

Decision on the ISO Planning Standards

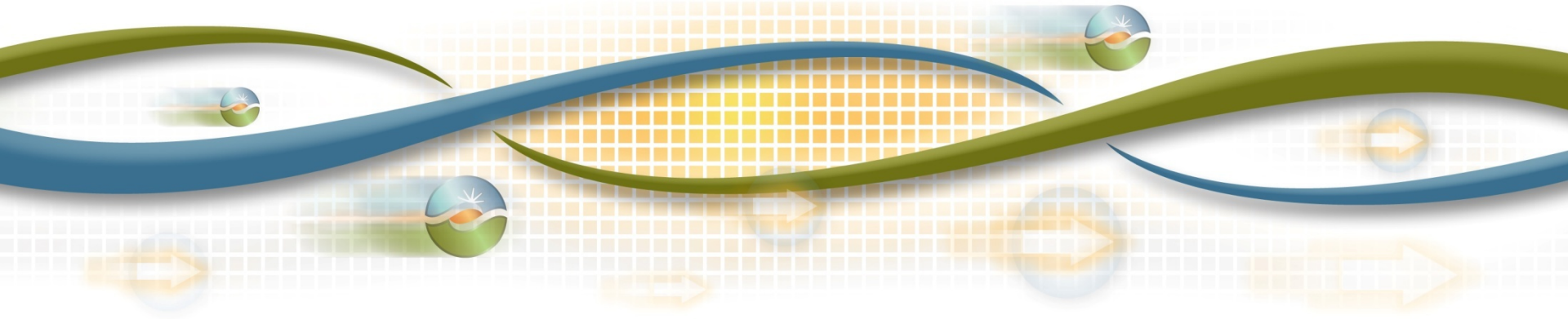
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Consistent standards are necessary to provide reliable service to customers:

- The ISO plans and approves projects as needed to ensure compliance with established planning standards.
- All other transmission planning activities also comply with planning standards.
- The standards and criteria are the foundation for all planning activities.

Planning activities follow these criteria and standards:

- All North American Electric Reliability Corporation (NERC) reliability standards
- All Western Electricity Coordinating Council (WECC) regional criteria
- ISO planning standards
 - Address unique requirements in the ISO footprint
 - Board approval is required in order to make any changes to the ISO planning standards
 - Last revision approved by ISO Board in 2002
 - Have been reorganized and updated

The new or revised ISO planning standards are:

- Voltage standard (provides standardization of low and high voltage levels as well as voltage deviations) - added
- Loss of combined cycle power plant module as a single generator outage – added
- San Francisco/Greater Bay Area generation outage – deleted
- Planning for new transmission versus involuntary load interruption for certain contingency events - revised
- The guideline for new special protection systems - revised

The following ISO planning standards were reorganized with no material changes:

- Application of NERC reliability standards to low voltage facilities under ISO operational control
- Combined line and generator outage standard (single transmission circuit outage with one generator already out of service and the system adjusted)
- Specific nuclear unit standards

Management completed a thorough stakeholder process:

- Process started in April
- Stakeholder meeting and conference call
- Two rounds of written stakeholder comments
- Three rounds of draft documentation

Stakeholders generally support the revised ISO planning standards:

- Stakeholder concerns have been addressed.
- Majority of stakeholder comments are incorporated in the final proposal.
- The updated “Planning for New Transmission versus Involuntary Load Interruption Standard” was incorporated as a guideline for the first year.

Management recommends approval of the revised ISO planning standards:

- The revised planning standards are a much needed update to the current standards.
- The new standards provide greater clarity and transparency on planning criteria and will help ensure reliable service.