

**Response of the California Transmission Planning Group
Technical Steering Committee Study Team**

**California Wind Energy Association Comments
Re CTPG's draft Phase 2 Study Plan**

Comment Received:

The CTPG should plan transmission based on multiple possible renewable resource scenarios developed in the RETI process.

The scenarios used to develop the least regrets plan must be those developed in the Renewable Energy Transmission Initiative ("RETI") process. Those scenarios have benefited from the substantial two-year RETI stakeholder process and will therefore greatly increase the likelihood that the components of the California ISO plan will be accepted as "needed" in the certificate of public convenience and necessity processes at the California Public Utilities Commission. The California ISO should make clear that RETI is the foundation upon which the Renewable Energy Transmission Planning Process ("RETPP") rests.

CTPG Study Team Response:

As discussed in CTPG's final Phase 2 study plan, CTPG is currently working with RETI to evaluate alternative renewable resource portfolios.¹ Only one of the updated RETI portfolios will be evaluated in Phase 2; CTPG will explore with RETI what further portfolios should be examined in CTPG Phase 3. Additionally, CTPG's Phase 2 studies will utilize the RETI Steering Committee's most recently adopted renewable net short forecast.

Comment Received:

CalWEA has submitted several sets of written comments to the California ISO on its RETPP process. Since the CTPG process is intertwined with the RETPP process, CalWEA's comments submitted to California ISO are also applicable to CTPG's studies. CTPG should review and address these comments as part of the CTPG stakeholder process and also CTPG's ongoing transmission planning studies.

CTPG Study Team Response:

CTPG has reviewed the comments submitted by CalWEA on January 19, 2010, addressing the draft final proposal for the RETPP. The California ISO published that proposal on January 6, 2010, and it is available on the California ISO website or through the California ISO. The CTPG Study Team believes the following comments submitted by CalWEA to the California ISO are relevant to the CTPG's work as follows.

¹ See Table 4.3 and discussion on page 28-29 of the study plan, available at http://www.ctpg.us/public/images/stories/2010-03-03_CTPG_Phase2_Final_Study_Plan.pdf.

Comment [to the California ISO]:

“First, as we have said before, the CAISO must make clear that the RETPP must develop a ‘least-regrets’ transmission plan to facilitate achievement of the state’s renewable energy goals. (If the primary objectives were limited to, as stated, ‘essentially the same as those of the interconnection process’ (p. 3), then the RETPP would not constitute the proactive transmission planning that is envisioned.) The CAISO states in a footnote (p. 17 at n.14) that it ‘believes that the guiding concept of ‘least regrets’ infrastructure development should remain integral to the planning process,’ but fails to incorporate the approach needed to implement this principle into its RETPP planning methodology, or specify that it will be ‘the guiding concept’ for the CTPG’s analysis.

“As we explained in our earlier comments, the principle of least regrets planning for RETPP requires that the planning studies cover a multitude of renewable resource development scenarios, with each scenario leading to a separate set of transmission projects. Those transmission upgrades that are common to most scenarios should be identified as Category 1 (unconditional) projects. All other projects would be identified as Category 2 (conditional) projects. The additional criteria identified by the CAISO, as well as other criteria, may be used to prioritize Category 2 projects and perhaps move some projects from Category 2 to Category 1.

“A ‘least regrets’ approach would be consistent with the FERC ‘used and useful’ and ‘cost causation’ ratemaking principles against which the RETPP approach will ultimately be measured. See, e.g., *Illinois Commerce Comm’n v. FERC*, Nos. 08-1306, 576 F.3d 470 (7th Cir. 2009) (rejecting FERC cost allocation plan because it lacked substantial evidence of cost causation).

“Use of a least regrets approach to determining an RETPP transmission plan and Category 1 transmission projects will ensure that Category 1 transmission projects are capable of interconnecting a wide variety of potential renewable generation projects, thereby promoting competition among renewable generation projects for the benefit of all CAISO ratepayers. This outcome, together with FERC’s open access transmission rules, would eliminate the need for any economic testing of Category 1 transmission projects because, by definition, they will be necessary. Economic testing would appropriately be used to make choices among alternative means of achieving the same planning goal.”

