

CALIFORNIA ENERGY COMMISSION

ROBERT B. WEISENMILLER, CHAIR

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March 18, 2014

Board of Governors
California Independent System Operator
250 Outcropping Way
Folsom, CA 95630

Dear Board of Governors:

I join in urging the California Independent System Operator (CAISO) to approve the 2013-2014 Transmission Plan that will be before you for consideration on March 20th. This includes recommendations that demonstrate the close collaboration we have underway addressing reliability issues related to the closure of the San Onofre Nuclear Generating Station (San Onofre) as well as policy issues that support deliverability of renewable generation to California consumers.

The multi-agency effort to address southern California reliability is moving forward as planned. The California Public Utilities Commission (CPUC) is addressing procurement in the area and the California Energy Commission (Energy Commission) is considering the permitting of natural gas generation facilities and establishing contingency options. With approval of the Draft Transmission Plan, the CAISO will be approving transmission upgrades that both address reliability and reduce the need for gas-fired generation in the region. This is not to say that we have completed our work -- far from it, but we are moving forward as planned. I look forward to continued collaboration, including effective tracking of project implementation, development of aligned planning assumptions through the Energy Commission forecasting process, and additional procurement through the CPUC, if needed.

I am aware that the closure of San Onofre has impacted flow patterns that limit the ability to move generation from the Imperial Irrigation District (IID) to serve consumers elsewhere in California. These impacts are mitigated by elements of the plan before you for consideration, including the proposed approval of a competitive transmission project between the Delaney and Colorado River substations. On February 27, 2014, President Peevey, Commissioner Florio, and I sent a letter to Mr. Berberich with the renewable portfolios to be studied in the 2014-15 Transmission Plan. In the letter, we asked your staff to do additional studies in next year's planning process to identify the most cost-effective ways to achieve imports from IID to the previously identified level of 1,400 MW and they have agreed.

In conclusion, I also want to acknowledge the progress the CAISO has made in changing its transmission planning process to incorporate consideration of alternatives to conventional generation and transmission solutions. This is a positive step that has already allowed alternatives to be approved in the San Diego area to address the closure of San Onofre. I look forward to our continued collaboration and urge you to approve the plan before you.

Sincerely,

A handwritten signature in black ink that reads "Robert B. Weisenmiller".

ROBERT B. WEISENMILLER
Chair

cc: Stephen Berberich, President and CEO, CAISO
Karen Edson, Vice President, Policy and Client Services, CAISO
Rob Oglesby, Executive Director, California Energy Commission
Michael Peevey, President, California Public Utilities Commission