

**NEWS RELEASE**

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## California ISO Board Approves New Transmission Planning Approach

*Grid Operator Will Apply to FERC for Authority to Require Economic Projects*

(Folsom, CA) The California Independent System Operator Corporation (California ISO) Board of Governors today approved filing with the Federal Energy Regulatory Commission (FERC) a proposal that would give the California ISO the explicit authority to proactively identify and propose transmission projects to reduce congestion and provide economic benefits, ensuring the not-for-profit public-benefit corporation is compliant with FERC Order 890.

Order 890 requires independent transmission grid operators such as the California ISO to have an open, transparent transmission planning process that complies with several main federal tenets. To a large degree, the California ISO has been compliant with the concepts in FERC Order 890 in that it conducts a transparent grid planning process, giving stakeholders ample opportunity for input. However, to ensure compliance with Order 890, the California ISO took the opportunity to engage stakeholders in a series of meaningful discussions in the past year about the current grid planning process and to make changes where appropriate.

Part of the Order 890 compliance filing the Board of Governors approved today clarifies the California ISO authority to identify and propose transmission projects that will provide economic benefits. The proposal calls for the California ISO to first assign one of the Participating Transmission Owners (PTO)—typically one of the major utilities—to be the project sponsor. If the Participating Transmission Owner chooses not to build the project, the California ISO will have the authority to solicit bids from third-party transmission companies to finance, build and own the project, with the ISO operating the line.

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“We work closely with transmission owners and other stakeholders to identify projects that bolster reliability, bring economic benefits or provide access to cheaper or cleaner power,” said ISO President and CEO Yakout Mansour. “Some projects are determined to be essential for all of those reasons. The clarification of roles provides additional transparency that is in keeping with the spirit of FERC Order 890 and allows the ISO to reduce impediments to getting projects built.”

As another avenue for making it easier to get needed infrastructure on line on time, the California ISO is also proposing a change in the dollar threshold for Board approval of transmission projects. Currently, the ISO Board needs to approve any project with a cost of \$20 million or more. The California ISO proposes to increase that to \$50 million. The increase reflects the rising cost of transmission components over the past 10 years, which has added to the costs of transmission improvement projects.

“Conductor cable, transformers and other equipment all cost substantially more now than when we enacted the \$20 million threshold,” said Vice President of Planning and Infrastructure Development Armando Perez. “That increase shows up in the final cost of even relatively simple transmission projects. We have to acknowledge the world-wide demand for transmission components and still find the right balance between the need to move ahead quickly on some smaller projects and the need for our Board to approve projects that represent a major cost.”

The California ISO is a not-for-profit public benefit corporation charged with managing the flow of electricity along California’s open-market wholesale power grid. The mission of the California ISO is to safeguard the reliable delivery of electricity, and ensure equal access to 25,000 circuit miles of “electron highway.” As the impartial operator of the wholesale power grid in the state, the California ISO conducts a small portion of the bulk power markets. These markets are used to allocate space on the transmission lines, maintain operating reserves and match supply with demand in real time.

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