



Decision on the Highwind Location Constrained Resource Interconnection (LCRI) Facility Project

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The Board and FERC approved the LCRI as an innovative means for reaching renewable generation.

- LCRI removes barriers to efficient transmission development
- LCRI provides a financing mechanism for transmission built to connect remote resources to the grid
- Participating Transmission Owners provide “up front” financing to construct “trunk” line facilities
- Generators reimburse the cost of facilities based on their *pro rata* share of the facilities

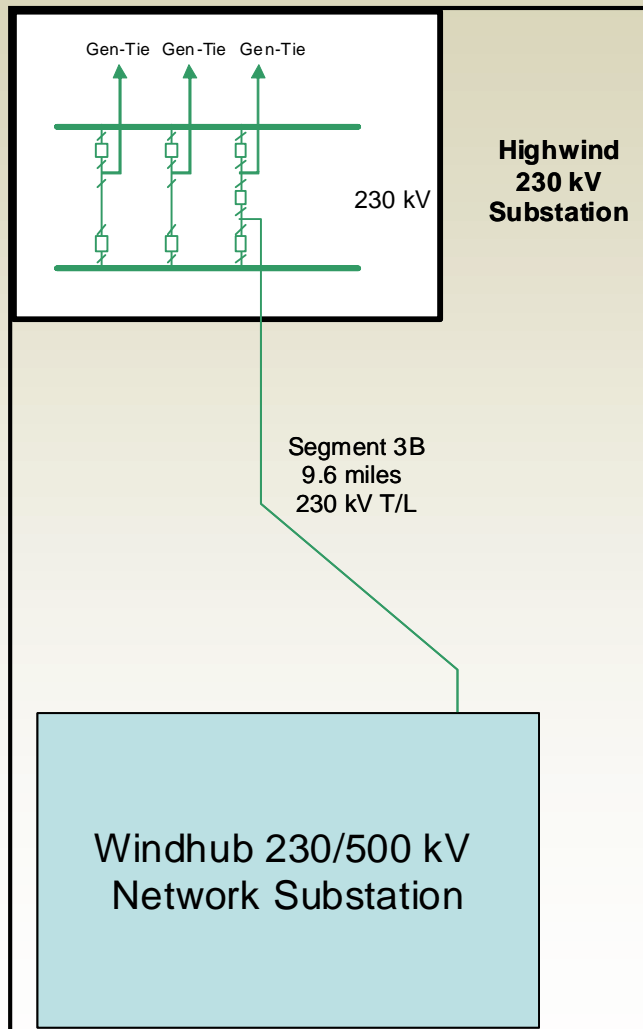
Highwind is the first project presented to the ISO for consideration under the LCRI tariff.

- Submitted by Southern California Edison during the 2008 request window and is included in the ISO's 2009 Transmission Plan
- Will connect up to 1,150 MW of wind generation in the Tehachapi renewable resource area
- Connects to the Tehachapi Renewable Transmission project, approved by the Board in 2007

For the Highwind project to move forward, Tehachapi must be certified as an energy resource area.

- Formal state energy agency designations of energy resource areas await results from the California Renewable Energy Transmission Initiative (RETI)
- In the interim, the ISO Tariff allows the Board to certify an energy resource area
- The reasons supporting ISO Board certification at this time include:
 - The Tehachapi energy resource area is highly ranked in RETI both economically and environmentally
 - The CPUC has identified the Tehachapi energy resource area as the largest wind resource in California

Highwind is a high voltage facility connecting three wind generation projects.



- Single 230kV line
- 9.6 miles in length
- Maximum capacity of 1,150 MW
- Planning level cost is \$46.1M
- Final design and engineering work cost is \$4.6 M
- Planned in-service date is December 31, 2010

Highwind meets all tariff criteria for conditional approval.

- The facility is needed and is the most cost effective solution for generation interconnection
- It is a high voltage, multi-generator facility
- Highwind is a radial line that meets the ISO's reliability requirements and planning standards

Following conditional approval, SCE must meet commercial interest requirements to obtain final ISO approval.

- Generators with a combined capacity equal to 25% of the line must execute interconnection agreements
- Sufficient planned development must be demonstrated through site control, power sales agreements, deposits or other means

Management requests that the Board:

- Certify the Tehachapi wind resource area as an energy resource area
- Approve Highwind, on a conditional basis, until the “commercial interest” test is met
- Direct SCE to proceed with necessary permitting and engineering