

Stakeholder Comments Template
Subject: 2009 Local Capacity Requirements
Study Results

Submitted by (Name and phone number)	Company or Entity	Date Submitted
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In accordance with the California Independent System Operator’s (“CAISO’s”) request at its Local Capacity Requirement (“LCR”) stakeholder meeting held March 4, 2008, Southern California Edison Company (“SCE”) hereby submits its comments on the preliminary 2009 LCR Study results presented by the CAISO at the March 4 meeting.

I. Introduction

SCE appreciates the opportunity to comment on the CAISO’s March 4, 2008 presentations regarding its preliminary 2009 LCR Study results, so that the CAISO will have the benefit of stakeholder input on its LCR analysis prior to completion of the draft 2009 LCR Study (to be issued April 3, 2008). As discussed below, SCE’s comments address three issues: (1) the CAISO’s addition of “sub-area” findings in connection with its determination of 2009 LCR needs for the Big Creek/Ventura area; (2) the contingencies utilized to determine the 2009 LCR requirements for the L.A. Basin and Big Creek/Ventura areas; and (3) clarification of the impact of certain approved transmission facilities upon the LCR requirements for the Big Creek/Ventura area.

II. New Big Creek/Ventura Sub-Area Analysis

The CAISO's presentations indicate that a key new feature of the upcoming 2009 LCR Study that was not included in the 2008 LCR Study is explicit analysis of "sub-areas" within the Big Creek/Ventura LCR area. From a transmission planning standpoint, SCE appreciates the CAISO's efforts to clarify sub-area study findings within the Big Creek/Ventura LCR area. Specifically, the CAISO's presentation indicates that it has examined the sub-areas of: Rector, Vestal, and Antelope. These results are consistent with SCE's understanding of operating conditions within the Big Creek/Ventura area transmission system. The efforts made by the CAISO to provide more technical information regarding LCR areas and sub-areas allows for greater transparency and understanding of the technical study results, and are consistent with the FERC Order No. 890 transmission planning process.

While SCE supports the effort to study sub-areas for technical transmission planning reasons, the LCR load pocket definitions/boundaries for which LSEs will have procurement requirements should not change in 2009. For this reason, SCE recommends that the CAISO present its Rector, Vestal, and Antelope sub-area determinations as "study findings" for the single Big Creek/Ventura LCR area, rather than as sub-area "requirements," as they were described in the March 4 presentations. SCE recommends the same treatment for the Barre sub-area within the L.A. Basin LCR area. This designation will capture the relevance of these sub-areas for planning purposes, while preventing undue confusion regarding procurement obligations.

Importantly, it is not necessary or prudent for LSEs to have a local capacity procurement "requirement" in the Big Creek/Ventura sub-areas, or the L.A. Basin sub-

area for that matter. CAISO Tariff Section 40.3.2c states that, for CPUC-jurisdictional LSEs, “the CAISO will allocate the Local Capacity Area Resource obligation based on an allocation methodology adopted by the CPUC.” The CAISO acknowledged in its March 4 presentation, “Summary of Findings,” that: (1) the CPUC has not previously enforced sub-area requirements as procurement obligations, and (2) the CAISO does not expect the CPUC to enforce sub-area requirements for the 2009 Local RA program.¹ If the CPUC chooses to include a discussion of sub-area study findings as it develops the 2009 Local RA requirements for its jurisdictional LSEs, then in addition to the technical findings, potential procurement implications should also be discussed.

SCE recommends, therefore, that the CAISO’s draft 2009 LCR Study clearly identify Local Area Capacity Requirements for the Big Creek/Ventura and L.A. Basin areas similar to the 2008 LCR Report, and document the sub-area analyses as study “findings.”

III. Contingency Criteria

A. L.A. Basin

The CAISO’s March 4 presentations indicate that the L.A. Basin preliminary 2009 LCR requirements are 10,225 MW, based on the following contingency: loss of one SONGS unit followed by loss of the Palo Verde-Devers 500-kV line, with the constraint being the South of Lugo 6,400 MW operating rating.

As SCE has stated in response to previous LCR studies, procurement of generation in the L.A. Basin area is not the only “technically viable” mitigation option available for South of Lugo operating limit constraints, particularly driven by loss of the Palo Verde-Devers 500-kV line under high loading conditions. SCE is concerned with

¹ “Local Capacity Requirements (LCR) for Year 2009, Summary of Findings,” dated March 4, 2008, at 5.

the inequity created by applying a contingency that includes the loss of the Palo Verde-Devers 500-kV line. Because this line is a regional bulk transmission tie-line for importing power into Southern California, the benefits of the line are shared throughout the CAISO control area in Southern California. But when the CAISO includes the line in the contingency that defines the L.A. Basin LCR requirements, the burden of mitigating the loss of this line is made the sole responsibility of the customers of LSEs that are responsible for the L.A. Basin requirements. In short, such a contingency involves overload issues that are not L.A. Basin local area transmission problems, but rather regional problems.

