

## DOCKETED

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**Duke America Transmission Company's Comments on the Strategic Transmission Investment Plan Workshop**

*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 May 24, 2017  
IEPR Workshop Regarding the Strategic Transmission Investment Plan**

Dear Commissioners,

Duke American Transmission Company ("DATC") appreciates the opportunity to provide these comments on the May 24, 2017 IEPR Strategic Transmission Investment Plan ("STIP") 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 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 use the STIP to reaffirm the Garamendi Principles, and aligning the Transmission Planning Process ("TPP") and GHG reduction goals of the Integrated Resource Planning ("IRP") process through a longer transmission planning horizon.

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). The RPS targets could be further accelerated if SB 100 is adopted this year. 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. Coordination of the longer term GHG target setting of the IRP and the TPP should occur as soon as possible (i.e., the 2018-2019 TPP).

The Commission should also reaffirm the Garamendi Principles as they apply to making the most efficient use of transmission corridors and “right sizing” transmission lines, the Commission should consider how right-sizing correlates with the State’s long term climate goals. 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.

Put differently, 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>1</sup> Stated simply, transmission planning risks are asymmetric: a transmission plan is much more flexible downward than upward.

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 in the TPP. 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 long term climate and renewable energy goals. DATC recommends that the Commission use the STIP as an opportunity to reaffirm the Garamendi Principles and encourage the CAISO to utilize a longer timeframe for planning.

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<sup>1</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).

DATC appreciates the Commission's consideration of these comments.

Sincerely,



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