

Stakeholder Comments Template

Subject: Getting to 33% Renewables Portfolio Standard – Renewable Transmission Projects

Submitted by	Company	Date Submitted
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The Large Solar Association (LSA) appreciates the opportunity to comment on the CAISO-proposed changes to the transmission planning process. LSA is the trade association representing utility-scale solar developers in California and elsewhere.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 highly ranked CREZs. LSA will therefore be impacted by the amendments to the Transmission Planning Process.

While many of the details of the CAISO proposal have yet to be determined, LSA supports the general concepts contained in the CAISO straw proposal. Currently, transmission planning, approval and siting in California are the most significant hurdles to the State's RPS goals. RETI made significant progress in identifying the State's transmission needs to access renewables, and LSA strongly supports the portions of the CAISO Straw Proposal that will incorporate the RETI results into the Transmission Planning Process. Streamlining the Transmission Planning Process will capitalize on the work of RETI and be an important step towards achieving California's RPS and AB-32 goals.

LSA's specific comments are provided below. In general, the CAISO should strive to create a balanced planning regime that does not unduly favor projects proposed by Participating Transmission Operators (PTOs), nor create a situation where network transmission upgrades pose an undue financial hardship on renewable generation developers. In addition to facilitating new, large trunk lines, CAISO should also consider streamlining the Large Generator Interconnection Procedure (LGIP).

¹ LSA represents ten of the nation's largest developers and providers of utility-scale solar generating resources. Collectively, LSA's members have contracted to provide over 5 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.

One of the primary elements of the CAISO proposal is to streamline the Transmission Planning Process by providing early approval for certain projects needed to access RETI CREZs. The CAISO Straw Proposal recommends conditionally approving these projects in the early stages of the Transmission Planning Process. While LSA appreciates the concern for potential stranded investment that underlies the conditional approval and re-evaluation proposal, we are concerned that a conditional approval may be too uncertain to accomplish the goal of accelerating the conditionally-approved projects. To remedy this uncertainty, CAISO should limit the circumstances in which a conditionally approved project might be reconsidered and ultimately not approved to situations involving very substantial changes in circumstances. There should be a rebuttable presumption that conditionally approved projects should receive final approval. Moreover, the burden of proof should lie with any party seeking to have a conditionally approved project reconsidered or disapproved.

These and other more specific comments on the CAISO Straw Proposal are detailed below. Above all, LSA expresses its support for streamlining the Transmission Planning Process and looks forward to working collaboratively with the CAISO and other stakeholders.

1. Is the proposed framework for the coordination of the ISO's Transmission Planning Process and the LGIP/GIPR feasible?

It is not entirely clear at this point how the Transmission Planning Process will coordinate with the LGIP. LSA appreciates the clarification at the Stakeholder Workshop that the focus of the Transmission Planning Process would be to primarily provide approval for major 500kv trunk lines. However, if project proponents perceive that this new process might provide an alternative, expedited mechanism for transmission project approval, there may be a tendency for the transmission planning process to become overwhelmed with interconnection projects. In the next version of the Straw Proposal, LSA requests CAISO clarify which types of projects would be considered for approval through the Transmission Planning Process. To fulfill the objective of streamlining transmission siting, CAISO should tailor its proposal to focus the expedited approval mechanism on projects that will serve more than one CREZ, but still allow for conditional approval of projects that may only access one CREZ.

Greater clarification is also needed as to who may submit projects into the Transmission Planning Process. There is a risk that the PTOs may become the gatekeepers to the Transmission Planning Process. This is because many of the RETI results focus on existing ROWs, and thus, when the upgrade is to an existing facility, the facility owner could control the request. Although the Tariff currently allows a fairly broad group of parties to submit project requests into the Transmission Planning Process, this should nevertheless be clarified in the CAISO Straw Proposal. The list of parties should include PTOs, interconnecting generators, other interested parties, and the CAISO itself. In many cases, the CAISO may be in the best position to propose projects that are needed to access multiple CREZs, recognizing that the CAISO would need a another entity to build, construct, and own any projects the CAISO proposes.

Assuming the CAISO intends to maintain a broad list of parties eligible to submit requests into the Transmission Planning Process, CAISO should also clarify the financial responsibility of those parties for the transmission projects they submit. Financial responsibility should be limited to PTOs. If financial responsibility is assigned to parties that are not PTOs, these parties may be discouraged from submitting requests for needed projects out of the fear that they would face the heavy financial burden for large 500kv trunk lines.

2. Are the three proposed criteria for evaluating RPS transmission network upgrades reasonable and workable?

Counting both LGIAs and PPAs is reasonable in measuring commercial interest in a transmission line. However, the process to achieve an LGIA is very lengthy, and in many cases won't provide the timeliest indicator of commercial interest. Thus, while generators progress in the LGIP is valuable in assessing the need for specific new transmission elements, the sufficiency of the overall renewable transmission plan should ultimately be measured against the ability of the plan to accommodate the executed PPAs. In addition, the CAISO may also consider including all interconnection requests that have proceeded to Phase 2 of the interconnection process in its commercial need determination. Use of projects that post the interconnection financial security to proceed to Phase 2 would provide a timely indicator while still screening for early stage generation development.

The proposal seeks to achieve sufficient transmission to achieve a 33% RPS goal by 2020 and includes a recalibration process that includes a re-assessment as to whether a project is still needed to meet the 33 percent RPS target. However, it is not clear as to how the progress toward the 33 percent target would be measured. Care must be taken to avoid over-counting expected resources, which could result in insufficient transmission being constructed. Similarly, it should not be assumed that transmission is loaded 100% efficiently, whereby every MW of installed transmission capability equates to a MW toward RPS goals.

