

Stakeholder Comments Template

Subject: Revised Transmission Planning Process Draft Tariff Language

Submitted by	Company	Date Submitted
<i>Christopher T. Ellison Ellison, Schneider & Harris L.L.P. 2600 Capitol Avenue, Suite 400 Sacramento, CA 95816-5905 Phone: (916) 447-2166 Email: cte@eslawfirm.com</i>	<i>Large-scale Solar Association</i>	<i>May 14, 2010</i>

The Large-scale Solar Association (“LSA”) provides these comments on the CAISO’s Revised Transmission Planning Process (“RTPP”), Draft Tariff Language (hereinafter “Draft Tariff Language”), and the Final Proposal dated May 7th, 2010. LSA is the trade association for utility-scale solar developers in California and the Southwest.¹ Many LSA members are focusing their efforts on utilizing the results from RETI and have proposed projects that will access some of the most favorably considered CREZs. LSA will therefore be impacted by the amendments to the Transmission Planning Process and the work of the California Transmission Planning Group (“CTPG”).

This initiative began with the recognition that the existing transmission planning and approval paradigm is insufficient to meet the unique demands of the state’s renewable policies. The RTPP was intended to provide an alternative to the existing framework, such that new transmission elements needed to access remotely located resources would be expedited in furtherance of the state’s renewable policy objectives. LSA fears the CAISO has moved away from these fundamental objectives. There is a significant likelihood that the lines approved through the RTPP will fail to fully capitalize on the most productive renewable energy zones, or will not be built in time for the State to meet its policy objectives. As detailed below, LSA’s comments offer specific suggestions to reduce these risks. Specifically, these comments make the following points: (1) The Draft Tariff Language should be amended to comply with FERC Order 890 Requirements for regional coordination. As LSA has noted in all of its previous

¹ LSA represents thirteen of the nation’s largest developers and providers of utility-scale solar generating resources. Collectively, LSA’s members have contracted to provide over 6 gigawatts (“GW”) of clean, sustainable solar power under contract to California’s load-serving entities (“LSEs”). Its members develop, own and operate various types of utility-scale solar technologies, including photovoltaic and solar thermal system designs. LSA, and its individual member companies, are leaders in the renewable energy industry, advancing solar generation technologies and advocating competitive market structures that facilitate significant integration of renewable energy throughout the western United States. LSA actively represents the interests of utility-scale solar development in California, Arizona, and Nevada, and also works to shape regional and federal policies that affect solar development.

comments, the proposal fails to address regional coordination and will not allow ratepayers to capitalize on the substantial benefits that come from importing and exporting renewable power; (2) LSA is concerned that the comprehensive transmission plan will only allow for lines to be built by the year 2020, but will not allow for capacity additions throughout the planning timeframe (2010-2020), and (3) LSA requests that the CAISO clarify cost allocation for transmission lines proposed in the LGIP and that are expanded by the RTPP. LSA's recommendations for amendments to the Draft Tariff Language are noted in underline and ~~strikethrough~~.

1. The Draft Tariff Language Should Be Amended To Comply With FERC Order 890 Requirements For Regional Coordination.

As we urged in our previous comments, the proposal should encourage both the export and import of renewable power by creating a transmission plan that will provide for a reliable, least-cost renewable energy supply for California and the region. Such an interregional approach is necessary to enhance both reliability and the capacity to integrate greater quantities of intermittent renewable energy. Doing so will maximize the value of clean power for California ratepayers, as well as ratepayers within the WECC. To yield these benefits, and to comply with FERC Order 890, the RTPP will need to provide for coordination with other balancing authorities. As noted in our previous comments FERC Order 890 requires this type of coordination:

The scope of a particular planning region should be governed by the integrated nature of the regional power grid and the particular reliability and resource issues affecting individual regions and subregions. In very large regions, there may well be both sub-regional and regional processes. For example, in the West there are various sub-regional processes in addition to a WECC regional planning process. We believe that such an approach can work, provided that there is adequate scope to the sub-regional processes and adequate coordination between sub-regions. We expect sub-regions to coordinate as necessary to share data, information and assumptions as necessary to maintain reliability and allow customers to consider resource options that span the sub-regions.²

In other words, to comply with FERC Order 890, transmission planning processes must not only account for the fact that the grid is interconnected, but also that planning entities must coordinate with one another by sharing information.

Although the tariff amendments retain the existing provisions for regional coordination in the tariff, these provisions will not account for the unique need for regional coordination as developers pursue renewable zones throughout the Western United States. Simply put, the need for regional coordination is greater than ever, and the draft tariff language should be amended as follows to better address these issues:

² See FERC Order 890, ¶ 527, p. 302, available at: <http://www.ferc.gov/whats-new/comm-meet/2007/021507/E-1.pdf>

