



California ISO

Removing the Requirement to Develop an
Annual Comprehensive Statewide Plan from
the California ISO Tariff

Straw Proposal

May 18, 2017

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1. Executive Summary

The purpose of this straw proposal is to initiate a stakeholder process to consider removing from the ISO tariff the requirement that the ISO develop a Conceptual Statewide Plan in the annual transmission planning process.

In 2010, the ISO adopted tariff language regarding development of the conceptual statewide plan as part of its participation in the California Transmission Planning Group (CTPG). Since 2010, the ISO has prepared and published the conceptual statewide plan as part of its annual planning process cycle. However, since 2010 several important changes have occurred that support removing this tariff requirement. First, the ISO and other western planning regions have implemented the interregional planning requirements of FERC Order No. 1000,¹ and this has superseded development of the conceptual statewide plan and essentially rendered the conceptual statewide plan redundant and unnecessary. Second, the CTPG is no longer functioning, and the CAISO is essentially developing the conceptual statewide plan on its own accord, which defeats the fundamental purpose of developing the conceptual statewide plan in the first place. Under these circumstances, there is little if any value in the ISO alone developing the conceptual statewide plan, and it detracts limited ISO resources from focusing efforts on the extensive and important planning activities they must otherwise undertake. Accordingly, the ISO recommends removing the requirement to develop the conceptual statewide plan from its tariff.

This straw proposal provides further context regarding the requirement to develop the conceptual statewide plan and the ISO's decision to propose removing from its tariff the requirement to prepare the conceptual statewide plan.

2. Background

In 2009, the CTPG was formed to provide a forum for conducting joint transmission planning and coordination in transmission activities to meet California's needs, consistent with the principles enunciated in FERC Order No. 890. Members of the CTPG were transmission providers with transmission planning responsibility and included the following entities:

- California Independent System Operator (ISO)
- Imperial Irrigation District (IID)
- Los Angeles Department of Water and Power (LADWP)
- Pacific Gas and Electric (PG&E)
- Southern California Edison (SCE)
- Southern California Public Power Authority (SCPPA)
- San Diego Gas and Electric (SDG&E)
- Sacramento Municipal Utility District (SMUD)

¹ *Transmission Planning and Cost Allocation by Transmission Owning and Operating Public Utilities*, Order No. 100, 136 FERC ¶ 61,061 (2011), order on reh'g, Order No. 1000-A, 139 FERC ¶ 61,132, order on reh'g, Order No. 1000-B, 141 FERC ¶ 61,044 (2012), *aff'd sub nom*, *S.C. Pub. Serv. Auth. v. FERC*, 762 F.3d 41 (D.C. Cir. 2014).

- Transmission Agency of Northern California (TANC)
- Turlock Irrigation District (TID)
- Western Area Power Administration (Western)

The CTPG generally followed key principles intended to:

- Facilitate planning coordination among the ISO, publically owned utilities, and investor owned utilities and take advantage of planning windows for developing a transmission plan for California;
- Develop and implement cost-effective transmission system expansions to promote transmission reliability, efficiency, and accessibility on a voluntary basis and without pre-established institutional requirements that any expansions or upgrades be operated or controlled by a specific balancing authority or under any specific contract or tariff arrangement;
- Perform studies to evaluate the reliability impacts, costs, and benefits of proposed transmission projects;
- Meet NERC and WECC reliability standards; and
- Follow the nine FERC Order 890 planning principles.

In February 2011, as the result of a joint effort among its members, CTPG released the “2010 California Transmission Planning Group Statewide Transmission Plan – Final” that documented results from a significant study effort among the CTPG participants. Since publication of the initial report jointly prepared by the CTPG members, the ISO individually has prepared and released subsequent reports based on the individual transmission plans of the CTPG members.

3. California ISO Tariff

On June 4, 2010, the ISO filed a tariff amendment in FERC Docket No, ER10-1401 to implement a revised transmission planning process. In recognition of its involvement in and coordination with the CTPG, the ISO’s tariff amendment included proposed tariff language regarding the development of a conceptual statewide plan. Although the proposed tariff language did not expressly refer to the CTPG, the ISO proposed this requirement because it intended to work with the CTPG in developing the conceptual statewide plan on an annual basis. As the ISO indicated in its transmittal letter, “[f]or the 2010/2011 planning cycle the ISO is working with the [CTPG] for this purpose.” The ISO added that “[t]he conceptual statewide plan developed by the CTPG, with which the ISO is collaborating, will merely be one of many inputs into the ISO’s planning process.” The ISO requested that the Commission acknowledge its participation in the CTPG and approve using the conceptual statewide plan developed by the CTPG as an input into the ISO’s planning process.

