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June 30, 2006

Dear ISO Study Team:

Thank you for the opportunity to comment on the transmission planning study assumptions associated with the CAISO Southern Renewable Transmission Planning study. We appreciate CAISO's willingness to share the base case and associated data used to perform the transmission planning and economic analysis with all market participants that area WECC members. As an Independent Power Producer (IPP) our comments are focused on assumptions related to generation and transmission projects that have a direct impact on the operation of our facilities.

Based upon the information shared during the market participant call to review the study assumptions, it is apparent that the generation assumptions, especially the treatment of generation located in key areas, will have a major impact upon the technical and economic benefits of all three transmission projects under consideration. We do not agree with CAISO's decision to only include generation that is either under-construction, has received a CEC license, or has a long term contract with one of the LSE's. We believe that these assumptions will produce a study case that could result in sub-optimal or erroneous results. As you know several generation projects, which have a CEC license, and which would be included in your study under the foregoing assumptions, that are either on-hold or have been formally cancelled. Additionally, there are projects that are either in the Interconnection Study Phase, and/or are in the CEC licensing process, that have a very high likelihood of completion. We believe such projects should be included in the Study assumptions. Inclusion of such projects is especially important when they are located in areas where they would have a major impact upon the results of the planning study and are either repowering or replacement projects.

Our South Bay Replacement Project is an example of such a project. This Project is a replacement for the existing South Bay Power plant, has filed an AFC application with the CEC, and is in the final stages of completing the Interconnection Study. The CAISO's study assumption that the existing South Bay Power Plant will retire in 2009-2010 time frame without any replacement generation at this site is inaccurate. The retirement of the South Bay Power Plant is dependent on a number of factors including the existence of Replacement Project. We believe that the decision to exclude the South Bay Replacement Project **and** assume the premature retirement of an existing unit is unrealistic and inaccurate. We urge the CAISO to include either the existing unit or its planned replacement in the generation assumptions for the 2010 base case.

As we indicated during our conference call last week, SCE has issued a press release indicating that they do not plan to re-power Mohave generating facility. In light of this information we believe that Mojave should be removed from the base case.

The following comments are provided to clarify apparent inconsistencies in the study assumptions:

- On page 7, the generation level for SDG&E area in pre and post Sun Path case is exactly the same. To us, that appears to be an error.
- On page 15, there seems to be an error. The dates for relocation of South Bay substation is listed as 06/2009, however, according to the MOU that SDG&E has with Chula Vista county, the substation will be relocated after the retirement of South Bay power plant that is expected to be occur after 1/2009.
- On page 29 the LEAPS drawing indicates the new 500 kV is path of the Sun Path project. Is this an error?

- On page 30 the Green Path drawing makes no mention of the IID 230 kV upgrades. Are they included?

We hope that our comments will aid improve the accuracy of the ISO transmission planning study. If you have any questions, please call me at (408) 204-7630.

Best regards,

Ali Amirali, P.E.

Assistant VP

LS Power Generation, LLC