In addition, the South of Lugo operating rating is not an appropriate limiting constraint for determination of L.A. Basin LCR requirements due to the regional nature of the South of Lugo path. In its November 2007 Rehearing Order regarding Amendment 60 to the CAISO's open access transmission tariff, FERC overturned a prior finding that the South of Lugo path should be treated as a local constraint and instead concluded that "South of Lugo should be categorized as a zonal constraint." FERC supported this conclusion by describing the South of Lugo path in the following manner:

Its actual operational characteristics indicate that it provides regional reliability benefits that are more consistent with a zonal constraint. The record indicates that: (1) resolution of constraints on the South of Lugo path provide a regional benefit to Southern Cities' loads and Southern Cities contribute to constraints on the South of Lugo path; (2) South of Lugo is associated with multiple 500kV transmission paths; (3) loads and generation of SDG&E and other LSEs in SP-15 impact power flows over the South of Lugo path; and (4) ***South of Lugo has significant regional impacts on more than one PTO*** [CAISO Operating Procedure T-144] was also revised to indicate that, if the CAISO needs to curtail load in the event of a South of Lugo overload, then the CAISO should curtail not only SoCal Edison load, but also SP-15 load. ***These revisions indicate that***

*South of Lugo has a regional impact that is more consistent with a zonal constraint.*²

Due to FERC's express rejection of the South of Lugo path as a local constraint and its determination of the regional nature of the path, it would be improper – and inequitable to the customers of the LSEs responsible for L.A. Basin LCR requirements – to utilize the path as a constraint for determining local area requirements for the L.A. Basin.

Thus, SCE requests that the CAISO determine the next limiting contingency for the L.A. Basin and assess LCR needs based on that contingency.

B. Big Creek/Ventura

The “Category C” Big Creek/Ventura preliminary 2009 LCR requirement, as presented by the CAISO, is 3,116 MW, based on the following contingency: loss of the Lugo-Victorville 500 kV-line followed by loss of Sylmar-Pardee #1 or #2 230-kV line, with resulting overload of the remaining Sylmar-Pardee 230-kV line.

SCE and the CAISO agreed in connection with the 2008 LCR Study that procurement of generation in the Big Creek/Ventura area is not the only “technically viable” mitigation option available for these Sylmar-Pardee overload constraints. SCE remains concerned with the inequity that will result from including loss of the Lugo-Victorville 500-kV line in the contingency defining Big Creek/Ventura area LCR needs. Just as in the case of the Palo Verde-Devers 500-kV line discussed above, the benefits of high power flows over the Lugo-Victorville line are shared throughout the CAISO control area. However, the customers of LSEs that are responsible for meeting the Big Creek/Ventura area LCR requirement are unfairly required to shoulder the entire burden of mitigating the loss of the Lugo-Victorville line under the CAISO's proposed approach

² *Cal. Indep. Sys. Operator Corp.*, 121 FERC ¶ 61,193 (2007) (Order on Rehearing, issued November 20, 2007 in ER04-835-006, EL04-103-001, at 13-14) (emphasis added).

to the LCR Study. This line loss would result in an overload problem that is a regional issue and not confined to the Big Creek/Ventura area. SCE therefore requests that the CAISO determine the next limiting contingency for the Big Creek/Ventura area and assess LCR needs based on that contingency.

In addition, SCE notes that the CAISO included 405 MW of California Department of Water Resources (“CDWR”) pump load in the calculation of load to be served in the Big Creek/Ventura area, as part of the preliminary 2009 LCR Study findings. The CAISO should expressly indicate in the draft 2009 LCR Study any portions of load included in the various local areas that are attributable to CDWR pump load or any other entities that are not LSEs, to clarify the basis for the LCR need in each area.

IV. Impacts of the CAISO’s Approved 2008-09 Transmission Projects on the Big Creek/Ventura Area

SCE has received the 2009 LCR base case from the CAISO. The base case models the Antelope-Pardee 230-kV line (“ATP Segment 1”), but does not model Antelope-Vincent upgrades (“ATP Segments 2 & 3”). It has very recently come to the attention of SCE Transmission Planning that updated ATP construction schedules in fact identify completion of ATP Segments 2 & 3 prior to (not after) summer 2009. This upgrade would change the 2009 LCR base case modeling of the transmission lines south of Antelope Substation. The change would result in an Antelope-Vincent 230-kV transmission line with 1240 MVA base-case capacity, which should be sufficient to mitigate Antelope-Vincent overloads upon Lugo-Vincent 500-kV N-2 outages. Therefore, SCE asks the CAISO to reconsider the Big Creek-Pardee-Antelope sub-area

evaluation based on the most recent information regarding ATP Segments 2 and 3 construction schedules. SCE's Transmission Planning group will be happy to provide the CAISO with modeling information for updating the 2009 LCR base case to complete this study.

In addition, SCE's Energy Supply & Management personnel are unable to determine from the 2009 LCR base case the degree of impact that the following CAISO-approved (for 2008-2009) transmission facilities in the Big Creek/Ventura Area had upon the calculation of LCR needs for the area:

1. Antelope-Quartz Hill-Shuttle 66kV
2. Antelope-Quartz Hill & Antelope-Oasis-Palmdale-Quartz Hill 66kV
3. Replacement of Antelope 230/66kV, 3A transformer bank
4. Antelope 230 kV N-2 Special Protection System (SPS)
5. Antelope-Quartz Hill No. 2
6. Installation of 66kV, 28 MVAR capacitor bank at Antelope

SCE requests that the CAISO identify the impact of these facilities in the forthcoming draft 2009 LCR Study.

V. Conclusion

SCE requests that the CAISO modify its preliminary 2009 LCR Study findings and assumptions presented on March 4, 2008, in the manner described above, when preparing the draft 2009 LCR Study. SCE is ready and willing to provide any assistance or additional information the CAISO may need to implement these changes.