In its order approving the ISO’s revised transmission planning process, FERC found the ISO’s “participation in CTPG studies acceptable” and “accept[ed] the proposed RTPP tariff provisions concerning the development of the conceptual statewide plan” subject to certain tariff modifications.²

² *California Independent System Operator Corporation*, 133 FERC ¶61,224 (2010).

The ISO tariff requires the ISO to develop an annual comprehensive Transmission Plan through a three phase process.³ Tariff section 24.4.4 contains provisions regarding the development of and comment on the conceptual statewide plan. Beginning in Phase 1 of the planning process the ISO is required to either develop or, in coordination with other regional or sub-regional transmission planning groups or entities, including interconnected Balancing Authority Areas, participate in the development of a conceptual statewide transmission plan.⁴ The conceptual statewide transmission plan may, among other things, identify potential transmission solutions needed to meet state and federal policy requirements and directives. The tariff contemplates that the conceptual statewide transmission plan will be an input into the ISO's Transmission Planning Process.⁵ The ISO must post the conceptual statewide transmission plan to the ISO Website and issue a Market Notice providing notice of the availability of such plan. In the month immediately following the publication of the conceptual statewide transmission plan, the ISO provides an opportunity for interested parties to submit comments and recommend modifications to the conceptual statewide transmission plan or alternative solutions, including potential interstate transmission solutions and proposals for access to resources located in areas not identified in the conceptual statewide transmission plan.⁶

To determine which transmission solutions should be included in the comprehensive Transmission Plan, the ISO evaluates, among other possible solutions, the conceptual transmission facilities identified in the conceptual statewide plan. In determining which transmission solutions it should include in the comprehensive Transmission Plan, (1) the ISO must consider the degree to which a Regional Transmission Facility may be substituted for one or more Local Transmission Facilities as a more efficient or cost effective solution to identified needs, and (2) the ISO cannot give undue weight or preference to the conceptual statewide plan or any other input in its planning process.⁷

4. Developing the Conceptual Statewide Plan from 2011 through 2016

Since January 2011, the ISO has prepared a conceptual statewide plan in parallel with preparing its annual comprehensive Transmission Plan. During the initial two years of developing the conceptual statewide plan, CTPG members actively engaged with the ISO in preparing the document. However, following issuance of Order No. 1000, that required the formation of formal Planning Regions implementation of formal interregional planning processes, the focus of California's transmission providers turned to implementing the requirements of Order 1000. As a result, members' participation in CTPG and engagement in developing the conceptual statewide plan faltered predominately because the non-ISO CTPG members have joined the WestConnect planning region. Since their participation in WestConnect's regional and interregional planning efforts, these entities have focused their coordination activities through WestConnect's processes.

³ California ISO Tariff § 24.2; http://www.caiso.com/Documents/ConformedTariff_asof_Apr10_2017.pdf

⁴ Id. at § 24.3

⁵ Id. at § 24.4.4

⁶ Id.

⁷ Id. at § 24.4.5

Between 2011 and 2014, the ISO prepared the conceptual statewide plan based on information available from the transmission plans developed by each of the CTPG members. However, once fully operational, WestConnect prepared their initial regional plan which documented the plans of its members. In turn, the California ISO utilized information from WestConnect's 2014 and 2015 biennial transmission plans to solely and unilaterally prepare the conceptual statewide plans for 2014 and 2015. The ISO will continue to use Information from WestConnect's regional plans to develop future conceptual statewide plans until such time as the California ISO is no longer required to develop the conceptual statewide plan. No other entity that was a member of CTPG has coordinated with the ISO in developing recent conceptual statewide plans.

5. FERC Order No. 1000 Supplants the Need for the Conceptual Statewide Plan

In July 2011, FERC issued Order No. 1000 on "Transmission Planning and Cost Allocation by Transmission Owning and Operating Public Utilities." The order required public utility transmission providers to make filings that demonstrated they were a qualified regional planning entity, as defined in the order, and modifying their tariffs, as needed, to meet the regional planning provisions of the order. It also required public utility transmission providers to form planning regions and for the planning regions to develop and file common tariff provisions with each of its neighboring planning regions to define a process whereby each pair of adjacent regions can identify and jointly evaluate potential inter-regional transmission projects that meet their transmission needs more cost-effectively or efficiently than projects in their regional plans. As a result of Order 1000, four regional planning groups were formed in the west:

- ColumbiaGrid
- California ISO
- Northern Tier Transmission Group (NTTG)
- WestConnect

Through collaborative efforts, the four planning regions developed and adopted joint tariff language that they filed with FERC. By June 2015 FERC had accepted all filings submitted by the planning regions.⁸ Since implementing the interregional planning provisions, the planning regions, which include former members of CTPG, have been proactively engaged in formal interregional coordination activities in accordance with Order No. 1000.

