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Additional submitted attachment is included below.

TRANSCANYON

JASON R. SMITH
President

August 28, 2015

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

Re: August 17th CEC IEPR Workshop on Southern California Electricity Infrastructure Assessment

Dear Commissioners:

Thank you for the opportunity to comment on the Southern California Electricity Infrastructure Assessment that was discussed at the August 17th workshop as part of the California Energy Commission's (CEC) process to develop the 2015 Integrated Energy Policy Report. TransCanyon commends the CEC for its commitment to working with the California Public Utilities Commission (CPUC), the California Independent System Operator (CAISO), the California Air Resources Board (CARB), and other agencies and stakeholders to ensure the coordinated and successful development of energy infrastructure needed to assure the future reliability of the electric system serving southern California.

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 CAISO transmission planning process since 2010 when it sponsored 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 environmental policy goals while maintaining the reliability of the electric system. We are committed to working closely with the CEC and other California

transcanyon.com
One Arizona Center, 400 East Van Buren Street, Suite 350, Phoenix, AZ 85004 | 602.250.2668 | jason.smith@transcanyon.com

agencies to help develop cost effective and environmentally responsible transmission solutions that will facilitate the State's implementation of its broader policy goals and ensure the continued reliability of the electric system.

TransCanyon applauds the CEC's efforts to track energy resource development and electricity demand and to identify contingency mitigation options, if necessary, to assure electric system reliability in southern California. We appreciate the opportunity to participate as a stakeholder with the CEC, the CPUC, the CAISO, and the CARB in this ongoing effort.

We understand the practical limitations on the number of detailed power flow analyses the CAISO can perform and support the CEC staff's utilization of a Local Capacity Annual Assessment Tool to provide annual estimates of the region's ability to meet the Local Capacity Resource (LCR) requirements. We also recognize the preliminary findings and agree with the need for CAISO to further study the electric system in 2021, when the loss of substantial Once Through Cooling (OTC) resources is scheduled to occur.

Two contingency mitigation options were discussed in detail during the August 17th workshop, namely: (1) potential deferral of OTC compliance requirements, and (2) development of new gas-fired peaking capacity inside the LCR areas. Although no discussion of this took place at the meeting, TransCanyon recommends that a third contingency mitigation option also be considered – the development of new transmission into the southern California LCR area.

Unlike the two contingency mitigation options discussed at the workshop, new transmission into the southern California LCR area would not impact air or water quality along the southern California coastal urban areas. If the preferred resources inside the LCR area do not develop, new transmission would provide the ability to obtain these same types of resources, but from outside the LCR area. New transmission would, in effect, significantly expand the geographical area where the resources could develop to meet the LCR requirements resulting from the retirement of SONGS and the OTC generating units.

The CAISO identified in its board-approved 2014-2015 transmission plan several alternative transmission solutions as contingency mitigation if anticipated resources do not develop, future demand exceeds current forecasts, or energy efficiency goals are not realized inside the southern California LCR area. TransCanyon recommends that the CAISO continue to evaluate these alternatives in order to select a preferred alternative in the near term. Given the significant time and money required to develop transmission, TransCanyon also recommends the CAISO consider a process in which early development of that preferred alternative could begin, but the CAISO and other appropriate California state agencies would reserve the right to issue construction notice to proceed until it is determined that a reliability solution is, in fact, needed. This

approach, or something similar, could provide a meaningful contingency response that could be acted upon in time to address reliability issues that may emerge in the future. In essence, commencing preliminary development work now of the preferred transmission solution would enable a relatively quick and efficient response should the preferred resources not materialize. This is similar to the process that Mr. Jaske from the CEC Energy Assessments Division presented as a method of developing gas-fired peaking capacity in advance of a triggering decision to build.

Thank you once again for the opportunity to comment. TransCanyon looks forward to continuing to work with the CEC and other state agencies on this and other important initiatives such as the new Renewable Energy Transmission Initiative (RETI) 2.0.

Sincerely,

Jason R. Smith