In order to meet their targets, LSEs consider whether there should be some level of over-procurement to account for project failure. Similarly, transmission designed to meet precisely a 33 percent target is likely to fall short of the ultimate transmission needs. Therefore a margin needs to be included in determining whether sufficient transmission capacity has been proposed.

6. With respect to the second criterion, should signed PPAs or LGIAs be used to determine the level of commercial interest in a proposed network upgrade? If so, is 60 percent of the capacity of the transmission line a reasonable criteria for approval of a project? If signed PPAs or LGIAs are not an appropriate indication of commercial interest, how should commercial interest be determined?

LSA agrees with the use of commercial interest tests to evaluate the risk of building new lines that do not have LGIAs for all of their capacity. For the portion of the project not subscribed by LGIAs, a signed PPA is the best indication of commercial interest in a project. To obtain a PPA, project proponents must undergo a very detailed and comprehensive evaluation of the project and its commercial viability. Accordingly, the CPUC has come to rely heavily on PPAs for making need determinations for proposed transmission facilities. Accordingly, LSA

supports using PPAs as a primary indicator for the needs assessment in the second criterion to the extent there are not LGIAs for the full capacity. Use of only the LGIAs will result in a need-determination that is not readily comparable to the needs determination of other agencies that rely on PPAs in their need-determinations. Failure to consider PPAs would create a lack of cohesion in the transmission planning efforts of the various planning entities. Moreover, use of non-comparable needs-determinations could inhibit the CPUC from giving deference to a CAISO need-determination. In other words, if a CAISO need-determination is based solely on LGIAs, the CPUC may not be able provide deference to the CAISO's determination because it is inconsistent with the CPUC's procedures. For these reasons, LSA supports consideration of PPAs in determining which projects satisfy the second criterion for inclusion in the expedited Transmission Planning Process.

8. Should different levels of commercial interest be considered for projects that provide access to multiple energy zones (e.g. foundational transmission lines)?

As discussed in the stakeholder meeting, a different metric may be required for trunk transmission lines as the algebra used in determining the level of subscription to trunk lines serving multiple CREZs is more difficult. One possibility would be to base the need for these trunk lines in much the same way that is done for reliability upgrades. This would be to include the generation projects that would be included in the screening process (projects with LGIAs and PPAs) and assess whether there is a resulting transmission deficiency that is best met by a trunk transmission line.

There was also discussion at the stakeholder meeting of limiting the transmission projects approved under this process to trunk transmission lines. While there may be interest in moving such lines forward quickly, collector lines are also critical to utilization of the trunk lines and should not be allowed to lag in development. It is especially important to include collector lines if they can be developed and utilized in advance of trunk lines.

9. With respect to the third criterion, should some level of commercial interest in a CREZ be required as a threshold requirement for evaluation in this category?

Yes. Preference should be shown for those CREZs with an active commercial interest.

12. What criteria should trigger final approval of conditionally-approved projects?

Proactive transmission planning is an important goal. However, LSA is uncertain whether the current CAISO proposal will create enough certainty for transmission project proponents to pursue projects absent final approval from the CAISO. This is especially true given the scale of projects that would be preapproved. The CAISO anticipates that the majority of the projects that would obtain preapproval would be major 500kv trunk transmission lines accessing remote areas. Siting these types of projects can be very expensive. As discussed in LSA's response to Question 14, without final approval from the CAISO, a PTO or other developer may not be willing to pursue these expensive projects.

To provide greater certainty, CAISO should limit the circumstances in which a conditionally approved project might be reconsidered and ultimately not approved to situations involving very substantial changes in circumstances. For example, if the majority of projects (i.e., more than half) that would have utilized the conditionally approved project fail to post the requisite interconnection financial security to remain in their interconnection queue, then the CAISO may reconsider a conditionally approved project. However, if only one or two interconnection requests drop out, then a conditionally approved project may not be reconsidered. LSA requests the CAISO detail the situations in which a conditionally approved project may be reconsidered and disapproved, and urges the CAISO to only entertain a challenge to a conditionally approved project when there has been a very substantial change in circumstances. In addition, there should be a rebuttable presumption that conditionally approved projects should receive final approval. Moreover, the burden of proof should lie with any party seeking to have a conditionally approved project reconsidered or disapproved.

14. Is it feasible for conditionally-approved projects to proceed with licensing and permitting?

This may be problematic from both a cost recovery and public involvement perspective. At the stakeholder meeting, the utilities voiced their concern about the need to have assurance of cost recovery. Additionally, any siting and licensing activity involves significant public and local resources and engenders much public interest. Initiating such a process should be reserved for those projects where there is support that they are needed. Initiating this process in several areas simultaneously, some where the projects are approved and others where they are only conditionally approved, will create confusion and likely overly alarm the parties potentially impacted by conditionally approved facilities. This is why LSA suggests strengthening the conditional approval mechanism consistent with LSA's response to Question 12.

18. Other Comments or Suggestions?

An important discussion to initiate will be the upfront funding obligation for any project approved under this new category. Having the generators fund these upgrades presents difficult issues that may thwart the rapid development of transmission. Presuming that the transmission project developer would be responsible for the initial funding, what discretion would a PTO have in declining to develop an upgrade approved by the CAISO?