BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

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In the Matter of the Application of San Diego Gas & Electric Company (U902E) for a Certificate of Public Convenience and Necessity for the Sycamore-Penasquitos 230 Kilovolt Transmission Line Project.	Application 14-04-011 (Filed April 7, 2014)

NOTICE OF EX PARTE COMMUNICATIONS OF THE CALIFORNIA INDEPENDENT SYSTEM OPERATOR CORPORATION

In accordance with Rule 8.4 of the Commission's Rules of Practice and Procedure, the California Independent System Operator Corporation (CAISO) hereby gives notice of the following ex parte communications in the above proceeding.

On Monday, August 29, 2016, at approximately 2:00 p.m. in the California Energy Commission (CEC) auditorium in Sacramento, CA, Neil Millar, Executive Director of Infrastructure Development for the CAISO, spoke at a publicly noticed 2016 Integrated Energy Policy Report Commissioner Workshop (Workshop) on Southern California Electric Reliability. Also in attendance were California Public Utilities Commissioner, Michel Florio; CEC Chairman, Robert Weisenmiller; CAISO Vice President of Customer and State Affairs, Tom Doughty; and CAISO External Affairs Manager, Dennis Peters. CEC staff established a full list of workshop attendees. The communication was oral, in response to questions raised during the Workshop. Written materials were also presented at the Workshop and are included with this notice.

The CAISO presented information at the Workshop regarding the South Orange County Reliability Enhancement (SOCRE) Project (Application 12-05-020), the Sycamore-Penasquitos Project (Application 14-04-011), and the Mesa Loop-In Project (Application 15-03-003).

With respect to the SOCRE Project, in response to questions raised at the Workshop, Mr. Millar indicated that certain alternatives to the SOCRE project identified in the environmental review process could have a negative impact on the transfer capability of the bulk electric system between the Los Angeles Basin and San Diego. Mr. Millar indicated that these alternatives and their resulting impacts could have consequences for southern California reliability.

With respect to the Sycamore-Penasquitos Project, Mr. Millar noted that if the project is delayed past its currently scheduled March 2018 in-service date, local reliability needs in the San Diego area may increase.

With respect to the Mesa Loop-In Project, Mr. Millar noted that if the in-service date for the project is delayed beyond the second quarter of 2021, the once-through-cooling compliance dates for certain generating facilities in the Los Angeles Basin will likely need to be extended.

Mr. Millar's full Workshop presentation is included as Attachment A to this notice.

Respectfully submitted

By: /s/ Jordan Pinjuv
Roger E. Collanton
General Counsel
Anthony Ivancovich
Deputy General Counsel
Anna McKenna
Assistant General Counsel
Jordan Pinjuv
Counsel
California Independent System
Operator Corporation
250 Outcropping Way
Folsom, CA 95630
Tel.: (916) 351-4429
Fax: (916) 608-7222
jpinjuv@caiso.com

Attorneys for the California Independent
System Operator Corporation

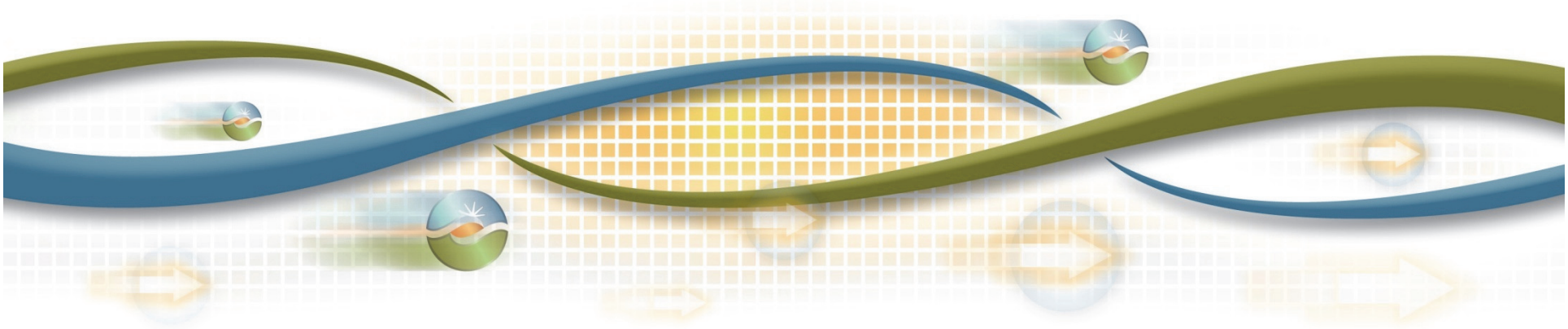
September 1, 2016

Attachment A

2016 IEPR Lead Commissioner Workshop
Southern California Reliability

California Energy Commission, Sacramento
August 29, 2016

Neil Millar
Executive Director, Infrastructure Development



The reliability of the LA Basin and San Diego have been impacted by the SONGS closure, the scheduled retirement of once-through cooled resources, and most recently, gas supply concerns:

Notes:
*Assumed retired in the long-term LCR studies; LA Basin figure includes SONGS retirement

A number of resource and transmission development initiatives have been underway to address these concerns:

- Resource procurement:
  - LA Basin: 1,813 MW (energy efficiency, behind-the-meter PV, energy storage, demand response, conventional resources)
  - San Diego: 800 MW (conventional resources); SDG&E issued 140 MW RFO for preferred resources in 1Q 2016
- Dynamic Reactive Support – synchronous condensers
  - Talega
  - Miguel
  - San Luis Rey
  - Santiago
  - San Onofre
- Other transmission projects
  - Imperial Valley Phase Shifting Transformer
  - Mesa 500 kV Loop-in
  - Sycamore-Penasquitos 230 kV transmission line

The mitigations underway address a number of emerging system concerns:

Overall, mitigations have been proceeding well, but several potential concerns are now being encountered:

- Carlsbad Energy Center
  - Under review by the Court of Appeals
  - With in-service date delayed into Q2 2018, extension of Encina generation OTC compliance date beyond December 31, 2017 is likely
- Mesa 500 kV Loop-In Project
  - Under environmental review proceedings by the CPUC
  - If the in-service date is delayed beyond Q2 2021, either Redondo Beach (or Alamitos generation) OTC compliance date of December 31, 2020 likely to need extension.
- Sycamore – Penasquitos 230 kV Line Project
  - Under review by the CPUC
  - The project currently has a March 2018 in-service date; if further delayed, it may increase the reliability need beyond Carlsbad.

Next Steps

- The ISO is performing further assessments as part of the current 2016-2017 transmission planning process:
  - Near-term (2018), mid-term (2021) and long-term (2026) local capacity requirement updates
  - Near-term and mid-term assessments are performed to advise the energy agencies, as well as the State Water Resources Control Board, of the updated capacity as well as the specific units that would require OTC schedule extension
  - Sensitivity assessments will include scenario with the delay of the Mesa Loop-In project
- Updated analysis scheduled for end of 2016. The updated analyses will be included in the ISO draft 2016-2017 Transmission Plan by the end of January 2017.
- Also monitoring the South Orange County Reliability Enhancement project