

March 9, 2017

**GridLiance Comments to the Western Planning Regions
On Inter-Regional Coordination and Planning**

GridLiance West Transco LLC (GridLiance) appreciates the opportunity to submit comments regarding the issues discussed at the February 28, 2017 Interregional Coordination Meeting of the Western Planning Regions (WPRs). GridLiance has an interest in this process both because it will soon own the Valley Electric Association, Inc. (VEA) high voltage transmission system (HVTS), and because of the fundamental policy issues related to the interregional coordination.

GridLiance wishes to pursue with the WPRs its consideration of projects that provide a net benefit in the WECC region, but are not sponsored by the operating region. A constraint recently identified by the CAISO illuminates a potential process gap that is worthy of additional study and consideration. The CAISO identified in its 2016-2017 draft transmission plan a congested element between the planned Bob Tap Substation (Bob SS) and the Mead Substation. As a condition to joining the CAISO, VEA committed to construct the Bob SS to create a physical interconnection of its HVTS with the balance of the CAISO grid, at Southern California Edison's Eldorado Substation. This project is currently scheduled to be completed before the third quarter of 2019. Per the CAISO's study, the Bob SS to Mead element is expected to be congested once the VEA system is interconnected at Eldorado. The draft plan recognizes that this is the first time that congestion on this path has been identified in CAISO's Transmission Planning Process (TPP).

The CAISO's draft plan did not find this constraint to be of concern to the CAISO market because the constraint is in the export direction (i.e., the constraint is not expected to cost CAISO load serving entities). The result of the constraint is that low-cost energy is trapped inside VEA's service territory in CAISO, which arguably provides a short term benefit to California ratepayers. Importantly, the CAISO study suggests that there is a social benefit of \$26MM available over the broader WECC footprint if the constraint were to be relieved, thus allowing the trapped generation to flow outside CAISO to the neighboring WestConnect footprint. If the cost to upgrade the system is less than \$26MM, the system would benefit on a net basis; however, the costs would be paid by CAISO ratepayers, but the benefits would accrue to WestConnect ratepayers.

Although GridLiance is new to WECC planning, we respectfully submit that this constraint is exactly what should be treated in interregional coordination – a transmission project solely located in one planning region's footprint that would benefit a neighboring region(s).¹ That a project providing such potential net benefits across the WECC footprint can get overlooked by not being identified and jointly evaluated as a potential ITF project, illustrates the need for some adjustment to the approaches used. The inclusion of such projects in WPRs' coordinated interregional transmission planning evaluation processes would also

¹ Under Order No 1000, an "interregional transmission facility" (ITF) project must first be proposed in the regional transmission planning processes of each of the neighboring regions in which the transmission facility is proposed to be located. The submission of the ITF project in each regional transmission planning process triggers the joint interregional evaluation process. CAISO will not identify the single-region project as needed for its customers since the benefits flow to another region and WestConnect will not identify the single-region project as needed because WestConnect's procedures specify that it does not study projects outside of its footprint.

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help ensure that rates, terms, and conditions of jurisdictional service are just and reasonable, and not unduly discriminatory or preferential by facilitating more efficient or cost-effective infrastructure development, consistent with the Federal Energy Regulatory Commission (FERC)'s Order No. 1000.

GridLiance acknowledges that the interregional transmission coordination requirements in Order No. 1000 on which the WPGs' procedures are based apply only to ITF projects that, by definition, are in multiple transmission planning regions. At the same time, however, the WPGs retain ample discretion to proactively adopt the modified approach proposed herein. As FERC made clear in Order No. 1000, the joint evaluation of other facilities or study of the effects in a second region of a new transmission facility proposed to be located in a single transmission planning region is neither required nor prohibited.² Moreover, in declining to expand the definition of an ITF to remove the single-region limitation adopted in Order No. 1000, FERC nonetheless clarified in Order No. 1000-A that nothing in the Final Rule "precludes public utility transmission providers in consultation with stakeholders from voluntarily developing and proposing interregional transmission coordination procedures providing for the joint evaluation by more than one transmission planning region of a transmission facility solely in one transmission planning region should the public utility transmission providers in neighboring transmission planning regions agree to do so."³ Further, in the same order, FERC reiterated that "Order No. 1000's limited requirements ... do not prohibit either voluntary multilateral interregional transmission coordination or planning, or the development of stronger bilateral coordination agreements than the rule requires."⁴

For these reasons, GridLiance requests that the WPRs modify their existing joint interregional transmission coordination procedures so that single-region projects, like the one highlighted above, that provide net benefits over the WECC footprint, may also be identified and jointly evaluated as possible ITF projects, and that transmission developers and other stakeholders be allowed to include such projects as part of a regional transmission plan if not otherwise proposed by a WPR.

GridLiance would be pleased to discuss this issue further with WPR representatives. We appreciate the WPR's consideration.

Respectfully submitted,

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² Order No. 1000, 139 FERC ¶ 61,051 at P 416.

³ Order No. 1000-A, 139 FERC 61,132 at P 504.

⁴ *Id.*