CTPG Study Team Response:

In its Phase 2 study plan (at page 3), CTPG noted that:

“The CTPG will use this planning information and stakeholder input to conduct the analysis of a number of scenarios to enable the completion of a statewide conceptual transmission



plan that will provide a basis for ‘least regrets’ decisions in the subsequent planning phases by CTPG members.”

How the California ISO’s RETPP will conduct a “least regrets” analysis has yet to be determined, although that process will undoubtedly include consideration of project alternatives, a step that is beyond the scope of CTPG’s current study plan. CTPG is contributing to the basis for the California ISO’s least regrets analysis by assessing multiple plausible renewable resource portfolios.

Comment [to the California ISO]:

“[CalWEA] continue[s] to have serious concerns with the California ISO’s proposal to rely on the California Transmission Planning Group (CTPG) for its RETPP studies, and the guidelines under which the CTPG will operate. Our concerns are reinforced because ‘the CTPG process is still under development’ and there is apparently not yet a definitive plan for close CTPG-RETI coordination. (Draft Final Report, p. 13 & n.7.)

“Indeed, the California ISO concedes that the transparency and openness of the CTPG process has been only ‘partially resolved’ (p. 6) and is ‘still undergoing further development . . .’ *Id.* p. 7. Thus, any CTPG results that are inconsistent with key RETI planning criteria may need to be revisited and revised. CTPG guidelines, study parameters, analytic relationship to RETI, and stakeholder participation and comment procedures should have been established before the CTPG embarked upon its journey, not after its ship has set sail.

“While we share the California ISO’s strong desire to move forward quickly with the RETPP analysis, there is no reason why the California ISO could not have established clear rules of the road by now to address widespread stakeholder procedural concerns, which are not new. The California ISO should do so now, and without further delay. There are several key elements that must be a part of those guidelines.

“First, the California ISO must clarify that the CTPG will perform studies based on the ‘least regrets’ principle and multi-scenario transmission planning methodology, as discussed above.

“Second, the California ISO must clarify that the CTPG will use the results of generation build-out scenarios produced in the RETI process as inputs into its RETPP studies, at least for the first round of the RETPP process, given the substantial stakeholder discussion that has occurred in the RETI forum. (Indeed, the RETI process has included, and continues to encourage, the participation of all CTPG principals.) RETI must be the foundation of the CTPG analysis.



“Third, the California ISO should clarify that the CTPG must meet all its results milestones on schedule; most notably, the CTPG shall have its final study results by May of 2010.

“Fourth, the California ISO should clarify that it retains ultimate decisionmaking authority and responsibility for the results of CTPG for the California ISO footprint. This includes the responsibility of the California ISO to consider and address any stakeholder objections and, if CTPG fails to successfully meet any of the three criteria above, to take over and complete the RETPP studies.”

CTPG Study Team Response:

CTPG was formed to coordinate subregional transmission planning among all of the transmission owners and providers serving California. This is a broader constituency than would otherwise be available to the California ISO in its transmission planning activities. CTPG therefore believes the California ISO’s proposal to rely on the CTPG for the initial RETPP studies supports California’s renewable resource goals by reflecting and addressing the transmission needs of all entities serving retail loads in the state. By assessing all transmission needs on a more comprehensive, statewide basis, the potential risk of constructing substantially duplicative transmission upgrades within the service territories of different balancing authorities is reduced. This should result in economic benefits to consumers and reduce adverse environmental impacts. In addition, the California ISO, as a member of the CTPG, is providing significant technical expertise to the CTPG studies and expects that the concerns raised by CalWEA will be addressed within the CTPG work through the California ISO’s participation in CTPG.

With respect to CalWEA’s suggested reliance on RETI, CTPG’s position is presented earlier in this response.

With respect to CalWEA’s comment that “CTPG shall have its final study results by May of 2010”, the CTPG studies are currently on track to meet this deadline.

Finally, CTPG agrees that, with respect to recovering costs through the California ISO’s Transmission Access Charge (TAC) mechanism, the California ISO retains ultimate decision-making authority for those transmission projects seeking direct cost recovery from loads subject to the TAC.