As shown in Table 1, since the Order No. 1000 planning regions were formed, almost all of the CTPG members are now members of either the California ISO or WestConnect planning regions. The planning regions have also been proactively engaged in formal, tariff-based interregional coordination activities, which includes sharing planning data and other information. Commensurate with the implementation of formal regional and interregional planning activities, the ISO has experienced a continued decrease in CTPG member engagement in the development of the conceptual statewide plan. Although the ISO provides the annual draft conceptual statewide plan to CTPG members for review, CTPG members generally have not responded. Recently, no CTPG members have assisted the ISO in actually developing the

⁸ *Public Service Company of New Mexico, et al., 149 FERC ¶61,247 (2014), order on compliance, 151 FERC ¶61,189 (2015).*

conceptual statewide plan. The ISO believes the primary reason for the lack of CTPG member involvement is that the formal planning regions have taken over coordination and planning activities, both regional and interregional, and CTPG members are participating in those formal processes. In other words, the Order No. 1000 processes have supplanted CTPG. The ISO believes this is appropriate and consistent with the intent of Order 1000.

Table 1 - CTPG Planning Region Affiliation

CTPG Member	Order 1000 Planning Region
California ISO	California ISO
IID	WestConnect
LADWP	WestConnect
PG&E	California ISO
SCE	California ISO
SCPPA	No affiliation
SDG&E	California ISO
SMUD	WestConnect
TANC	WestConnect
TID	WestConnect
Western	WestConnect

6. Conclusion

Based on the lack of meaningful engagement from stakeholders through CTPG and the formation of Order No. 1000 planning regions that have assumed responsibility for regional and interregional planning, the conceptual statewide plan set out in the ISO tariff no longer facilitates the coordination function it was originally conceived to provide. CTPG is no longer functioning as planning entity or coordination body it has not held a meeting in four years, has not scheduled meetings, has no current chairman, and is no longer represented at TEPPC or other regional and/or interregional planning entities. As such, the ISO considers continued preparation of the conceptual statewide plan as unnecessary, supplanted by required Order No. 1000 regional and interregional process, and not important to the entities that initially formed the CTPG and supported development of a conceptual statewide plan. Eliminating the requirement to develop a conceptual statewide plan will not adversely affect the ISO's planning process. The tariff still requires the ISO to determine the need for transmission solutions (or alternatives to transmission) to meet identified reliability, economic, and public policy needs. The tariff still requires the ISO to follow FERC approved processes for regional and interregional planning, in particular planning and coordination activities that are more formal, robust, and legally binding than the activities that the ISO undertook in conjunction with the CTPG. Absent the active participation of all statewide planning entities in developing a conceptual statewide plan, development of the plan amounts to little more than a unilateral ISO exercise. The ISO's limited resources are better directed toward focusing on, undertaking, and ensuring robust regional and interregional planning activities, meeting important public policy needs, and effectively addressing the needs significant operational challenges of a rapidly changing system.

7. Recommendation

The ISO recommends filing a tariff amendment to eliminate all tariff provisions in section 24 of the California ISO tariff pertaining to the conceptual statewide plan. Specifically, the ISO proposes to eliminate tariff section 24.4.4 and references to the conceptual statewide plan in tariff sections 24.2, 24.3, 24.4.1(a), and 24.4.5. Redlines of the recommended tariff are included in Attachment 1. BPM modifications will be proposed through the ISO's BPM Change Management Process.

8. Stakeholder Process

The ISO has set out a stakeholder process schedule in Table 2 and appreciates stakeholder participation in this effort.

Draft Straw Proposal	May 18, 2017	Post straw proposal
	May 25, 2017	Stakeholder call on straw proposal
	June 8, 2017	Stakeholder comments due on SP
Draft final proposal	June 22	Post draft final proposal
	June 29	Stakeholder comments due on DFP
Prepare Board Memo	June 30 – July 13	
Board approval	July 26-27, 2017	ISO Board of Governors Meeting

9. Next Steps

As a next step, the ISO will conduct a conference call to discuss this straw proposal on May 24, 2017. The ISO then invites stakeholders to submit comments on the ISO's straw proposal. Comments are due June 1, 2017 and should be submitted to RegionalTransmission@caiso.com.

