

Stakeholder Comments Template

Subject: Renewable Energy Transmission Planning Process (RETPP) Second Draft Final Proposal

Submitted by	Company	Date Submitted
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The Large Solar Association (“LSA”) provides these comments on the CAISO’s Renewable Energy Transmission Planning Process (“RETPP”), Second Draft Final Proposal (hereinafter “Proposal”) dated April 2nd, 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”).

LSA is concerned that the most recent Proposal provides significantly less detail than previous drafts. In particular, the Proposal offers no detail on how the RETPP will achieve regional coordination and comply with the requirements of FERC Order 890 for regional coordination. As detailed below, the CAISO should detail how it will work with balancing authorities in other states and otherwise account for the interconnected nature of the west wide grid. LSA also believes the Proposal requires clarification regarding the cost allocation for LGIP lines that are expanded by the RETPP.

LSA also recognizes that aspects of the Proposal improve on previous iterations. LSA supports the portions of the Proposal that recognize the need to account for the American Recovery and Reinvestment Act (“ARRA”). Like other portions of the Proposal, this provision

¹ LSA represents eleven 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.

should be expanded to clarify the scope of the ARRA exemption. LSA also supports the general goal to make the RETPP a more comprehensive plan, with the priority to grant approval for Category 1 lines. Our concerns and support for specific provisions of the Proposal are detailed below.

1. **The RETPP Proposal Fails To Address Regional Coordination And Could Violate FERC Order 890.**

California's transmission grid is interconnected throughout the western states, as well as parts of Mexico and Canada. While there is vast potential for renewable development in California, areas outside of California are currently being developed to serve California load with renewable power. Planning for the transmission to serve this load would be in the best interest of California ratepayers. 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, the RETPP will need to provide for coordination with other balancing authorities.

The RETPP Proposal states that it will include mechanisms for regional coordination. The Proposal states that: “[as] evidenced in the RETI process, a statewide renewable transmission plan, along with mechanisms for regional and sub-regional coordination, are needed to enable efficient development and delivery of state and regional renewable energy resources.”² However, this is the only point at which regional coordination is discussed in the Proposal. At the April 8, 2010 workshop, CAISO staff suggested that the Proposal retains the same regional coordination mechanisms from previous versions of the proposal. All of LSA's previous comments on the RETPP expressed concern that the RETPP does not allow for regional coordination. In previous iterations, the proposal would only account for regional transmission needs by allowing stakeholders to submit alternative proposals once the Phase 2 RETPP plan is finalized. LSA commented that regional needs must be addressed in tandem with other components of the RETPP, not simply as an alternative.³ LSA expressed these concerns to the CTPG as well.⁴ Since then, the CTPG has included planning scenarios that address high out of state renewable development. While the inclusion of out of state scenarios is a positive step in addressing the regional, interconnected nature of the grid, the CTPG has indicated that it will not go so far as to include interstate transmission elements in its plan.

Neither the ability to submit alternatives in Phase 2, nor the high-out of state planning scenarios in the CTPG will provide effective “coordination” as required by FERC Order 890. FERC Order 890 requires more:

² See RETPP Second Draft Final Proposal at p. 3.

³ See LSA Comments to the RETPP: January 19, 2010 LSA comments are available at: <http://www.caiso.com/2724/2724e3d838790.pdf>; November 13, 2009 LSA comments are available at: <http://www.caiso.com/2465/2465ea185e330.pdf>; and October 1, 2009 LSA Comments are available at: <http://www.caiso.com/243a/243a92434bd30.pdf>

⁴ See LSA Comments to the CTPG (December 21, 2009), available at: http://www.ctpg.us/public/images/stories/downloads/2009-12-21_LSA_Comments.pdf

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.⁵

In other words, to comply with FERC Order 890, transmission planning processes must not only account for the fact that the grid is interconnected, planning entities must also coordinate with one another by sharing information. There is no indication that this type of collaboration will take place in the RETPP. At most, the RETPP Plan may identify high out of state imports and then adjust the priorities for transmission development within California. Unfortunately, this will only create a disjointed, lumpy transmission system. In addition to including high out of state import scenarios, the CAISO should account for transmission projects that are being planned for in other balancing authorities. The CAISO should work with neighboring balancing authorities to ensure that the product of the RETPP compliments projects that are being evaluated in other balancing authorities. It is only through this type of information sharing and coordination that the RETPP will comply with FERC Order 890 and maximize the value of clean power to California's ratepayers. Moreover, this collaboration must be incorporated early on in the RETPP. The submission of alternatives in Phase 2 is an important element of the plan, but cannot be relied on to create a complete transmission plan that addresses regional needs.

