

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE
STATE OF CALIFORNIA**

Order Instituting Investigation into
Implementation of Assembly Bill 970 regarding
the identification of electric transmission and
distribution constraints, action to resolve those
constraints, and related matters affecting the
reliability of electric supply.

Investigation No. 00-11-001

**COMMENTS OF THE CALIFORNIA INDEPENDENT SYSTEM OPERATOR
ON ALTERNATE PROPOSED DECISION
OF PRESIDENT PEEVEY CONCERNING TRANSMISSION NEEDS
IN THE TEHACHAPI WIND RESOURCE AREA**

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Pursuant to Rule 77.6 of the Commission's Rules of Practice, the California Independent System Operator ("CAISO") hereby submits its Comments on the Alternate Proposed Decision of President Peevey on Transmission Needs in the Tehachapi Wind Resource Area (the "Peevey APD").

The CAISO approves of the Commission's efforts to ensure that generation resources and transmission infrastructure in the Tehachapi wind area develop in a rational and comprehensive manner. The Peevey APD as well as the Proposed Decision of Administrative Law Judge TerKerst recognize the value of a collaborative approach to the development of the Tehachapi wind area and the need for phased transmission improvements. Nevertheless, the Peevey APD rejects the need for a collaborative process with respect to defining the initial phases of the transmission upgrades. Rather, the Peevey APD concludes that the first phase of development is appropriately identified in the conceptual study previously prepared by Southern California Edison ("SCE") and directs SCE to file for a Certificate of Public Convenience and Necessity for

this first phase.¹ The CAISO cannot support this conclusion on both procedural and substantive grounds.

Procedurally, the CAISO opposes Commission decisions that circumvent the CAISO's statutorily mandated role to plan California's bulk electricity transmission grid. AB 1890 transferred responsibility for ensuring grid reliability from the State's investor-owned utilities and the Commission to the CAISO. (Public Utilities Code § 345.) Public Utilities Code § 334 provides explicitly that "[t]he proposed restructuring of the electric industry would *transfer* responsibility for ensuring short- and *long-term reliability away* from electric utilities and regulatory bodies to the Independent System Operator . . ." (emphasis added.) Moreover, it was a clear objective of the California legislature in passing AB 1890 that the CAISO be accepted as an "Independent System Operator" by the FERC. CAISO coordination of transmission planning was a prerequisite of FERC's recognition of the CAISO as an Independent System Operator, see 77 FERC 61,204, pp 61,834-36 (November 26, 1996); 80 FERC ¶ 61,128, pp 61,416-35 (July 30, 1997).

Despite the clear intent that the CAISO possess a primary role in transmission planning, the Peevey APD would permit a significant transmission project to proceed prior to and without CAISO review. It may very well be that SCE's conceptual study does reflect the most efficient and regionally beneficial upgrade decision for the first phase of expanding the transmission infrastructure needed to accommodate the Tehachapi wind area. But the CAISO has not made this determination and, as a result, system efficiencies may be lost by the Peevey APD. For example, substantively the ISO has several concerns regarding the Pardee-Antelope 230 kV line project that was identified as the first phase in SCE's conceptual study.

- SCE has stated that typical double circuit towers cannot be used to build this line because the route goes over elevations that exceed 3000 feet. Therefore SCE is proposing to build single circuit lines that would take-up more rights-of-way and cost more than typical double

¹ Peevey APD, mimeo. at p. 27.

circuit towers. In addition, the Sagebrush line uses vertical conductor configuration that SCE says it cannot use. The CAISO, therefore, believes it necessary to further discuss the operational history of the Sagebrush line to determine if SCE's theoretical concerns regarding vertical conductor configurations are validated by reality.

- It is not clear that this line would be the best first phase if the ultimate goal were to create a fourth 500 kV line between Vincent and Midway. Expanding transmission between Vincent and Midway could alleviate potential congestion and deliverability problems in the long-term.
- Perhaps other routes such as between Vincent and Antelope could allow the use of double circuit towers based on typical construction designs for 230 kV and at a reasonable cost.

The CAISO concurs that California needs to move forward aggressively to develop the necessary electric infrastructure to expedite implementation of the Renewables Portfolio Standards as articulated in the Commission's Energy Action Plan. There is no indication in the Peevey APD, however, that this goal should supersede reliability and efficiency interests or that the desire for expediency is inconsistent with the collaborative process. Indeed, it should be possible to phase the collaborative study process such that a "phase one" conclusion can be reached prior to the conclusion of the process generally.

Dated: June 1, 2004

Respectfully submitted,



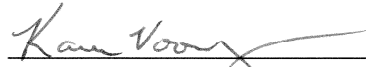
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PROOF OF SERVICE

I hereby certify that on June 1, 2004, I served by electronic and U.S. mail, the Comments of the California Independent System Operator on Alternate Proposed Decision of President Peevey Concerning Transmission Needs in the Tehachapi Wind Resource Area in Docket # I.00-11-001.

DATED at Folsom, California on June 1, 2004.



Karen Voong
An Employee of the California
Independent System Operator