

DOCKETED

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Comments of TransCanyon on IEPR Workshop on Transmission and Landscape scale Planning

Additional submitted attachment is included below.



TRANSCANYON

JASON R. SMITH
President

August 17, 2015

California Energy Commission
1516 Ninth Street
Sacramento, CA 95814-5512

Re: 15-IEPR-08 (Transmission and Landscape Scale Planning)

Dear Commissioners:

Thank you for the opportunity to provide comments on the Transmission and Landscape Planning initiative that was discussed at the August 3rd workshop. TransCanyon, LLC (TransCanyon) commends the California Energy Commission (CEC) for its commitment to working with the California Public Utilities Commission (CPUC), the California Independent System Operator (CAISO) and other agencies and stakeholders to map out the transmission infrastructure needed to support the State's renewable energy and greenhouse gas emission reduction goals.

TransCanyon is an independent developer of electric transmission infrastructure for the western United States. It is a joint venture owned equally by BHE U.S. Transmission and Bright Canyon Energy. BHE U.S. Transmission is a subsidiary of Berkshire Hathaway Energy. Bright Canyon Energy is a subsidiary of Pinnacle West Capital Corporation and a sister company to Arizona Public Service Company.

TransCanyon has been an active participant in the California ISO transmission planning process since 2010 when it proposed the Delaney to Colorado River Transmission Line (DCR) as an economically driven transmission project. Our team of experts has a deep understanding of the unique challenges California faces in meeting its increasingly ambitious renewable energy and greenhouse gas emission reduction goals. We are committed to working closely with the CEC and other California agencies to help develop cost effective transmission solutions that will facilitate the State's implementation of these broader policy goals, while taking into account local environmental concerns.

As mentioned above, TransCanyon supports the CEC's efforts to identify transmission that is needed to facilitate the development of new renewable resources. We also support the concept of right-sizing transmission to accommodate the State's future needs – whether policy, economic, or reliability driven. We would like the opportunity to work with the CEC, the CPUC, and the CAISO on the details of the plan in the Renewable Energy Transmission Initiative (RETI).

As a part of kicking off the RETI process, TransCanyon attended the August 3rd workshop and offers the following comments on the questions posed.

Is right-sizing transmission a qualitative (policy) issue or a quantitative (metric-based) issue?

Both qualitative and quantitative considerations may be involved in the assessment of opportunities to right-size a transmission project. Right-sizing a transmission project can mean saving costs through downsizing which can be measured quantitatively, or it might mean spending more money to build a trunk line or collector system that better utilizes existing corridors and incents renewable energy development to meet policy goals, which is a qualitative benefit. Reliability benefits are in general more easily quantified than economic benefits which are in turn more easily quantified than policy benefits. Given that many transmission projects include benefits across all of these categories, including both qualitative and quantitative considerations is important to fully understand the right-sizing of a transmission project.

What criteria should be used to assess right-sizing opportunities?

In order to assess right-sizing opportunities of transmission projects, potential future benefits should be assessed in the areas of reliability, economic, and policy benefits, as well as other potential benefits such as facilitation of renewable resource integration and improved ability to access capacity and energy markets. This assessment should include a range of economic assumptions such as gas prices and should also anticipate the possibility of future policy changes.

Is right-sizing only appropriate for areas that have been studied in depth for maximum possible renewable build-out, such as DRECP?

Transmission lines are very difficult to permit and can take up to ten years to develop. Considering that the useful life for transmission lines exceeds fifty years, all new transmission should be assessed for opportunities for right-sizing.

Given that new policy targets are considered for long-term renewable generation and GHG emission reduction targets, how should right-sizing transmission proposals be evaluated in long-term planning?

–Should a specific time frame be applied to the evaluation (10, 15, 20 years)?

TransCanyon believes that restricting a transmission planning process to a 10 year window is inefficient because it takes up to ten years to develop a transmission project once it becomes approved. Transmission needs and benefits extending out to 20 years should be assessed in order to develop an optimal transmission plan where transmission projects are right-sized and synergistic with each other.

What is the appropriate way to analyze the costs vs. benefits of a potential right-sizing project?

To analyze the costs and benefits of right-sizing a project, all quantifiable costs and benefits over the life of the project should be utilized to develop a net present value. These quantifiable costs and benefits should then be considered along with the qualitative benefits of enabling environmental policy goals and eliminating difficult and lengthy future permitting processes for additional transmission that would likely be necessary if the transmission project is not right-sized.

What is the cost of building a right-sizing opportunity into a future project (for example, build a 230 kV transmission line to 500 kV specifications or a single-circuit line with double-circuit towers)?

In most cases it is possible to quantify this analysis as a comparison of two options. PG&E, for example, was recently allowed by the CAISO to build a double circuit tower because it was able to show that the incremental cost was relatively small compared to the option value that it provided to meet needs at a later date. The option value included some probability that the corridor would not be available and a much more expensive upgraded would be needed.

How do we evaluate if the increase in cost is worth the risk?

An evaluation to determine whether the cost increase of right-sizing is worth the risk is best accomplished through the expansive analysis of quantitative and qualitative costs and benefits as discussed above.

California Energy Commission
August 17, 2015
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Again, thank you for the opportunity to provide these comments. If you have questions about TransCanyon or our comments please feel free to contact me. I look forward to working with you in the future.

Sincerely,

A handwritten signature in blue ink, appearing to be 'J. Smith', with a large loop at the top and a horizontal stroke at the bottom.

Jason R. Smith