



June 12, 2007

Via Electronic and U.S. Mail

Honesto Gatchalian, Energy Division
California Public Utilities Commission
505 Van Ness Avenue
San Francisco, CA 94102

Re: Comments of California Independent System Operator Corporation
Draft Resolution E-4052; Southern California Edison Company Request to
Establish a Renewable Transmission Feasibility Study Costs Memorandum
Account

Dear Mr. Gatchalian:

In this letter, the California Independent System Operator Corporation (CAISO) offers comments to draft Resolution E-4052. For convenience, the CAISO's proposed modifications to the draft Resolution are set forth in red-line fashion in an Attachment to this letter. These comments follow the meeting of interested parties held June 1, 2007 at the offices of PG&E (the "All Party meeting"), in which interested parties discussed a proposal that the CPUC establish a Renewable Transmission Planning (RTP) process. As you are likely aware, Southern California Edison's (SCE) Advice Letters and the draft Resolution are the impetus for the proposed development of a CPUC RTP process and serve as the starting point for developing the basic structure of a generic process.

As an initial matter, the CAISO requests permission to submit these late filed comments pursuant to General Rule 7.4.4 [*Late-Filed Protest or Response*] of General Order 96-B. In this regard, the CAISO submits that its late filed comments should be accepted because they speak to the process outlined in the draft Resolution, and specifically the understanding of the CAISO as to the interrelation between the CAISO's transmission planning process and the proposed three-phased process outlined in the draft Resolution. The CAISO respectfully submits that its comments for modification of the draft Resolution help to clarify, for the benefit of the requesting utility, how the CAISO believes the RTP process synchronizes with the CAISO transmission planning process. Moreover, to the extent that this draft Resolution intends to articulate a more generic RTP process, as the Energy Division articulated at the All Party meeting, the CAISO's comments benefit other utilities which would seek to invoke the RTP process generally discussed in the draft Resolution.

The Draft Resolution Should Detail the Interrelation Between the Three-Phase Renewable Transmission Planning (RTP) Process and the CAISO and CEC Processes.

The CAISO requests that the three-phased process outlined in the draft Resolution should be aligned with existing CAISO processes for clarity and to avoid duplication of activities. In this regard, the CAISO's proposed modifications to Phase 1 activities include an express direction that SCE coordinate with the CAISO's existing and proposed transmission planning efforts and, in particular, a sub-regional planning group which will be formed shortly as part of the CAISO process.

In addition, the CAISO proposes that the work product which the draft Resolution directs SCE to prepare at the conclusion of Phase 1, consisting of a ranking of proposed Competitive Renewable Energy Zones (CREZ Ranking), should be submitted to the CAISO and the California Energy Commission, in addition to the CPUC Energy Division. Including the CEC in the distribution of CREZ Ranking provides the chance to optimize coordination of the CPUC process with related CEC activities in connection with transmission corridor designation. The desire to interrelate this CEC process with the CPUC's proposed process was voiced at the All Party meeting.

The CAISO's proposed modifications also provide greater definition to Phase 3. This phase involves identification of transmission options for renewable areas. The CAISO's modifications to this section of the draft Resolution clarify that CAISO would lead the Phase 3 efforts and note that:

Phase 3 applies to those resource areas that require associated transmission upgrades or application of new provisions of the California ISO's tariff being developed pursuant to the multi-user trunkline Petition for Declaratory Order approved by FERC on April 19, 2007 (Docket EL07-33-000). It is here that the intersection occurs with the California ISO's process for studying transmission options for the renewable resource area, taking into account the route(s) identified by SCE during Phase 2.

The CAISO's proposed modifications clarify that SCE will participate in the CAISO stakeholder process for transmission options, and will work with the CAISO and with stakeholders toward the development of FERC approved CAISO tariff provisions pertaining to a multi user trunkline.

The Proactive Renewable Transmission Planning Discussion Should Clearly Emphasize that It is Directed Toward Informing Procurement Activities and Analyzing Costs and Benefits. The language in this section begins with the statement that "[t]hrough this advice letter filing, SCE has signaled its desire to pursue a path of proactive transmission planning to access renewable resources." (Draft Resolution at p. 5.) The CAISO's proposed modifications to this section replace the word "development" with "procurement," to more accurately depict the link between generation access and transmission development. In this regard, it is anticipated that generation resources, which the CPUC intends to encourage by the RTP process, will be largely developed by

market entities, and, from SCE's perspective, SCE will procure from those resources to build its supply portfolio.

In addition, the CAISO proposes modifications to the articulated Resource Assessment, Planning and Procurement Guidelines. These modifications note that benefits should be evaluated in addition to costs, that a renewable resource area's potential should be evaluated as sufficient to justify additional transmission in the area, and that integration with other planning activities should include both the CAISO and CEC processes.

Respectfully submitted,

/s/Bill DiCapo

Baldassaro "Bill" DiCapo
Counsel

Attachment (Red line document containing CAISO proposed modifications to draft Resolution)

cc (with Attachment):

Paul Douglas, Energy Division, CPUC (via email and U.S. Mail)
Michael Peevey, President, CPUC
Commissioner John Bohn, CPUC
Commissioner Rachelle Chong, CPUC
Commissioner Dian Grueneich, CPUC
Commissioner Timothy Simon, CPUC
Sean Gallagher, Director, Energy Division, CPUC (via email)
Akbar Jazayeri, SCE (via email)
Bruce Foster, c/o Karyn Gansecki, SCE (via email)
Service Lists R06-05-027, R 06-02-012 (via email)