

Decision on Revised Transmission Planning Process

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Transmission planning process must be revised to achieve 33% renewable energy.

- Statewide planning approach
 - Collaboration among California transmission providers
- Whole-system instead of single-project approach
 - Consolidates all ISO planning activities
- New criterion for “policy-driven” transmission
 - Needed to support policy goals
 - Supplements existing reliability and economic criteria
- Maintains FERC Order 890 compliance

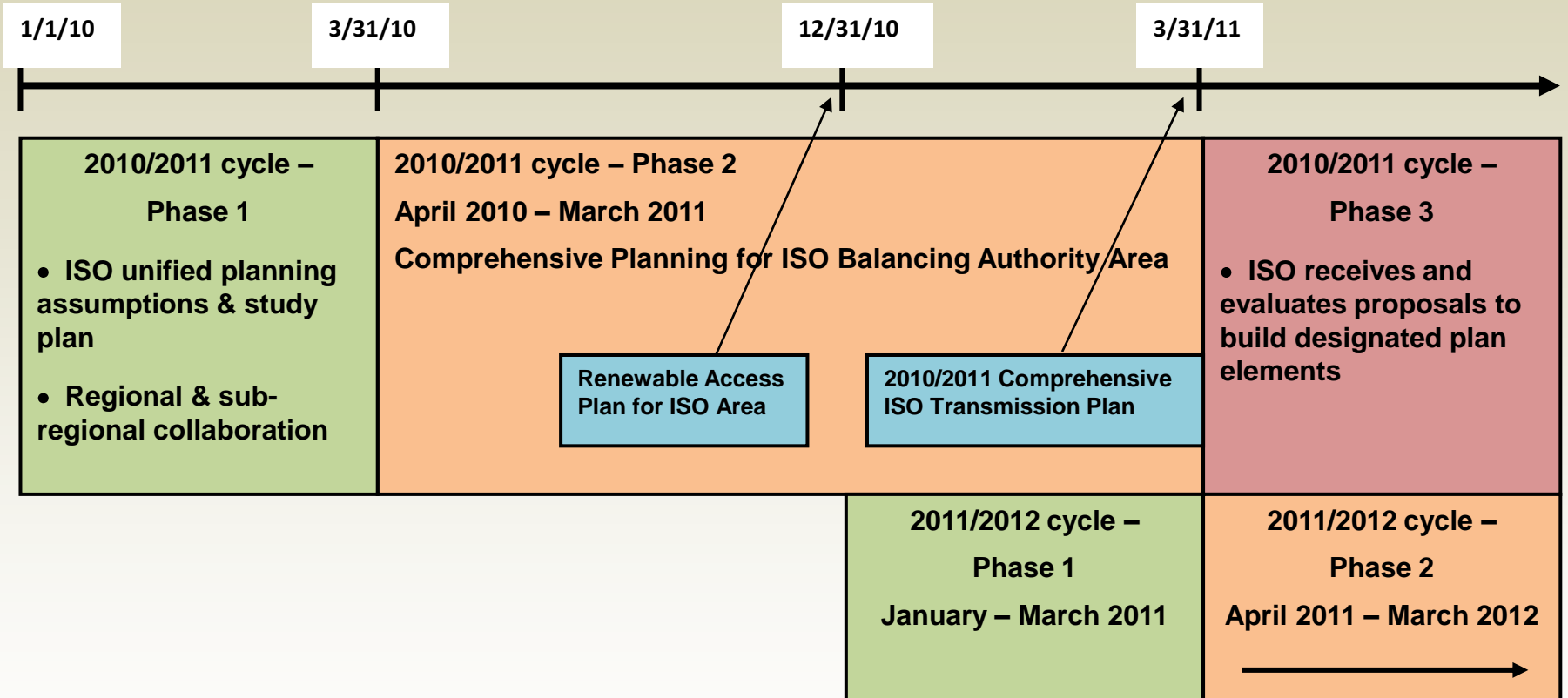
Proposal was developed through an eight month stakeholder process.

- Series of seven ISO papers
- Multiple in-person meetings and conference calls
- Six rounds of stakeholder written comments

Final proposal addresses the most contentious stakeholder issues.

- Opportunities for independents to build transmission
 - Policy-driven and economic upgrades
 - 2008-09 request window projects
- Deciding between competing proposals
 - ISO decides when proposals apply to different siting authorities
- Expedient processing of interconnection agreements
 - Proposal supports stimulus funding deadlines

Proposal will create annual three-phase process.



Proposal coordinates ISO infrastructure planning into one annual process.

- Comprehensive ISO transmission plan will include:
 - Projects for reliability, long-term congestion revenue rights feasibility, merchant, location-constrained resources
 - Interconnection-driven upgrades
 - Category 1 policy-driven and economic elements
 - Category 2 potentially needed – for future re-assessment

Staff is reviewing draft tariff language with stakeholders for FERC filing.

- First draft of language posted May 5
 - Stakeholder conference call held May 12
- Second draft to be posted May 19
 - Stakeholder conference call May 26
- FERC filing planned for June 1

Approval of proposal will enable transmission development for 33% renewable energy.

- Supports timely and efficient infrastructure decisions
 - Builds upon statewide conceptual plan and regional coordination
- Creates new “policy-driven” criterion for planning and approving transmission
- Integrates all ISO infrastructure planning activities into a single process and annual comprehensive plan