

CALWEA COMMENTS ON PROPOSED SCE-AREA LCRIF PROJECTS

The California Wind Energy Association (CalWEA) offers these comments two SCE transmission projects proposed for inclusion in the 2009 ISO Transmission Plan.

These Tehachapi-area projects are proposed as Location-Constrained Resource Interconnection Facilities (LCRIFs) – high-voltage transmission facilities to connect two or more Location-Constrained Resource Interconnection Generators (LCRIGs) to the ISO grid. ISO Management recommends approval of the projects and plans to seek conditional ISO Board approval in May.

These are the first LCRIFs proposed in the ISO planning process, and some important precedents may be set in the review and approval process. CalWEA is encouraged to see the ISO and SCE take advantage of this new tool to offer a potentially more-efficient and lower-cost interconnection option and offers these comments in the interest of improving this process. (We refer to the two proposed projects collectively as the “LCRIF Projects.”)

Our interest in a positive and thorough LCRIF process here is twofold: (1) We want to ensure that this tool is used in an appropriate and cost-effective manner; and (2) we believe that one or more of our members could be served through the specific LCRIF Projects proposed (though it is difficult to determine that from the maps and other information provided thus far).

LCRIF Project information: The information provided so far on the LCRIF Projects is summarized below.

PROJECT	DESCRIPTION	NEED	ON-LINE DATE	COST	REASON BOARD OK NEEDED
Drycreekwind LCRIF Project	New 230 kV Drycreekwind Substation & 4-mile 230 kV line to 500/230 kV Whirlwind Substation.	2 LCRIGs so far (550 MW) – 48% of 1,150 MW LCRIF	February 2010*	\$50 M (\$8M RR)	Cost
Highwind LCRIF Project	New 230 kV Highwind Substation & 9.6-mile 230 kV line to 500/230 kV Windhub Substation.	3 LCRIGs so far (759 MW) – 66% of 1,150 MW LCRIF	December 2010	\$46 M (\$8M RR)	CREZs not yet approved by CPUC/CEC

*The “earliest date.” Draft Plan says “SCE’s CPUC environmental filing reflects an in-service date of October 2013.”

The 2009 ISO Transmission Plan documents and other information provided so far indicate that these projects were part of the Tehachapi Transmission Project (TTP) approved by the ISO Board in January 2007, assuming CPUC-approved revenue recovery for any portion of the project not approved by FERC. These documents say that SCE is now submitting the “radial section” of the TTP “for rate recovery under the FERC-approved LCRI Tariff.”

LCRIF proposal planning process: The ISO Tariff (Section 24.3) provides as follows:

- **Proposal submittal:** LCRIF proposals should be submitted to the ISO in the annual Request Window, with:
 - **Sufficient technical information** to demonstrate compliance with ISO grid standards and LCRIF requirements;
 - **Conceptual plans** for connecting the relevant LCRIGs to the LCRIF;
 - **Consideration of transmission alternatives;**

- **Potential for later conversion of the LCRIF to a network facility**, i.e., “the potential for the future connection of further transmission additions that would convert the proposed facility into a network transmission facility, including conceptual plans;” and
- **Estimated “planning-level” project costs and on-line date.**
- **Project evaluation:** ISO must consider the following in assessing proposed LCRIFs:
 - **Compliance with relevant criteria**, i.e., ISO LCRIF criteria & ISO/WECC/NERC Grid Planning Standards;
 - **Project flexibility & robustness**, i.e., the capability of the LCRIF to both interconnect LCRIGs and be converted later to a network facility; and
 - **Economic and operational factors**, e.g., relative costs and benefits of the LCRIF compared to those of other potential interconnection alternatives.

The ISO said in the stakeholder process leading to establishment of the LCRIF that its analyses would assume that Renewables Portfolio Standards (RPS) and similar requirements must be met (e.g., assume that 20% of energy use must be renewable), and then assess relative cost-effectiveness of proposed LCRIFs under that assumption (e.g., comparing the cost of meeting RPS requirements with & without the project).

CalWEA comments and questions

- **LCRIF development & assessment process:** The LCRIF development and assessment process should ideally include developers of the generation projects that would be affected, in part so they can be confident in the project design and costs.

The LCRIGs that the LCRIF is intended to serve would have no obligation to use the LCRIF once it is constructed, and no one would benefit, for example, if investment was stranded because the generators expected to use the facility take advantage of more cost-effective and/or convenient interconnection options. Our members want the opportunity to be helpful contributors to the success of the LCRIF development process.

We understand that the ISO planning process was somewhat chaotic this cycle, due to (among other things) Order 890 compliance workload on ISO staff. However, we hope that the ISO will:

- Give affected generators (and others that may pay part of the LCRIF cost) an opportunity to examine the ISO analyses of these and future LCRIF proposals it receives; and
- Make a statement of its support for involvement of affected generators in development of future LCRIF proposals in its final recommendations for the LCRIF Projects.
- **Request for abbreviated stakeholder process:** As noted above, CalWEA understands the timing problems with the planning process this year and has no desire to slow SCE’s construction of any interconnection facilities. However, we ask ISO to conduct a short stakeholder process before the May Board meeting that would, at a minimum:
 - **Share the information submitted to the ISO in the LCRIF Project proposals**, including: (1) alternatives considered; (2) conceptual future network-facility conversion assessment; and (3) the assumptions leading to the cost estimates (e.g., assumed depreciation period (so the affected generators can know how long their “going-forward fixed-cost payments” will last), and why the project with the shorter line costs more);

- **Clarify which generation projects the LCRIF Projects are intended to serve;**
- **Clarify the on-line dates for the LCRIF Projects** – as noted above, there appears to be some question about the date for the Drycreekwind LCRIF Project, and the three-year difference between the dates given is significant; and
- **Share the ISO analyses leading to its positive recommendation on the LCRIF Projects.** To its credit, the ISO provides extensive analyses related to the reliability-related transmission projects recommended in the draft 2009 ISO Transmission Plan, and we are asking that this same level of detail be provided for the LCRIF Projects. (This is also the same information that would be required for any other transmission project for which Board approval is sought.)