

Decision on the Delaney-Colorado River Transmission Project

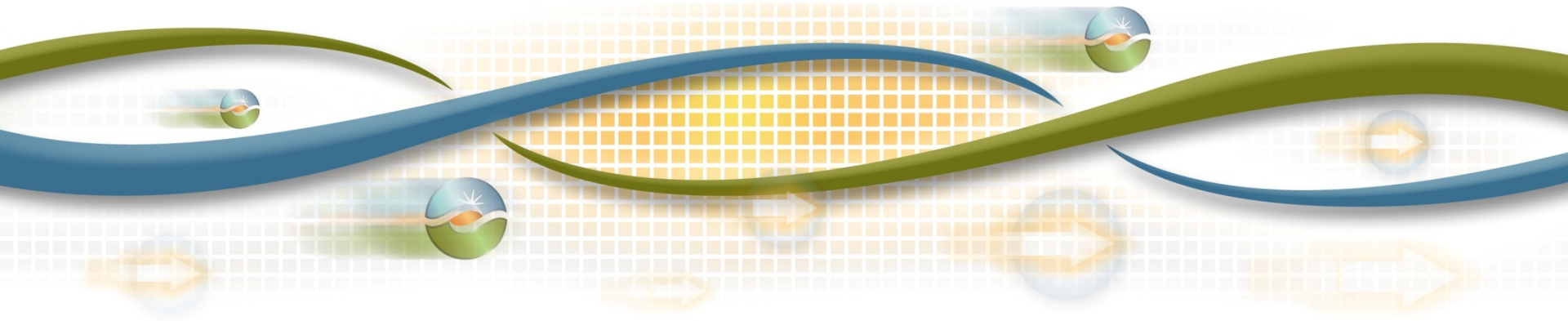
Neil Millar

Executive Director, Infrastructure Development

Board of Governors Meeting

General Session

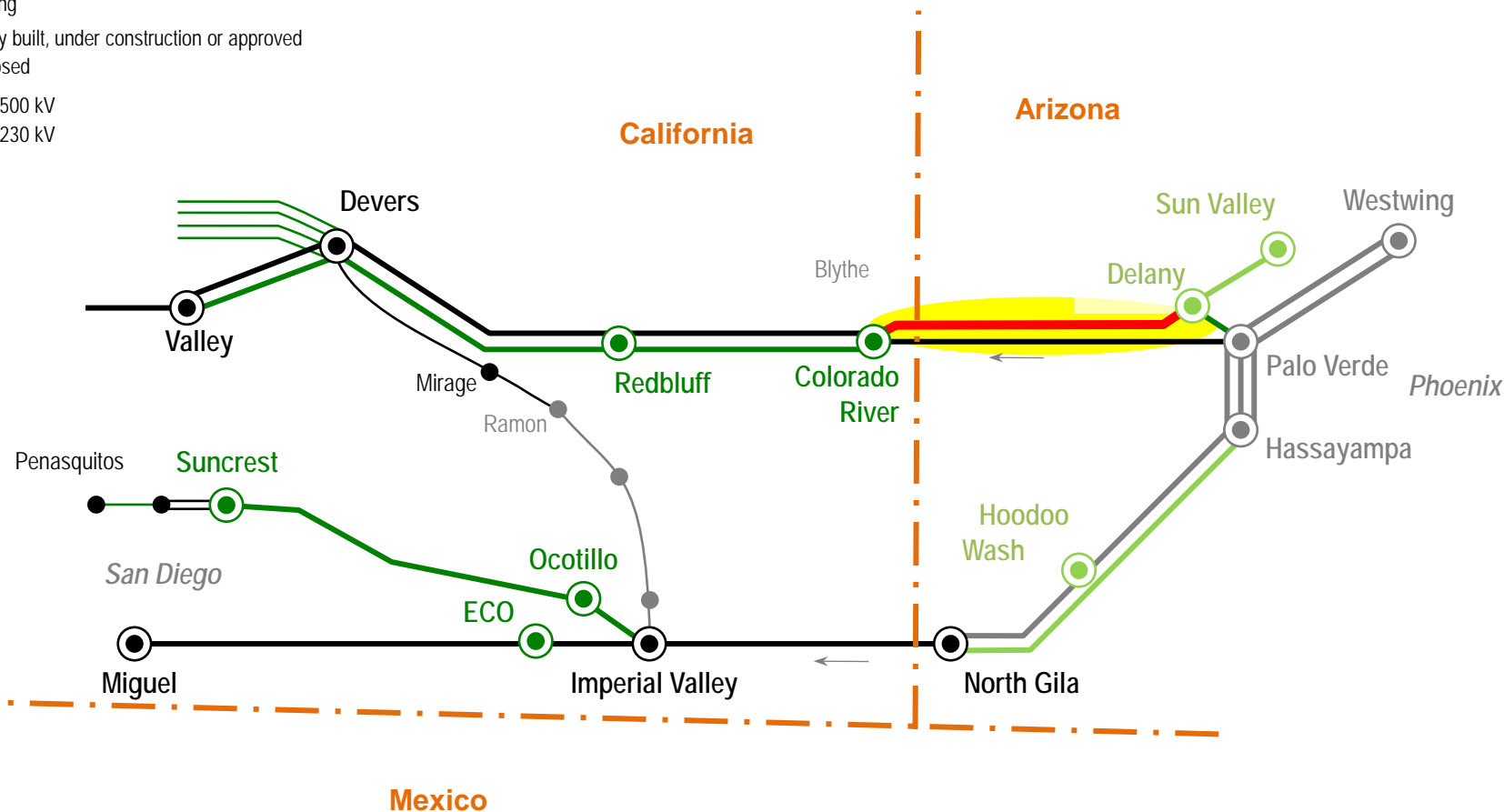
July 15-16, 2014



The Delaney Colorado River Transmission Project completes a second circuit from Palo Verde to Devers:

Legend

- Existing
- Newly built, under construction or approved
- Proposed
- 500 kV
- 230 kV



In March, the ISO Board of Governors deferred approval of the proposed Delaney-Colorado River 500 kV line to allow further consideration of:

- Issues affecting deliverability of renewable generation from Imperial Valley
- Whether the IID-approved transmission upgrades referred to by IID staff were properly modeled
- Whether NV Energy joining the energy imbalance market would materially affect the study results.

After further review, Management has concluded:

- The Delaney-Colorado River project will complement the potential need for other transmission options to support deliverability of renewables out of Imperial County.
 - Up to 2,500 MW of incremental renewable generation in the Imperial area being evaluated in ISO 2014-15 Transmission Plan.
- The IID-approved transmission upgrades were correctly modeled in the ISO's studies.
- NV energy's participation in the energy imbalance market does not adversely affect the project benefits.

Stakeholder process underway to consider options for renewable generation deliverability from Imperial County.

- Exploring the feasibility of various transmission alternatives from Imperial County
- Exploring the ISO's current method of setting maximum import capacity for deliverability from Arizona and from IID.
- This process will feed into the 2014-2015 transmission planning effort:
 - Potential upgrades will be identified for information purposes
 - State support through CPUC-developed portfolios would be required for the approval of upgrades in the future

Management is now requesting approval of the Delaney – Colorado River Transmission Project

Based on:

- Sufficient economic benefits relative to the estimated cost of the project
- Potential for policy benefits by increasing the deliverability from the Imperial Valley area
- Reliability benefits by reducing flows on key transmission paths

If approved, the competitive solicitation process for this project will commence in August.