

NEWS RELEASE

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California ISO Board Approves Long-Term Transmission Rights

ISO Will File Plan With FERC by January 29 Deadline

(Folsom, CA) The California Independent System Operator Corporation (California ISO) Board of Governors late yesterday afternoon unanimously approved a plan to allocate ten-year transmission rights to load-serving entities in California. This will provide greater certainty regarding the cost of transmission service, promote the use of long-term contracts to serve load and allow users of the grid to manage the cost of bottlenecks that may develop on the transmission system.

Starting last August, the California ISO conducted an extensive stakeholder process to formulate consensus on a design for Long-Term Congestion Revenue Rights (LT-CRR). “Stakeholders played an essential role in developing this proposal and the result is a balanced plan that provides long-term certainty for transmission users,” said ISO Board Chair, Mason Willrich.

The Board-approved plan for LT-CRR is designed to be compatible with the ISO Market Redesign and Technology Upgrade (MRTU) program set to start operation on January 31, 2008. It aims to meet seven guidelines specified by the Federal Energy Regulatory Commission (FERC) in its final rule on long-term transmission rights.

The Board-approved LT-CRR plan:

- Ensures the ten-year rights are available upon the start of MRTU, along with one-year and monthly CRRs;
- Balances the allocation of ten-year rights with the allocation of one-year rights, so that each load-serving entity has flexibility to choose a mix of these rights that best meets its own unique needs;
- Promotes investment and long-term contracting by providing entities with a financial instrument to manage their costs associated with using the transmission system under their long-term power contracts.

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LT-CRR 2-2-2-2

The Board's approval today clears the way for the California ISO to file the proposal with FERC by a January 29 deadline. Details of the proposal can be found on the ISO website at:

<http://www.caiso.com/1845/1845dca750770.html>

The California ISO is a not-for-profit public benefit corporation charged with managing the flow of electricity along California's open-market wholesale power grid. The mission of the California ISO is to safeguard the reliable delivery of electricity, and ensure equal access to 25,000 circuit miles of "electron highway." As the impartial operator of the wholesale power grid in the state, the California ISO conducts a small portion of the bulk power markets. These markets are used to allocate space on the transmission lines, maintain operating reserves and match supply with demand in real time.

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