Following review and evaluation of the comments received, the ISO will consider potential revisions to its proposal and issue a draft final proposal on March 14, 2017. It is anticipated that the draft final proposal will be considered by the ISO Board of Governors at their July 26-27, 2017 meeting.

Attachment 1

Redline Version of ISO's Tariff

24.2 Nature of the Transmission Planning Process

The CAISO will develop the annual comprehensive Transmission Plan and approve transmission solutions using a Transmission Planning Process with three (3) phases. In Phase 1, the CAISO will develop and complete the Unified Planning Assumptions and Study Plan ~~and, in parallel, begin development of a conceptual statewide plan.~~ In Phase 2, the CAISO will complete the comprehensive Transmission Plan. In Phase 3, the CAISO will evaluate proposals to construct and own certain transmission solutions specified in the comprehensive Transmission Plan. The Transmission Planning Process shall, at a minimum:

* * *

24.3 Transmission Planning Process Phase 1

~~Phase 1 consists of two (2) parallel processes: (1) the development of the Unified Planning Assumptions and Study Plan; and (2) initiation of the development of the statewide conceptual transmission plan, as discussed in Section 24.4.4.~~

24.3.1 Inputs to the Unified Planning Assumptions and Study Plan

The CAISO will develop Unified Planning Assumptions and a Study Plan using information and data from the approved Transmission Plan developed in the previous planning cycle. The CAISO will consider the following in the development of the Unified Planning Assumptions and Study Plan:

- (a) WECC base cases, as may be modified for the relevant planning horizon;
- (b) Transmission solutions approved by the CAISO in past Transmission Planning Process cycles, including solutions which the CAISO has determined address transmission needs in the comprehensive Transmission Plan developed in the previous planning cycle;
- (c) Category 2 policy-driven transmission solutions from a prior planning cycle as described in Section 24.4.6.6;
- (d) Location Constrained Resource Interconnection Facilities conditionally approved under Section 24.4.6.3;

- (e) Network Upgrades identified pursuant to Section 25, Appendix U, Appendix V, Appendix Y or Appendix Z relating to the CAISO's Large Generator

including such technical studies and other assessments as are necessary in order to determine ~~whether and how to include transmission solutions from the conceptual statewide transmission plan,~~ Regional Transmission Facilities, or other alternatives identified by the CAISO during the Phase 2 studies in the comprehensive Transmission Plan. According to the schedule set forth in the applicable Business Practice Manual, the CAISO will post the preliminary results of its technical studies and proposed mitigation solutions on the CAISO Website. The CAISO's technical study results and mitigation solutions shall be posted not less than one-hundred and twenty (120) days after the final Unified Planning Assumptions and Study Plan are published, along with the results of the technical studies conducted by Participating TOs or other third parties at the direction of the CAISO;

* * *

24.4.4 ~~[NOT USED]Comment Period of Conceptual Statewide Plan~~

~~Beginning in Phase 1, the CAISO will develop, or, in coordination with other regional or sub-regional transmission planning groups or entities, including interconnected Balancing Authority Areas, will participate in the development of a conceptual statewide transmission plan that, among other things, may identify potential transmission solutions needed to meet state and federal policy requirements and directives. The conceptual statewide transmission plan will be an input into the CAISO's Transmission Planning Process. The CAISO will post the conceptual statewide transmission plan to the CAISO Website and will issue a Market Notice providing notice of the availability of such plan. In the month immediately following the publication of the conceptual statewide transmission plan, the CAISO will provide an opportunity for interested parties to submit comments and recommend modifications to the conceptual statewide transmission plan or alternative solutions including potential interstate transmission solutions and proposals for access to resources located in areas not identified in the conceptual statewide transmission plan.~~

24.4.5 Determination of Needed Transmission Solutions

To determine which transmission solutions should be included in the comprehensive Transmission Plan, the CAISO will evaluate the conceptual transmission facilities identified ~~in the statewide conceptual transmission plan or other solutions identified~~ by the CAISO during the Phase 2 studies, proposed solutions for reliability-driven needs, LCRIF project proposals, proposals required to maintain the feasibility of long term CRRs, proposed Network Upgrades pursuant to Section 24.4.6.5 and the results of Economic Planning Studies or other economic studies the CAISO has performed and will consider potential transmission solutions and non-transmission or generation alternatives proposed by interested parties. In determining which transmission solutions should be included in the comprehensive Transmission Plan, ~~(1) the CAISO shall consider the degree to which a Regional Transmission Facility may be substituted for one or more Local Transmission Facilities as a more efficient or cost effective solution to identified needs, and (2) the CAISO will not give undue weight or preference to the conceptual statewide plan or any other input in its planning process.~~