

California Independent System Operator Corporation

Third Martin-Hunters Point 115kV Underground Cable Project

Gary DeShazo Director Regional Transmission North ISO Board of Governors March 7, 2007



Project Scope and Need Remain Unchanged

Board approved the Project in November 2004 as the preferred alternative to meet the identified reliability need and authorized reasonable cost recovery by PG&E

Project scope and need

- Is required to meet National, Regional, and ISO Planning Standards
- Is an Integral part of the Action Plan for releasing San Francisco generation from their RMR contracts
- Reinforces the internal San Francisco transmission system to support increased imported power and less generation within San Francisco





Project Remains Preferred Alternative

When Project was approved by the Board, the project cost was estimated to be \$35M

Project cost is now estimated to be \$80M

- Updated cost estimates of congested urban underground construction
- Permitting requirements
- Hazardous waste handling and environmental mitigation
- Higher underground cable costs
- Proposed route is slightly longer than the original estimate
- Project remains the preferred alternative to address the identified reliability need consistent with prior resolution
- Presentation of cost increase consistent with Board direction



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ISO Action Going Forward

- As presently planned, all of the remaining items within the Action Plan are required to be completed for it to end as intended with removing reliance on the existing Potrero Power Plant generating units
- Completion of only part of the Action Plan will not support mitigation of reliance on any of the existing Potrero generating units for maintaining reliability within the San Francisco transmission system
- Although the Trans Bay HVDC Cable Project is not part of the Action Plan, it is the vital transmission project that will maintain long-term reliable load-serving capability after successful conclusion of the Action Plan. This project is needed to meet reliability requirements as presently scheduled in early 2010



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Questions

P&ID/GLD