

## DOCKETED

<b>Docket Number:</b>	15-RETI-02
<b>Project Title:</b>	Renewable Energy Transmission Initiative 2.0
<b>TN #:</b>	211497
<b>Document Title:</b>	Duke American Transmission Company's Comments on the May 2, 2016 Renewable Energy Transmission Initiative 2.0 Workshop
<b>Description:</b>	Joint Agency Workshop
<b>Filer:</b>	System
<b>Organization:</b>	Ellison, Schneider & Harris L.L.P./Brian S. Biering
<b>Submitter Role:</b>	Public
<b>Submission Date:</b>	5/16/2016 2:23:03 PM
<b>Docketed Date:</b>	5/16/2016

*Comment Received From: Brian S. Biering*

*Submitted On: 5/16/2016*

*Docket Number: 15-RETI-02*

**Duke American Transmission Company's Comments on the May 2, 2016  
Renewable Energy Transmission Initiative 2.0 Joint Agency Workshop**

*Additional submitted attachment is included below.*

# ELLISON, SCHNEIDER & HARRIS L.L.P.

ATTORNEYS AT LAW

2600 CAPITOL AVENUE, SUITE 400

SACRAMENTO, CALIFORNIA 95816

TELEPHONE: (916) 447-2166

<http://www.eslawfirm.com>

May 16, 2016

Brian Turner  
California Natural Resources Agency  
*Via e-Comment*

Re: Duke American Transmission Company's Comments on the May 2, 2016 Renewable Energy Transmission Initiative 2.0 Joint Agency Workshop.

Dear Brian,

Duke American Transmission Company ("DATC") provides these comments as a supplement to our oral comments at the Renewable Energy Transmission Initiative 2.0 ("RETI 2.0") Joint Agency Workshop ("Workshop"). DATC is a California Independent System Operator ("ISO") Participating Transmission Owner ("PTO"). DATC owns the majority of the transmission service rights for the critical Path 15 Upgrade Project portion of the ISO controlled transmission grid. DATC and its parent entities, including Duke Energy and American Transmission Company, have considerable experience developing, owning and operating major transmission facilities across the country.

DATC supports the State's 2030 and 2050 carbon reduction goals. If properly designed, RETI 2.0 can not only play an important role in furthering the 2030 goal by providing early signals to renewable energy developers about the availability of transmission, but also take an equally important step of placing the California grid on a path to support the climate goals post-2030. As we explained in our March 30, 2016 comments<sup>1</sup>, the best way for the RETI 2.0 Plan to provide meaningful signals is through the development of a flexible plan that provides a set of robust recommendations about future transmission needs. The plan should strive to account for the inherent uncertainty in generation planning and recognize that achieving the State's long term carbon reduction goals will require the state go well beyond a 50% RPS. A flexible plan that provides a robust set of recommendations will also further the State's goals of building a dynamic system that integrates with other western markets.

The RETI 2.0 team has done an impressive amount of work in a short period of time to understand the commercial interest in various renewable zones. However, DATC remains concerned that the RETI 2.0 Plan will not send meaningful signals about transmission

---

<sup>1</sup> See Duke American Transmission Company's March 30, 2016 RETI 2.0 Comments, available at: [http://docketpublic.energy.ca.gov/PublicDocuments/15-RETI-02/TN210911\\_20160330T155712\\_Brian\\_S\\_Biering\\_Comments\\_Duke\\_America\\_Transmission\\_Company\\_Comm.pdf](http://docketpublic.energy.ca.gov/PublicDocuments/15-RETI-02/TN210911_20160330T155712_Brian_S_Biering_Comments_Duke_America_Transmission_Company_Comm.pdf)

availability to the developers in these areas if the plan exclusively focuses on energy-only scenarios. Minimizing transmission costs through a focus on energy-only scenarios will not necessarily result in lower overall costs because a lack of transmission can raise generation costs that far outweigh the costs of building transmission. A transmission plan that guesses wrong on generation portfolio planning can force reliance on generation that is costly, environmentally harmful (placing more emphasis on GHG emitting resource), or unreliable, leading to much larger ratepayer costs than the costs of planning for contingency transmission that is ultimately deemed unnecessary.

