

**Comments of the California Wind Energy Association
on CAISO's October 30, 2009, Revised Straw Proposal
"Getting to 33% RPS through Comprehensive, State-wide Grid Planning"**

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The California Wind Energy Association (CalWEA) appreciates this opportunity to comment on the CAISO's Revised Straw Proposal to plan transmission for the state's 33% Renewables Portfolio Standard goal. Again, we are a strong supporter of the CAISO's objective of proactive renewables transmission planning, and very much want to see this objective achieved.

1. Timeline Concern

We believe that more time is necessary than what the CAISO outlines in its Revised Straw Proposal to develop a sound and broadly supported process to be used to develop a 33% RPS transmission plan. Given the unlikelihood of a state law establishing a 33% RPS requirement being adopted by December of this year, or even early in 2010, we see no need to rush Board approval of this policy this year.

As we explained in our initial comments submitting September 30, 2009, the CAISO's proposal must rest on the foundation of a state-law 33% RPS requirement (or, at a minimum, final ARB regulations) if the proposal is to be accepted by FERC and survive legal challenge. Further, the state's requirements regarding the delivery requirements for the renewable resources eligible under the 33% RPS – which are as yet still unknown -- will be fundamental to the assumptions made in the CAISO's transmission planning effort.

Therefore, we recommend that the CAISO wait until this foundation is established before it submits the proposed policy to FERC, which has the additional benefit of allowing sufficient time to "fully bake" this ambitious planning proposal.

2. Concern Over CTPG Responsibility

CalWEA is very concerned with the CAISO's proposal to charge the California Transmission Planning Group (CTPG) with coordinated transmission planning responsibility for the 33% RPS initiative. Specifically, CalWEA is concerned that the CTPG process is not consistent with the transmission planning principles of Order 890. The CTPG process lacks transparency and accountability. The CAISO states that the "CTPG process is intended to be Order 890 compliant," but the Revised Strawman Proposal is devoid of any details regarding when and how this will be accomplished in all phases of the process, including the Phase 1 conceptual plan. While Federal Energy Regulatory Commission condones the use by ISOs of an independent third party such as the CTPG to oversee or coordinate the transmission planning process, FERC requires transmission providers to allow customers to collaboratively develop transmission plans with the transmission providers on a co-equal basis. (Order No. 890 at 454.)

Further, before “punting” to the CTPG, the CAISO must clarify the role and ultimate responsibility, if any, of the CTPG for transmission planning, and how the CTPG will not duplicate subsequent efforts that will be required of the CAISO. Transmission planning is a tariff obligation of each transmission provider. Therefore, the ultimate responsibility for planning remains with the CAISO. (Order No. 890 at P 454.)

In any event, whether the CAISO does the planning by itself or relies on the work of the CTPG, the CAISO should ensure that one or two representatives from the Renewable Energy Transmission Initiative closely participate in the 33% RPS transmission planning process.

3. Category 1 and 2 Upgrades

We agree with the proposal (at pp. 2 and 7-8) to distinguish between “Category 1” transmission lines, which would be consistent with RETI’s concept of foundational lines and which would be approved unconditionally, versus “Category 2” lines that would be approved conditionally, subject to additional criteria including showings of commercial interest.

As discussed on the November 6 stakeholder call, we propose that this concept be executed within a process that we described in Section 5 of our September 30 comments, and we hope to see this idea incorporated in the CAISO’s next draft of the proposal.

4. Recovery through the TAC & Upfront funding

As discussed in our initial comments, to be meaningful, this initiative must specify that network upgrade costs will be recoverable through the transmission access charge (TAC), and the participating transmission owners (PTOs) must upfront fund those upgrades. Alternatively, if PTOs are unwilling to build the identified projects, the CAISO should solicit offers from independent transmission developers and provide a vehicle for such entities to recover their costs through the TAC. Further, the CAISO should work with the CPUC to ensure that it will consider Category 1 projects to be needed in the CPCN process.