

## DOCKETED

<b>Docket Number:</b>	16-RGO-01
<b>Project Title:</b>	Regional Grid Operator and Governance
<b>TN #:</b>	214276
<b>Document Title:</b>	Transmission Agency of Northern California Comments: on WSC Primary Authority Proposal
<b>Description:</b>	N/A
<b>Filer:</b>	System
<b>Organization:</b>	Transmission Agency of Northern California
<b>Submitter Role:</b>	Public
<b>Submission Date:</b>	10/31/2016 2:59:47 PM
<b>Docketed Date:</b>	10/31/2016

*Comment Received From: Transmission Agency of Northern California  
Submitted On: 10/31/2016  
Docket Number: 16-RGO-01*

**TANC Comments on WSC Primary Authority Proposal**

*Additional submitted attachment is included below.*

**BEFORE THE CALIFORNIA ENERGY COMMISSION**

<b>In the Matter of:</b>	
<b>Regional Grid Operator and Governance</b>	<b>Docket No. 16-RGO-01</b>

**Comments of the Transmission Agency of Northern California on  
Primary Authority of the Western States Committee Discussion Paper**

The Transmission Agency of Northern California (TANC) appreciates the opportunity to provide these comments in response to the California Independent System Operator Corporation’s (CAISO) posting on October 7, 2016 of a Discussion Paper and Draft Proposal on Primary Authority of the Western States Committee (WSC).

**Overview of TANC**

TANC is a joint exercise of powers agency organized and existing under the laws of the State of California and is a “municipality” as defined in Section 3(7) of the Federal Power Act, 16 U.S.C. § 796(7) (2012). Among TANC’s purposes is the provision of electric transmission facilities and services for the use of its Members.<sup>1</sup> TANC’s Members include municipalities currently within the CAISO Balancing Authority Area (BAA) (but which are not Participating Transmission Owners (PTOs) in the CAISO’s BAA) as well as municipalities located in the adjacent Balancing Authority of Northern California (BANC) BAA. TANC is the largest Participant in, and the Project Manager of the California-Oregon Transmission Project (COTP), a 500-kV transmission project extending from the California-Oregon border to near Pacific Gas and Electric Company’s (PG&E) Tesla substation in central California, where the COTP and the PG&E electric system interconnect. The COTP is the third high voltage link between California and the Pacific Northwest. Since 2011, the COTP has been operated in the BANC BAA.

**General Comments**

TANC appreciates the CAISO’s decision to provide more information on its vision of the role of the WSC. However, TANC remains concerned and does not support that the WSC’s primary authority is being vetted separately from the interrelated Regional RA and Regional Transmission Access Charge (TAC) proposals. TANC believes that piecemeal consideration of the rules for an expanded region (presumably one that endeavors to include West-wide participation) is imprudent. A comprehensive review is warranted to ensure a successful transition to a regional ISO.

TANC also believes the proposed treatment of POUs in the WSC with respect to voting rights could be a critical issue, and TANC reserves the right to modify its position on the topics within the primary authority of the WSC as the proposed scope of the rights and responsibilities of the WSC is clarified.

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<sup>1</sup> TANC’s Members are the California cities of Alameda, Biggs, Gridley, Healdsburg, Lodi, Lompoc, Palo Alto, Redding, Roseville, Santa Clara, and Ukiah; the Sacramento Municipal Utility District; the Modesto Irrigation District; and the Turlock Irrigation District. The Plumas-Sierra Rural Electric Cooperative is an associate member of TANC.

## **Comments on Specific Components of the Proposed WSC Primary Authority**

### Resource Adequacy

The CAISO recognizes that aspects of the Regional RA program are quite technical and complex. Establishment of a Planning Reserve Margin (PRM) target appears to be one such complicated aspect of the program. The CAISO does not explain why the WSC, which will be functioning with a “modest budget” and which is encouraged to be comprised of state regulators or other state officials, will have the necessary staffing capacity, technical expertise or budget to be responsible for setting the system-wide PRM target. There is no explanation as to why a consensus-based system-wide PRM target is more appropriate than the default value produced by a Loss of Load Expectation (LOLE) study.

### Cost Allocation

As a preliminary matter, TANC sees no basis for CAISO’s assumption that the transmission planning process (TPP) for a regional ISO will be comparable to the current CAISO TPP. It appears unreasonable to assume that the same level of scrutiny and timeline will apply to an expanded footprint that requires consideration by six states, as well as federal and local entities. Indeed, consideration of reliability and policy impacts for different states and regions with diverse interests is likely to be involve a different calculus than that currently employed by CAISO, not to mention being significantly more complex than the current TPP.

TANC seeks the CAISO’s further explanation of how its proposal to have default cost allocation rules that may or may not apply to specific projects will comply with Order No. 1000’s requirement for *ex ante* cost allocation methodologies for regional transmission projects selected in a regional plan.

### Advisory Role

TANC believes that there is merit to the proposal to permit the WSC to have an advisory and consultative role to the regional ISO Board on matters of collective state and local authority interests. Broadly defined areas for advisory input appear appropriate so long as the WSC’s advisory role does not result in unduly delaying the resolution of issues that are likely to result in significant operational or cost impacts to entities within, or neighboring, the regional ISO.

### States Retain Authority to Take Individual Positions

Section 4.1.2 of the CAISO’s proposal focuses on states. However, POUs and Power Marketing Authorities should also not be prevented from advocating their own unique policy preferences either in ISO stakeholder proceedings or in federal or judicial proceedings involving ISO proposals.

## Conclusion

TANC urges consideration of the foregoing comments as the CAISO further considers issues pertaining to the structure and authority of the WSC.

Respectfully submitted,

Dated: October 31, 2016

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