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Duke American Transmission Company's Comments on the 2016 IEPR Update Scoping Order

Additional submitted attachment is included below.

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California Energy Commission

Dockets Office, MS-4

Re: Docket No.15-RETI-02

1516 Ninth Street

Sacramento, CA 95814-5512

Via e-Comment

Re: Duke American Transmission Company's Comments on the 2016 IEPR Update Scoping Order

Dear Commissioners,

Duke American Transmission Company ("DATC") appreciates the opportunity to provide these comments on the Scoping Order for the Draft 2016 IEPR Update ("Scoping Order"). 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 looks forward to providing its perspective in this proceeding as a PTO, transmission developer, and a stakeholder interested in seeing California achieve its aggressive 2030 Climate Goal. As discussed below, DATC supports the California Energy Commission's ("Commission") efforts to further refine the analysis in the 2015 IEPR related to "right-sizing" transmission projects and requests that the Commission hold a joint agency workshop with the CAISO and the CPUC to discuss transmission policy issues that will be critical for assisting California in the achievement of the State's 2030 Climate Goal.

DATC supports the scope of the 2016 IEPR Update and commends the Commission for building on its analysis in the 2015 IEPR related to transmission planning and the need for "right-sizing." California has set a very high bar for the energy sector by raising the state's renewables penetration goal from 33% to 50% by 2030 and by calling for a 40% reduction from 1990 GHG emission levels by 2030 (and putting the State on the trajectory for reaching an 80% reduction by 2050). To achieve these ambitious goals, California will need to go beyond the 50% RPS and must start planning now for the infrastructure necessary to meet the 2030 targets and beyond. It is of utmost importance that planning and decision making processes that the State engages in today support the overall goals and long-term objectives for California.

Sound transmission development will play an integral role in meeting the State's GHG targets by connecting renewable resources to load and facilitating an increasingly regionalized transmission grid. While 2030 may seem distant, for transmission planners it is rapidly

approaching. Planning, permitting, financing and constructing significant transmission projects in California can take up to ten years or even longer. Thus, if California is to have the transmission in place to meet its 2030 (and beyond) carbon reduction goals—which include very significant electrification of transportation on top of the renewable energy demand—it needs to engage in coordinated multi-agency long-term planning starting now.

Moreover, as the Commission refines its right-sizing analysis from the 2015 IEPR, the Commission should consider how right-sizing correlates with the State's 2030 Climate Goal. Transmission developers assume significant costs and spend considerable time in obtaining financing and regulatory approvals. These efforts are based upon a definition of the project size that must be made early in the development process. Once a commitment to constructing a transmission project at a particular voltage has been made, the opportunity to resize that same transmission project later becomes increasingly costly, time consuming, and potentially impractical. In many cases, the opportunity will be lost entirely once a commitment to a voltage level has been relied upon for financing, permitting and planning. A right-sizing opportunity should be assessed in light of the possibility of losing that opportunity entirely in the future and the impact that loss may have on achieving the State's 2030 Climate Goal.

One of, if not the most, significant hurdles in providing transmission planning certainty and using transmission as a tool in achieving the 2030 Climate Goal is the ten-year planning horizon used by the CAISO and the CPUC. While a ten-year planning horizon may be appropriate for certain transmission planning objectives – e.g., reliability needs, the ten-year planning horizon is too short to facilitate the achievement of the 2030 Climate Goal. DATC recommends that the Commission convene a workshop to discuss this and other issues related to transmission planning. The workshop should explore why other ISOs and RTOs (e.g., PJM and MISO) utilize longer planning timeframes and how extending the planning horizon in California will facilitate the achievement of the 2030 Climate Goal.

DATC appreciates the Commission's consideration of these comments and looks forward to participating in the 2016 IEPR.

Sincerely,



Brian S. Biering
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Attorneys for Duke American Transmission Company