- Amend Section 24.2(c): “Seek to avoid unnecessary duplication of facilities and ensure the simultaneous feasibility of the CAISO comprehensive Transmission Plan and the transmission plans of interconnected Balancing Authority Areas, and otherwise coordinate with regional and sub-regional transmission planning processes and entities, including out of state balancing authorities.”
- Amend Section 24.3.1(h): “Energy Resource Areas identified as high priority by the CAISO, the CPUC, ~~or the CEC, or similar resource areas,~~ and regulatory authorities in other states within the WECC.”
- Add Section 24.3.1(l): “Transmission elements considered by balancing authorities in other states within the WECC that would connect to the CAISO and allow for the import or export of energy from within the CAISO.”
- Add Section 24.3.2(i): “A list of out of state balancing authorities that will be consulted in the preparation of the Comprehensive Transmission Plan.”
- Amend Section 24.3.4: “The CAISO will develop a conceptual statewide transmission plan that identifies potential transmission upgrades or additions needed to deliver sufficient energy from resources to California load serving entities to enable them to serve load reliably and to interconnect and ensure reliable delivery of supply resources needed to meet state and federal policy requirements and directives, including renewable and other environmental policies. In order to maximize the import and export of energy in California, the conceptual transmission plan will also propose interstate transmission elements coordinated with the planning processes in neighboring out-of-state balancing authorities.”
- Amend Section 24.4.3(b)(iii): the proposal, if a sub-regional or regional project that affects other interconnected Balancing Authority Areas, has been reviewed by the appropriate sub-regional or regional planning entity, ~~is not inconsistent with such sub-regional or regional planning entity’s preferred solution or project,~~ and has been determined to be appropriate for inclusion in the comprehensive CAISO Transmission Plan, ~~rather than, or in addition to, being included in or deferred to the planning process of the sub-regional or regional planning entity.~~
- Amend Section 24.4.6.6(e): “potential future connections to other resource areas and transmission elements, including out of state renewable energy zones.”
- Add Section 24.4.6.6(j): “The ability to import and export energy to and from the ISO grid.”

2. The CAISO Should Provide For Transmission Capacity Additions Over Time.

LSA is concerned that the RTPP will only provide review and approval of new transmission lines so that the lines are built by the year 2020. So far, the CTPG Results detail over 100 elements meeting various needs from the planning scenarios. However, it is unclear that any of these elements could be built in the near term. The 2020 deadline is disconnected from the fact that renewable generation developers must already have transmission hardware in the ground well before 2020 if their power purchase contract obligations and the state’s RPS goals are to be met. Power Purchase Agreements currently negotiated by developers require delivery of renewable power well before 2020 and the state’s renewables mandate is to have fully one-third of its electricity provided by renewables in that year. In other words, the CAISO is not implementing the state’s policy if it does not provide a plan for transmission to be built in

the near term. The plan should provide for transmission to come online throughout the period of 2010 - 2020.

The Proposal provides that the CAISO will only approve Category 1 lines. LSA believes that this will provide a more realistic chance that the least regrets projects that access priority renewable zones will actually be expedited. However, to ensure that transmission elements are approved throughout the 2010-2020 planning horizon, the CAISO should incorporate the following changes:

- Amend Section 24.2(b): “Reflect a planning horizon covering a minimum of ten (10) years, that considers previously approved transmission upgrades and additions, Demand Forecasts, Demand-side management, capacity forecasts relating to generation technology type, additions and retirements, near-term transmission upgrades to further state and federal policy objectives, and such other factors as the CAISO determines are relevant.”
- Amend Section 24.3.1(g): “Policy requirements and directives, as appropriate, including programs initiated by state and federal regulatory agencies and the timeframes for new generation resources needed to come online to meet those directives.”
- Add Section 24.4.6.6(k): “the ability of a project to interconnect renewable generation in the near term to satisfy state and federal requirements and directives.”

3. LSA Requests That The CAISO Clarify Cost Allocation For Transmission Lines Proposed In The LGIP And That Are Expanded By The RTPP.

As part of the coordination with the cluster LGIP process and the plan of service upgrades supporting the cluster studied interconnection requests, CAISO indicated it would review the cluster Phase I and/or Phase II study results and coordinate or otherwise integrate the study results with the on-going RTPP efforts. Staff provided, as an example, a scenario where the PTO provides for certain levels of development or service – such as a 230 kV line upgrade – and after review and coordination by the RTPP process, this line upgrade could be “upsized” to a 500 kV line reflecting the greater comprehensive, forward thinking of the RTPP process. LSA believes the CAISO should resolve the cost issues that may arise from this action. The renewable developers are provided a cost responsibility cap following the LGIP Phase I study process based on a specific plan of service outcome of the study. If the RTPP process revises the plan of service and associated cost estimates change, the PTO should be responsible for additional costs associated with “upsizing” a line. Further, if the costs are reduced as a result of the RTPP revision of the LGIP plan of service development, these cost reductions should be passed on to the developers that are funding these upgrades and possibly reduce the financial security requirements required by the LGIP process. LSA urges the CAISO to amend the Draft Tariff Language as follows to address these concerns:

- Amend Section 24.14.2: “Where the need for a transmission addition or upgrade is determined by the CAISO, the cost of the transmission addition or upgrade shall be borne by the Participating TO that will be the owner of the transmission addition or upgrade and shall be reflected in its Transmission Revenue Requirement. When transmission additions or upgrades would expand a plan of service developed under

Appendix Y, any additional cost above costs estimated in the plan of service shall be borne by the Participating TO. When transmission additions or upgrades would result in a cost reduction in a plan of service developed under Appendix Y, those cost reductions shall be reflected in the interconnection customer's financial security requirements."

CONCLUSION

LSA appreciates the CAISO's efforts and commitment to resolving the unique transmission development considerations posed by the State's renewable energy goals. However, LSA fears the CAISO has strayed from this fundamental objective. The RTPP will lead to a disjointed, California centric plan that does not account for regional transmission needs. Regional coordination remains a key area that should be expanded in the draft tariff language. As discussed above, LSA requests that the CAISO include additional mechanisms for regional coordination. LSA supports the portions of the Proposal that would prioritize Category 1 lines, but also believes the RTPP should be improved to provide for new transmission elements well before 2020. Finally, the provisions regarding cost responsibility should be clarified to avoid additional financial burden on interconnection customers when projects in the LGIP are "upsized."