



UTILITY CONSUMERS' ACTION NETWORK

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Armie Perez
Director of Grid Planning
California ISO
P.O. Box 639014
Folsom, CA 95763-9014

Dear Armie,

In a recent letter to the CPUC, SDG&E indicated that the ISO is currently engaged in an analysis of the proposed Sunrise Power Link ("SPL," or "Sunrise"), with the results of that analysis due in June of this year.¹ As an active party in the Sunrise proceeding at the CPUC, UCAN expects that the ISO is open to stakeholder input into this internal review. To that end, UCAN has provided the attached memo addressing the scope of the ISO's Sunrise analysis and, in particular, specific alternatives that the ISO should be considering.

As it currently stands, SDG&E has proposed Sunrise as a project with three interrelated but different purposes: to meet SDG&E reliability needs, to deliver renewable energy to SDG&E's service area, and to provide economic benefits to the CAISO control area as a whole.² Accordingly, UCAN expects the ISO will be reviewing its ability to meet each of its three purposes. We also expect that the ISO will analyze alternatives that may individually meet only one or two of those purposes. If there are lower-cost alternatives to Sunrise that can meet its reliability purposes more effectively, or deliver renewable energy as effectively, then the ISO should identify them. For obvious reasons, it is not necessary and may not be desirable for alternatives to Sunrise to be superior in all three categories.

We believe that the alternatives UCAN identifies in the attached memo *may well* meet all three of the Sunrise purposes. UCAN is currently studying them for our testimony that will be submitted to the CPUC in late 2006. However, we offer them for your consideration now to assist you with your own expedited analysis. We urge the ISO to consider each of them carefully and on their own merits. We are particularly interested in whether some of the alternatives (e.g., the "Mexico Light" and "SONGS Light" transmission alternatives) are so cost-effective that the ISO may want to urge SDG&E (or others) to pursue them in advance of Sunrise and whether or not Sunrise goes forward. Thank you for your close attention to this important matter. We fervently expect that interested parties will be given opportunities to provide further input and comments before the ISO analysis is finalized.

Sincerely,

Michael Shames
Executive Director, UCAN

¹ SDG&E, letter of Lad Lorenz to CPUC, April 4, 2006

² Because costs of the Sunrise project would be allocated to customers throughout the CAISO control area, it is reasonable and appropriate to look at economic impacts throughout the control area.