

**Comments of
California Wind Energy Association
on
CAISO Revised Transmission Planning Process (RTPP)
Complete Final Proposal (5/7/2010)**

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The California Wind Energy Association (CalWEA) appreciates the opportunity to submit these additional comments on the California Independent Transmission System Operator, Inc.'s (CAISO) "Complete Final Proposal" for its Renewable Energy Transmission Planning Process, now renamed as the Revised Transmission Planning Process ("RTPP").

CalWEA have been strong proponents of the CAISO's efforts to reform transmission planning in light of California's 33% renewable energy portfolio requirements, and we appreciate CAISO's receptivity to many of our suggestions on how to reform that process. The cornerstone of our comments, which the CAISO has previously embraced, is the "least regrets" approach to planning transmission expansions, which incorporates an objective, multi-scenario approach to identify those transmission upgrades that are common to a broad range of renewable development scenarios.

While we have strongly supported the CAISO's initiatives, we are concerned by the lack of detail in the CAISO's "Complete Final Proposal," which we found surprising considering the detailed comments that have been provided by CalWEA and many other parties, and in view of the extensive substantive discussions that have taken place with stakeholders and the advanced level of planning already underway through the California Transmission Planning Group ("CTPG"). Given the late stage and magnitude of the effort, we had expected to see a detailed transmission planning document that spells out the elements of the least regrets approach and other details that the CAISO has said it will include. We are guardedly optimistic that the CAISO will include the necessary details in its tariff filing with the Federal Energy Regulatory Commission ("FERC"). We will reserve our more detailed comments for that filing, but at this juncture wish to emphasize three points.

1. Least Regrets Transmission Planning Must be the Core of the RTPP

The Complete Final Proposal emphasizes a newly minted category of "Policy-Driven Elements" which the CAISO will select "based on sufficient, demonstrated commercial interest on the part of new generation that will utilize the new transmission capacity" Complete

Final Proposal at p. 8. The CAISO offers eight considerations that it will apply to select these projects.

The CAISO's new approach is flawed because it establishes no objective criteria for selecting transmission elements that are "policy-driven." Indeed, the whole point of least regrets planning is to use a multi-scenario analysis as an objective means to identify the transmission elements. The CAISO's approach, however, seems to turn objective analysis on its head by pre-selecting projects based on vaguely described "policy" considerations, and then to use the study process to validate the choices. There are already mechanisms available in the TPP for market participants and stakeholders to request the CAISO to evaluate specific proposals, and there are mechanisms for generation developers "with a high commercial interest level" to seek transmission to support their projects. By elevating the need for these types of projects by labeling them as "policy-driven," the CAISO invites precisely the sort of over-building and distortion of the market that the least regrets approach is designed to avoid.

We therefore respectfully disagree with the CAISO's approach, and reiterate our earlier comments to make the least regrets method the core criteria for project selection. The fundamental principles of least regrets must be clearly set forth in the tariff, including multi-scenario analysis (using various plausible renewable energy development scenarios) and pursuit of the upgrades that are common to most or all scenarios. It is these objective analytic principles that are essential to guard against over-building, and to protect the market from favoritism towards particular projects, while simultaneously meeting other transmission system needs.

2. All Projects Identified in the RTPP Must Be Up-Front Funded by the Transmission Owners Assigned Responsibility to Build the Projects by the CAISO

We understand that it is the CAISO's intent to require those transmission owners (or prospective transmission owners) selected by the CAISO to construct RTPP projects to be financially responsible for constructing them, with later cost recovery through the transmission access charge when the facilities are placed into commercial operation. We are concerned by the absence of any specific language to this effect in the CAISO's Complete Final Proposal, and look forward to an explicit provision along these lines when the CAISO files its tariff revisions with FERC.

3. The Development of LCRI Facilities Should Not Be Limited to Existing PTOs

The tariff should not include any provisions that would limit eligibility to develop location-constrained resource interconnection facilities (LCRIF) to existing PTOs, as suggested in the first paragraph on p. 3 of the Complete Final Proposal. Any prospective PTO should be eligible to develop an LCRIF. This will require modification of the LCRIF tariff provision to address the TAC impact limit, as a new PTO will not have an existing TAC against which to apply the impact limit.