

COMMENTS OF SOLAR MILLENNIUM ON INITIAL STUDY REPORT FOR THE 2010 STATEWIDE CONCEPTUAL TRANSMISSION PLAN TO REACH A 33% RPS

Solar Millennium appreciates the opportunity to submit these comments on: (1) “2010 Phase 1 CTPG 2020 Study Report -Draft” (“Report”), the CTPG’s initial conceptual plan to help California meet a 33% Renewable Portfolio Standard (RPS); (2) the January 20th CTPG stakeholder meeting to explain and discuss the Report; and (3) the upcoming CTPG analysis phases 2 and 3.

We are happy to see that the CTPG has added stakeholder input and additional scenario analyses to its conceptual-plan development.

Our comments address the following issues:

- **The status of the 500 kV Colorado River-Devers-Valley Project**, also known as the California portion of the Devers-Palo Verde line #2 (DPV2); and
- **Addition of modularity and timing elements to the CTPG plan** in Scenario 2 and 3 analyses, as discussed at the January 20th meeting.

These issues are discussed further below.

Status of Colorado River-Devers-Valley Project: This project is included in the base cases of all the scenarios examined in the Report, as it has been with CAISO interconnection studies, as an “approved” transmission project. However, the project remains in regulatory limbo.

The CPUC recently approved conversion of the DPV2 project to the current California-only configuration. However, that approval was contingent on CAISO Board approval of the reconfigured project.

DPV2 was approved in September 2006 as an economic transmission project. CAISO Management stated later that construction of the California portions of the project could proceed first under the scope of that approval.

However, the current CAISO position is that, given the recent repositioning of the project as a California-only project primarily intended to interconnect new generation, the earlier Board approval of the project is not valid. Instead, the CAISO maintains that: (1) the project must be re-approved in the new configuration and purpose; and (2) over 1,000 MW of Large Generator Interconnection Agreements (LGIAs) supporting the project must be executed before that approval can be granted.

It is very clear, given the magnitude of generation projects remaining in the CAISO interconnection queue even after the recent required Transition Cluster financial-security postings, that there will be more than sufficient generation in the relevant areas to support this project. We assume that this is the reason that the CAISO has continued to include this project in the base cases for its own interconnection studies, and that the CTPG has done the same here.

In the meantime, however, the lack of final CAISO approval has prevented SCE from proceeding with timely construction of the project, thus jeopardizing the viability of all the generation projects dependent on this long-lead-time project. Some of this generation has been classified as “fast-track” by the relevant government entities in order to qualify for federal stimulus funding and cannot tolerate this on-going delay.

The CAISO should move promptly to obtain any FERC approvals needed to approve this project without further delay, similar to the exception treatment it sought, and was granted, for the Tehachapi Project.

Adding modularity and timing features to the CTPG plan: Solar Millennium fully supports the position of stakeholders at the January 20th meeting that the CTPG plan revisions in Phases 2 and 3 should feature:

- **Modularity:** While all elements of a transmission system must work together, Solar Millennium shares the concerns expressed at the meeting that provisions should be included in the plan that consider the possibility that some parts of the plan may not be built (or may be built at different times – see below), depending on the eventual location and amount of renewable-resource development.
- **Timing:** The CTPG plan should explicitly provide for construction and completion of transmission elements needed to meet a 33% RPS to allow generation to be deployed in an orderly progression throughout the 2010-2020 period. Priority should be given in this timing to transmission development to serve areas that already have significant amounts of generation in the CAISO interconnection queue and/or have signed PPAs, and they should consider future development likely to occur there (per the excellent work already done by RETI in this respect).

The current level of activity in these active areas is a market signal that there is already strong commercial interest there. Between the projects already under development and those likely to be drawn to those areas by approved transmission projects with defined on-line dates (the “build and they will come” effect), the risk of stranded assets would be relatively low.

Thus, the CTPG plan should sequence transmission for these areas to be completed in the early years of the plan scope. Transmission to serve promising areas with less current development activity can be sequenced for the later years, and thus can be adjusted as necessary depending on commercial interest and activity.