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Sarah Edmonds
President and CEO
Western Power Pool
7525 NE Ambassador Place, Suite M
Portland, Oregon, 97220

TO: Sarah Edmonds

The Staff of the California Public Utilities Commission (CPUC) and the California Energy Commission (CEC), collectively “CA Agency Staff,” offer the following comments on the Western Transmission Expansion Coalition (WTEC) Concept Paper for a West-Wide Transmission Plan.

The WTEC Concept Paper identifies multiple concerns with existing transmission planning frameworks in the West, stating that the Federal Energy Regulatory Commission’s (FERC) Orders 8901 and 10002 have not resulted in the identification of new transmission solutions that result in transmission builds.³ The WTEC Concept Paper proposes a new West-wide planning process that could produce an “Actionable Transmission Plan” by addressing both regional and inter-regional⁴ needs over a 20-year timeframe, including information about transmission benefits that would support appropriate cost allocation for projects that might be built because of the plan.

The CA Agencies support interregional transmission projects that provide access to diverse resources and deliver that energy to load centers through imports and exports

¹ FERC Order No. 1000 Transmission Planning and Cost Allocation by Transmission Owning and Operating Public Utilities, Docket No. RM10-23-000 (“Order 1000”) (Issued July 21, 2011) at P465.

² FERC Order No. 890 Preventing Undue Discrimination and Preference in Transmission Service Docket Nos. RM05-17-000 and RM05-25-000 (“Order 890”) at P471 (Issued February 16, 2007).

³ Western Transmission Expansion Coalition Concept Paper for a West-Wide Transmission Plan.

⁴ The term “regional” is meant to indicate NorthernGrid, the regional planning organization where the WTEC discussion originated, while “inter-regional” is meant to indicate the collective footprint of the three regional planning organizations in the Western Interconnection: NorthernGrid, the California Independent System Operator (CAISO), and WestConnect, as well as BC Hydro & AESO (Canadian Provinces).

as California experiences today. These projects provide reliability, environmental and cost benefits for customers beyond what a narrower state or regional approach.⁵

The CA Agencies support the WTEC Concept Paper proposal and will productively engage if it moves forward. We offer the following responses to the questions soliciting feedback.

1. *The participation structure should be inclusive and ensure a broad set of perspectives is considered so that decision-makers, policymakers and regulators have confidence in the results and recommendations.*

Does the proposed participation structure properly balance the objectives of inclusivity and expediency? If not, how could it be improved?

Does the proposed participation structure provide appropriate transparency, including how the inputs and assumptions are determined? If not, how could it be improved?

The CA Agencies agree that to be effective and produce the intended actionable results, the participation structure must represent the diversity of the west. In order to achieve broad representation, the size of the Steering Committee will need to grow to include more than two states. With attentive structure, facilitation and engagement, this inclusiveness should not necessarily slow down the process.

The CA Agencies stress the importance of transparency during the analytical study design and execution stages. The Concept Paper proposes that state agency participation with the Technical Task Force would occur through the Steering Committee, for the states represented on the Steering Committee. We recommend more state representation within the Technical Task Force, either through expanding the number of states on the Steering Committee or perhaps some state(s) may prefer to engage on the technical issues and in lieu of participation in the Steering Committee. Regardless of the ultimate composite of the Technical Task Force, transparency in all steps of the analytical work will be critical. Meetings, informational materials and modelling inputs and assumptions should be documented and broadly accessible.

Generally, CPUC Staff encourages adherence to the transparency principles in FERC Orders 1000 and 890:

...[S]takeholder participation is an important component in interregional transmission coordination to ensure the goals of

⁵ INITIAL COMMENTS OF THE CALIFORNIA PUBLIC UTILITIES COMMISSION, FERC Docket No. RM21-17-000: Building for the Future Through Electrical Regional Transmission Planning and Cost Allocation and Generator Interconnection. (“NOPR Initial Comments”) at 118-119 (August 17, 2022).

improving coordination between neighboring transmission planning regions and identifying interregional transmission facilities that can address transmission needs more efficiently or cost-effectively than separate intraregional transmission facilities.⁶

...transmission providers to disclose to all customers and other stakeholders the basic criteria, assumptions, and data that underlie their transmission system plans. In addition, transmission providers will be required to reduce to writing and make available the basic methodology, criteria, and processes they use to develop their transmission plans, including how they treat retail native loads, in order to ensure that standards are consistently applied. This information should enable customers, other stakeholders, or an independent third party to replicate the results of planning studies and thereby reduce the incidence of after-the-fact disputes regarding whether planning has been conducted in an unduly discriminatory fashion.⁷

Visibility into all inputs and assumptions underlying the third-party analysis is critical to ensuring its usefulness in the development of regional and interregional transmission projects.

