



PUBLIC UTILITIES COMMISSION

STATE OF CALIFORNIA
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SAN FRANCISCO, CALIFORNIA 94102

MICHAEL R. PEEVEY
PRESIDENT

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April 29, 2011

Yakout Mansour
President and CEO
California Independent System Operator

Re: CAISO 2010-2011 Transmission Plan

Dear Yakout,

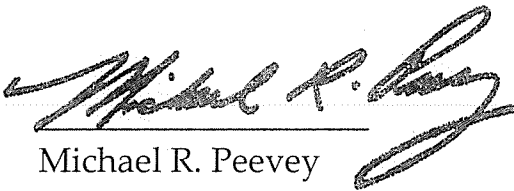
After reviewing key portions of the California Independent System Operator's 2010-2011 Transmission Plan report, ("2011 Plan") we wanted to express our concerns with some of its conclusions and methods. Specifically, the 2011 Plan relies almost entirely on generator interconnection process-driven transmission projects being pursued by the incumbent Investor Owned Utilities (IOUs), which are not subject to any sort of competitive process or, in fact, to the newly established criteria in the CAISO's tariff for approving "policy" (RPS) related transmission.

In contrast, the numerous projects submitted for consideration by independent transmission developers have all been rejected as unnecessary. This includes projects offered for both reliability and economic purposes, some of which qualify as "policy" (RPS-related) projects under current planning criteria. The net result of this process appears to be a total reliance on IOU transmission development and a significant step back from the use of competitive solicitations for transmission projects, despite the emphasis on such solicitations in the revised Transmission Planning Process that was laboriously crafted in consultation with stakeholders. This is disappointing.

Since 2006, the CAISO has now expressed support for around 190 projects with an estimated combined value of nearly \$7.5 billion. With the exception of the Transbay Cable, all of these projects are IOU sponsored. We are concerned this trend will have the effect of strongly discouraging continued efforts by independent transmission developers to pursue projects in California.

We hope you appreciate our concerns with the overall impacts of the 2011 Plan and we look forward to working with you and your successor at the CAISO to find a more balanced approach to transmission planning at this critical juncture in California's path to greater utilization of renewable resources.

Sincerely,



Michael R. Peevey



Michel P. Florio

Cc:

Robert Foster, Board of Governors
Richard Maullin, Board of Governors
Chairman Robert Wisenmiller