Thus, to better ensure compliance with FERC Order 890, we specifically request that the next version of the RETPP proposal include a new section on regional coordination. This section should discuss in detail how the CAISO will account for regional, inter-state transmission needs. The discussion should also provide an in-depth discussion of the mechanisms for regional coordination, as referenced in the current Proposal. Consistent with LSA's comments above, regional coordination mechanisms must provide for information sharing with other balancing authorities, and the CAISO should specify when this type of information sharing will take place and how information from other balancing authorities will be incorporated into the RETPP.

⁵ See FERC Order 890, ¶ 527, p. 302, available at: <http://www.ferc.gov/whats-new/comm-meet/2007/021507/E-1.pdf>

2. **The Second Draft Final RETPP Proposal Improves On Previous Versions Of the Proposal By Accounting For ARRA, Expediting Least Regrets Lines, and Making The Plan More Comprehensive.**

LSA supports an exemption from the RETPP for transmission projects that will access generation projects pursuing ARRA funding. Consistent with stakeholder comment at the April 8th workshop, the CAISO should clarify how it will apply the exemption to a cluster where only a portion of the generation projects are pursuing ARRA funding. Since the study results for a particular project in a cluster are typically contingent on the results for other projects, it is difficult to fathom a situation where the CAISO could exempt some projects and not others without delaying the results for the entire cluster. In addition, the time delay between an approval under the LGIP and approval under the RETPP is long enough to jeopardize a generation project's eligibility for ARRA. LSA therefore encourages the CAISO to exempt the entire cluster when some of the transmission projects in a cluster will access ARRA eligible generation projects.

In previous comments, LSA urged the CAISO to focus on expediting RETI Phase 2A foundation group transmission lines and feeder lines that provide access to priority renewable areas. LSA has also expressed support for the comprehensive focus of the Proposal. As we discussed in our prior comments, expedited approval of both backbone transmission lines and feeder lines will be necessary to fulfill the state's renewable goals. However, if the RETPP provides approval for all of the transmission projects contemplated in a comprehensive plan, it is difficult to fathom how the CAISO could complete such a massive amount of planning, stakeholder involvement, review and approval under the proposed schedule. The Proposal reiterates the CAISO's support for a comprehensive plan, but also provides that the CAISO will only approve Category 1 lines in December 2010. LSA believes that this will provide a more realistic chance that the least regrets projects that access priority renewable zones will actually be expedited.

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

CAISO staff pointed out at the April 8th stakeholder meeting that the RETPP process, as part of the coordination with the cluster LGIP process and the plan of service upgrades supporting the cluster studied interconnection requests, would review the cluster Phase I and/or Phase II study results and coordinate or otherwise integrate the study results with the on-going RETPP 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 RETPP process, this line upgrade could be “upsized” to a 500 kV line reflecting the greater comprehensive, forward thinking of the RETPP 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 RETPP process revises the plan of service and associated cost estimates change, who will be responsible for funding these changes? Further, if the costs are reduced as a result of the RETPP revision of the LGIP plan of service

development, will these costs be passed on to the developers that are funding these upgrades and possibly reduce financial security requirements required by the LGIP process?

CONCLUSION

LSA appreciates the CAISO's efforts and commitment to resolving the unique transmission development considerations posed by the State's renewable energy goals. LSA remains concerned that the RETPP will lead to a disjointed, California centric plan that does not account for regional transmission needs. LSA supports the CAISO's comments that the RETPP will include mechanisms for regional coordination. This is a key area that should be expanded in the next version of the RETPP proposal. As discussed above, LSA requests that the CAISO include a new section detailing the mechanisms for regional coordination mentioned in the current Proposal. Finally, LSA supports the portions of the Proposal that would prioritize Category 1 lines, and exempt transmission projects that access ARRA eligible generation projects.