The price of failure to hedge for uncertainty is particularly great in the context of transmission planning. Major transmission additions take many years to plan and permit; this is particularly true in California. Thus, needed but unplanned transmission cannot be built quickly as circumstances change. The opposite is not the case. Transmission that is planned, but later determined to be unnecessary, can easily be suspended prior to construction. Because the vast majority of transmission costs are incurred in the construction phase, stranded-cost risks are limited during the first 70-80% of the pre-construction portion of a typical transmission project schedule.<sup>2</sup> Stated simply, transmission planning risks are asymmetric: a transmission plan is much more flexible downward than upward.

As the RETI 2.0 team reviews the interconnection requests recently submitted in Queue Cluster 9, the team should analyze how many requests (as well as those in previous clusters) were submitted as full capacity deliverability status (“FCDS”) projects. In recent Queue Clusters, developers have submitted their projects as FCDS in order to manage and minimize the risks of curtailment. For example, of the sixty-three interconnection requests submitted in Queue Cluster 8, sixty-one were submitted as FCDS. We expect this trend to continue with Queue Cluster 9 in part because existing power purchase agreement structures do not adequately address the financial and operational risk(s) of curtailment. These limitations create significant impediments in financing power projects. It is difficult for developers and financial institutions to accurately project the likelihood of curtailment or the potential impact on a project’s income stream. Consequently, the vast majority of developers pursue FCDS under CAISO Tariff Appendix DD. These commercial trends should be reflected in the RETI 2.0 Plan through the evaluation of full capacity scenarios. Put differently, by only assessing energy-only scenarios, there will be a disconnect between commercial interests and the recommended transmission solutions RETI 2.0 identifies to satisfy commercial generation interests and the state’s carbon reduction goals.

Another way the state can maximize the value of the RETI 2.0 process is by enabling the RETI 2.0 recommendations to feed into the CPUC’s Integrated Resource Planning (“IRP”) process early in that proceeding (R.16-02-007) as well as the Transmission Planning Process (“TPP”). At the recent Prehearing Conference in R.16-02-007, the parties discussed a “top-


---

<sup>2</sup> See for example, “Baseline Transmission Costs”, Table 2-1, as reported in *Capital Costs for Transmission and Substations, Recommendations for WECC Transmission Expansion Planning*, B&V Project No. 176322 (October 2012).

down” approach wherein the results of state-wide studies (e.g., pathways, low carbon grid study, etc.) would form the starting point for evaluating state-wide needs sometime this summer. RETI 2.0 could play an important role in this process by informing the likely generation and transmission development scenarios that will be needed to further the state’s 2030 GHG targets. RETI 2.0 could link studies that focused on technical capabilities and costs (e.g., Pathways) with projected commercial interests and an assessment of transmission needs. Given the long lead time needed to develop major transmission projects and the projected timeframe for the first iteration of the IRP process (2016 – 2018), RETI 2.0 should enable these links by providing recommendations that could be used at the CPUC as early as this summer.

In sum, DATC is encouraged by and strongly supportive of the RETI 2.0 effort as it represents the type of longer term, coordinated transmission planning that is needed to achieve California’s ambitious 2030 (and beyond) GHG targets and the creation of a dynamic grid. The RETI 2.0 team should strive to create a robust set of recommendations and a resilient transmission plan that is flexible enough to meet California’s goals in an uncertain future. The RETI 2.0 team should strive to provide meaningful recommendations and signals about transmission availability and seek to align the plan with commercial development trends. To do this, the RETI 2.0 team should consider full capacity deliverability scenarios and the recommendations should be integrated into the IRP process as soon as possible. DATC appreciates the consideration of these comments.

Sincerely,

  
\_\_\_\_\_  
Brian S. Biering  
Ellison, Schneider & Harris L.L.P.  
Attorneys for Duke American Transmission Company