



## Memorandum

To: ISO Operations Committee  
From: Gary DeShazo, Director, Regional Transmission North  
cc: ISO Board of Governors, ISO Officers  
Date: March 2, 2006  
**Re: 2005 ISO Transmission Plan**

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***This memorandum does not require Board action.***

This memorandum is intended to brief the CAISO Board of Governors on the 2005 CAISO Transmission Plan and the progress of the CAISO's new transmission planning process.

Beginning this year, the CAISO is discontinuing the Control Grid Study effort of previous years where a very high level assessment of the integrated Participating Transmission Owner (PTO) Expansion Plans was performed. In its place, the CAISO is preparing the 2005 CAISO Transmission Plan and as such, is taking an initial step towards its goal of incorporating all planning studies done during the year into an annual CAISO Consolidated Transmission Plan that includes not only reliability assessments performed by the CAISO and PTOs, but also projects needed in order to mitigate reliability concerns or to reduce cost to CAISO ratepayers.

Beginning in 2007, the CAISO Transmission Plan will include all studies done at the CAISO such as "Reliability Must Run" (RMR), "Locational Capacity Requirements" (LCR), "Deliverability of Generation and Imports to the Aggregate of Load" as well as other special studies and assessments that have been prepared based on information from the California Energy Commission's Integrated Energy Policy Report (IEPR). Further, the CAISO Plan will also include all studies and projects proposed by all PTOs in their areas.

However, due to the complexity of developing such a comprehensive document, not all aspects of the CAISO's Transmission Plan can be implemented this year. The 2005 CAISO Transmission Plan will include projects that have been characterized as "low hanging fruit" projects. These projects have been identified as being needed to mitigate reliability problems and to decrease costs related to recent CAISO RMR and LCR Studies as well as real time congestion issues identified by CAISO operations during the hottest four months of 2005 (June–September). CAISO Staff will present the 2005 Transmission Plan to the Board of Governors at your April 2006 meeting.

It should be noted that during 2005 the PTOs have been fully engaged in individually preparing their annual transmission expansion plans for their service areas. As in previous years, CAISO Staff has actively participated in the development and review of these expansion plans and we will be briefing the Board of Governors on the PTO plans at your April 2006 Board meeting.

Finally, CAISO Staff continues to work with both the California Public Utilities Commission (“CPUC”) and the California Energy Commission (“Energy Commission”) to develop an integrated infrastructure development process that is fundamentally tied to the CAISO Transmission Plan. As mentioned earlier, the CAISO Transmission Plan will include key inputs from the Energy Commission regarding resource (generation and demand) scenarios that reflect and are consistent with State public and/or energy policy, and load forecast information. The CAISO Transmission Plan will identify transmission projects (and their costs) and will establish a transmission “benchmark” against which other measures – such as locational generation or demand response – can be measured. Load-serving entities will then use that information to develop their long-term procurement plans to be reviewed and assessed by the CPUC.

CAISO Staff will continue to keep the Board of Governors informed of the Infrastructure Development Process as it is being developed.