

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

In the Matter of the Application of)	Application No. 06-08-010
San Diego Gas & Electric Company)	(Filed August 4, 2006)
(U-902) for a Certificate of Public)	
Convenience and Necessity for the)	Application No. 05-12-014
Sunrise Powerlink Transmission Project.)	(Filed December 14, 2005)

**PRELIMINARY OUTLINE AND
DESCRIPTION OF THE CAISO TESTIMONY**

I. Background and Scope of Testimony

In the November 1, 2006, Scoping Memo and Ruling (Scoping Memo), the Assigned Commissioner and ALJ asked the CAISO to provide further assistance with the Commission’s consideration of the need for the Sunrise Powerlink Transmission Project (Sunrise). The CAISO staff analyzed the project in accordance with §24.1 of the CAISO FERC Electric tariff, using its Transmission Economic Assessment Methodology (TEAM) and applicable Grid Planning Standards. The CAISO staff’s Findings and Recommendation (hereinafter the “CAISO Report”), approved by the CAISO Board on August 3, 2006, concluded that Sunrise will provide significant economic, reliability and environmental benefits to CAISO ratepayers. Specifically, the transmission upgrade project presented by San Diego Gas & Electric (SDG&E) and studied by the CAISO¹ fulfills the following important purposes: 1) access to renewable resources in the Salton Sea and other areas of the Imperial Valley; 2) increased access to economic imports; and 3) improved network reliability.

¹ The project studied by the CAISO includes the following facilities:

- A 500 kV transmission line from the Imperial Valley (IV) Substation to a new Imperial Irrigation District (IID)-owned San Felipe substation.
- A 500 kV transmission line from the San Felipe Substation to a new SDG&E-owned Central Substation in central Sand Diego county.
- A double circuit 230 kV transmission line from Central Substation to the existing Sycamore Canyon Substation.
- A 230 kV transmission line from Sycamore Canyon Substation to Penasquitos Substation.
- A 3rd San Luis Rey 230/69 kV transformer
- Re-conductor of Sycamore Canyon- Elliott 69 kV line
- A total of 240 MVAR reactive support at Central, San Luis Rey and South Bay substations.

The Scoping Memo at page 7 found that the CAISO Report did not include an evaluation of non-wires alternatives, did not fully analyze the interdependence of Sunrise with the Lake Elsinore Advanced Pumped Storage (LEAPS) and the Tehachapi transmission projects, and did not fully evaluate several non-generation alternative scenarios described by UCAN in its Prehearing Conference statement (PHC). The CAISO has been asked to conduct these additional evaluations and address the results in its testimony to be submitted on January 26, 2007 in this proceeding.

As the independent transmission grid operator, the CAISO has a tariff obligation to consider the economic and reliability benefits associated with transmission projects that are brought to it for evaluation by project sponsors, as was been done for the Sunrise project proposed by SDG&E. However, the CAISO has also found that, with respect to Sunrise, there are other critical benefits afforded the CAISO ratepayers and the state of California in general, such as furtherance of the state's Renewable Portfolio Standard policy. A transmission project meeting the three criteria set forth above is important to the state of California. The CAISO is pleased to engage in further studies as described in the Scoping Memo.²

Nonetheless, the study of project alternatives can be very time consuming and has been proposed at the same time that the CAISO is preparing its Findings and Recommendations on other critical transmission projects in Southern California including the Tehachapi Transmission project.³ If the CAISO is to realistically analyze (or further investigate) various Sunrise alternatives and include the results of the studies in its January 26, 2007 testimony, the proponents of those alternatives must:

- Clearly identify why the proposed alternative meets all the three criteria fulfilled by the Sunrise project (described above); and
- Provide specific information on the plan of service information for the alternative on a timely basis; and

² On this point, it is perhaps worth noting that the CAISO is participating in this proceeding as an independent objective entity rather than a project proponent as suggested in the Scoping Memo.

³ By "alternatives", the CAISO means not only physical scenarios that differ from the base case study with respect to facilities or routing, but also changes in the modeling assumptions used to evaluate the base case.

- Be available to address all questions from the CAISO regarding the technical specifications of the project on a timely basis

The timing and format of this information and information exchange can be discussed at the testimony workshop on November 14, 2006. The CAISO will consider alternatives that fulfill the three criteria discussed above.

Finally, the Scoping Memo, at page 11, asks the CAISO “to develop a comprehensive evaluation of UCAN’s proposed alternatives to the proposed project discussed in UCAN’s PHC statement”. The CAISO has reviewed both the UCAN September 7, 2006 PHC statement and the October 31, 2006 UCAN letter to the Aspen Environmental Group and has identified the following alternatives:

- “Mexico Light”
- South of SONGS Upgrade
- Relocate Central substation to the San Felipe substation site
- Build a 500 kV line roughly parallel to SWPL from IV substation to the Boulevard/Campo area, then build two 230 kV transmission lines from there to the existing SDG&E grid.
- Build a 500 kV line from Imperial County to the Los Angeles area currently proposed by LADWP, and take other measures as necessary to meet SDG&E reliability needs.
- Various non-wires alternatives such as a G-1 rerate, Advanced Metering Initiative (AMI), demand response programs, new combustion turbines and the South Bay generation project.

As set forth below, these alternatives will be addressed in the CAISO testimony, assuming that they comply with the criteria set forth above. If other parties have alternatives that they believe meet the same three threshold criteria and want the CAISO to perform economic/reliability analyses on them for testimony due by January 26, 2006, they should be prepared to discuss them at the testimony workshop and be prepared to share all the necessary information by December 7, 2006.

II. Preliminary Outline of Testimony

Except for the CAISO Report, it is not possible to predict at this time precisely the substance of the CAISO testimony⁴. However, from a very high level, it is anticipated that the testimony might be organized along these lines:

- A. Introduction of Witness; Employment and Educational Experience.
- B. Description of Project and Study Process Involved in the Development of the CAISO Report.
- C. Discussion of CAISO Report Results.
- D. Description of Alternatives Evaluated as Part of the Study Process; Discussion of Results.
- E. Discussion of Updates to LEAPS and Tehachapi Studies and Impact on Sunrise.
- F. Description of UCAN (and other party) Alternatives Evaluated Or Further Studied after the Presentation of the CAISO Report to the CAISO Board.
- G. Discussion of Issues Raised by Parties to the CPUC CPCN Proceeding.
- H. Recommendations and Conclusions.

The CAISO reserves the right to make changes to this outline and may ultimately submit testimony that is organized in a substantially different fashion. However, the CAISO will endeavor to address the topics covered in the Scoping Memo in order to assist the Commission with its needs determination.

Respectfully submitted,



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⁴ It is possible that the CAISO would present more than one witness.

CERTIFICATE OF SERVICE

I hereby certify that I have served, by electronic and United States mail, a copy of the foregoing Preliminary Outline and Description of the CAISO Testimony to each party in Docket Nos. A.06-08-010 and A.05-12-014.

Executed on November 9, 2006 at Folsom, California.



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