2. *The proposed participation structure outlines the organization of essential committees and engagement opportunities to support the effort.*

What suggestions do you have about the composition of the committees and task force, and engagement with States and Tribes?

See response to #1 for comments on the proposed participation structure.

3. *We anticipate working closely with neighboring regions to achieve a broad viewpoint.*

Is that intention clearly articulated in the concept paper and understood through the proposed participation structure? If not, what changes could be made?

The CA Agencies agree with the problem statement in the concept paper that current transmission planning frameworks in the West do not result in sufficient transmission solutions to support the needs of the future energy

⁶ FERC Order No. 1000 Transmission Planning and Cost Allocation by Transmission Owning and Operating Public Utilities, Docket No. RM10-23-000 (“Order 1000”) (Issued July 21, 2011) at P465.

⁷ FERC Order No. 890 Preventing Undue Discrimination and Preference in Transmission Service Docket Nos. RM05-17-000 and RM05-25-000 (“Order 890”) at P471 (Issued February 16, 2007).

grid. However, there are examples of effective transmission planning that can be built on for interstate and regional application.

For example, the California Independent System Operator (CAISO) manages a public stakeholder transmission planning process that annually produces 10-year transmission plan and is tightly coordinated with the CPUC-led Integrated Resource Planning process and the CEC-established long-term load forecasts. In 2021, the CAISO began producing a 20-year Transmission Outlook to assess longer term needs and opportunities recognizing long-lead time required for large infrastructure projects. Both of these work products consider resources and transmission availability beyond the CAISO borders. It's important that the WTEC draw on the CAISO best practices and other existing and novel processes that result in broad stakeholder engagement and the identification of beneficial transmission needs. Further, the WTEC should keep in mind opportunities to synch up with ongoing processes such as the CAISO transmission planning activities.

4. *We anticipate that the coalition would work with an independent party to coordinate and review data, develop planning scenarios and analyze results of the studies.*

What changes to the concept paper or proposed participation structure would give you greater confidence that a third party could provide independent analysis and recommendations?

It is important that the independent third party have broad expertise from a practical and methodological perspective as well as a technical perspective. This entity should draw on and apply best practices from throughout the energy sector without allegiance to any specific planning and jurisdictional regime.

The quantification of transmission project benefits to support appropriate cost allocation across inter-regional planning territories is one example of where an independent entity is useful. The CA Agencies acknowledge that the WTEC does not intend to formulate or prescribe a cost allocation standard, but rather provide information, or help develop a framework and possible metrics that would help entities wishing to pursue building a project to determine appropriate cost allocation. The independent party should adhere to the WTEC's objective of producing an Actionable Transmission Plan that provides the capability of producing results that participants and stakeholders have confidence in.

Although FERC Order 1000 adopts as a principle that costs be allocated according to benefits,⁸ its requirements have yet to effectuate this objective. The CPUC commented in FERC Docket RM21-17:

...[T]he benefits of interregional projects will not accrue equally to all regions or states. To determine the full value that these large-scale transmission projects can provide for each region and state requires analyzing, identifying, and quantifying a broad range of benefits.⁹

CPUC Staff acknowledges the WTEC's assertion that it does not intend to formulate or prescribe a cost allocation standard,¹⁰ but emphasize that the findings of the Actionable Transmission Plan should provide information, or help develop a framework and possible metrics that would help entities wishing to pursue building a project to determine appropriate cost allocation.

Thank you for the opportunity to provide comment on the WTEC Concept Paper. The CA Agencies look forward to continuing participation and following the progress of the study as it moves forward.

Sincerely,



Elizabeth Huber
Director
Siting, Transmission, and
Environmental Protection Division,
California Energy Commission



Leuwam Tesfai
Deputy Executive Director
Energy & Climate Policy,
California Public Utilities
Commission