific CEQA analysis. CEQA requires that alternatives be analyzed to the same level of detail as the proposed project. Clearly, Aspen did just this. Further Aspen's analysis again demonstrated the absolute permitability of the TE/VS Interconnect.

4. Stakeholder Meeting PowerPoint

Nevada Hydro supports the ISO's consideration of the following points made in the PowerPoint:

- " . . .consideration of reliability benefits to be gained by completing segments of some of the larger routes that were suggested for Aspen to consider" (page 9)
- "The ability to stage the development of segments of the various alternatives may alter permitting assumptions on individual segments, while the overall alternative may be ranked as 'very challenging'" (page 9),
- "Such considerations could provide an interim arrangement, providing additional time to consider other options" (page 9)
- "Such an approach might resolve the reliability issues for the long term by informing stakeholders of avenues to solutions that can be assembled successfully while helping address critical reliability issues segment–by–segment" (Page 10).

With regard to the Aspen's Addendum, commencing on page 29, Nevada Hydro notes that some of the routes described use portions of corridors currently used by existing transmission lines. Nevada Hydro notes that such "common corridor" uses may give rise to common corridor failures, and the alleged reliability benefits of these proposals should be discounted accordingly.

Again, Nevada Hydro was pleased to see on page 45 that Aspen is analyzing the TE/VS Interconnect as Nevada Hydro has configured and as it has been analyzed by FERC in their final EIS and by Aspen and the PUC is the Sunrise EIR/EIS.

Nevada Hydro thanks the ISO for their consideration of these comments, and looks forward to seeing the next step in this process.

Sincerely,

/s/ David Kates
David Kates