

**BEFORE THE
PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA**

Application of Pacific Gas and Electric Company for Expedited Issuance of a Certificate of Public Convenience and Necessity for the Colusa Power Project)	
)	A.07-11-009
)	
)	

**RESPONSE OF THE
CALIFORNIA INDEPENDENT SYSTEM
OPERATOR CORPORATION**

Pursuant to Rule 2.6(c) of the Commission’s Rules of Practice and Procedure, the California Independent System Operator Corporation (“CAISO”) respectfully submits its response to the application of Pacific Gas and Electric Company (“PG&E”) for the expedited issuance of a certificate of public convenience and necessity (CPCN) to construct the Colusa Power Plant. The application was filed on November 14, 2007.

In Decision (D.) 06-11-048, the Commission approved seven long-term agreements allowing PG&E to procure 2,250 megawatts (MW) of new generation resources selected from its 2004 Long-Term Request for Offers. One of the agreements involved the “turn key” arrangement for the combined cycle Colusa Power Plant. The CAISO supported D.06-11-048, including PG&E’s selection of the Colusa Power Plant as an appropriate resource to meet PG&E’s previously identified need for timely new generation.

Although the CAISO has recently concluded that Commission policies should encourage the addition of quick start generation with faster and more durable ramping capabilities to facilitate integration of increased intermittent generation to meet renewable

portfolio standards, the CAISO also believes anticipated system conditions and needs continue to warrant strong support for the construction of the Colusa Power Plant. Thus, the CAISO supports PG&E's request for granting a CPCN on an expedited basis. It should be noted that the CAISO's support for the application is further buttressed by PG&E's commitment to construct and operate the project in accordance with the Commission's previously determined cost cap and the fact that the Colusa Power Plant always has been intended to be utility-owned.

Based on the foregoing, the CAISO supports the Commission's granting the PG&E's application for an expedited CPCN in this proceeding.

Respectfully submitted,

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CERTIFICATE OF SERVICE

I hereby certify that I have served, by electronic mail, the Response Of The California Independent System Operator Corporation in Docket Number A.07-11-009.

Executed on December 17, 2007, at Folsom, California.

/s/Susan L. Montana

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