



To: Anjali Sheffrin
Greg Cook
From: Rob Gramlich, Policy Director, American Wind Energy Association
Date: July 13, 2006
Re: White paper on Renewable Trunklines

We appreciate the opportunity to comment on the California ISO's white paper "Proposal for a Third Category or Alternative Treatment of New Transmission Facilities for Renewable Generators." AWEA appreciates the ISO's willingness to help resolve a serious problem in today's transmission system.

The ISO's white paper addresses a fundamental problem in today's transmission system. There is no way under the current wholesale transmission tariff to build transmission to an area of new location-constrained generation whose characteristics are such that the needed transmission is significantly larger than any one project can support financially. These facts create a serious "chicken and egg" problem where the generation will not come until there is transmission, and transmission will not be built until there are generator requests for service. There are pockets of renewable resources which could be tapped to efficiently meet the state's renewable portfolio standard but which require new transmission which is impeded by this problem.

Thus, in our view, there is a need for policy reform to address this problem, not to promote renewable generation *per se* but rather to address the "chicken and egg" problem presented by the existing tariff when applied in these unique circumstances. Stated differently, we do not believe that the ISO proposal need be rooted in any generation resource planning or technology preference by the ISO. Rather, we believe there is a need to reform the financing of new transmission to access certain resource areas that have the following characteristics: 1) there is a significant resource for an inherently location-constrained generation technology; 2) there is insufficient transfer capability at present to allow development of the resource; 3) there is a reasonable basis for concluding that multiple generation projects would be developed if sufficient transmission were built; and 4) the appropriately-sized transmission is greater than any individual generation project can be expected to finance. Under our vision, the ISO's policy would be based not upon a generation technology preference, but rather upon the need to address these specific circumstances that currently impede the planning and construction of needed transmission.

We are continuing to review applicable authorities and work with other stakeholders to ensure that any such proposal will withstand scrutiny at FERC. We encourage the ISO to do the same and look forward to continuing this dialogue. We would not want to exacerbate the delay in efficient facilities or distract the California Public Utilities Commission from its responsibilities under Public Utilities Code § 399.25.