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FERC Okays California ISO's First Step in Clearing Backlog of Power Plant Requests to Hook Up to Grid *Second Boost from FERC to Give ISO Ability to Advance Renewable Power*

In an important step toward streamlining the process of interconnecting renewable resources to the power grid, the Federal Energy Regulatory Commission (FERC) issued an order yesterday granting the California Independent System Operator Corporation (California ISO) the ability to launch the first part of a two-step process to clear a logjam that has hindered renewable projects attempting to connect to the California grid.

“The good news is that renewable power projects are clamoring to supply electricity to California consumers,” said California ISO President and CEO Yakout Mansour. “The better news is we can take the first step toward freeing bottlenecks that have prevented these exciting projects from coming online.”

This is the second lift FERC has given the California ISO as it works swiftly to help green power developers get their projects on the grid. Late last year, FERC approved the ISO proposal for a new hybrid-financing tool that is reducing cost barriers facing renewable developers and paving the way for transmission “trunk lines” to reach remote and renewable-rich areas.

In yesterday's FERC order, the ISO was given the okay to waive certain rules and timelines for handling requests from new power plants hoping to hook up to the transmission system. As a result, the ISO can begin immediately to reduce a backlog of projects in its overloaded generation interconnection queue. One of the primary benefits is to help accelerate development of green power needed to meet California's Renewables Portfolio Standard and greenhouse gas (GHG) reduction goals.

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“FERC is giving California the power to help ‘green the grid’ by addressing the backlog of generation interconnection requests that have stymied our ability to manage the timetables for ensuring the reliable connection of renewable power to the transmission grid,” said Mansour. “We are impressed with FERC’s response to this urgent situation in California. All along, the Commission has demonstrated in words and actions its commitment to adjust existing policies and introduce new ones to facilitate the implementation of environmental goals.”

As part of this transition, the ISO will now be allowed to create three study groups:

- A grandfathered **serial study group** that would give expedited treatment to projects already in the queue
- A **transition cluster**, comprising non-grandfathered projects submitted on or before June 2, 2008
- An **initial cluster** for projects submitted on or after June 3, 2008

In response to the state’s renewable and greenhouse gas goals intended to reduce dependence on fossil fuels, a torrent of renewable power projects has poured into the ISO interconnection queue. Today, 361 interconnection requests totaling more than 105,000 megawatts (MWs) are pending in the interconnection study process. Of these, more than 68,000 MWs are from renewable resources. These far exceed the highest demand on record and also exceed the ability of the current interconnection procedures to efficiently process the requests. FERC’s actions will be instrumental in breaking this logjam and will ensure the interconnection process does not impede the California Public Utilities Commission siting process.

The second step in the process to address these issues will be gaining FERC approval for a full-scale Generator Interconnection Process Reform (GIPR) proposal. The California ISO worked closely with stakeholders to develop the proposal which was approved by the ISO Board of Governors only last week. The ISO plans to file the long-term solution with FERC by the end of the month. If approved, the GIPR will resolve the source of the procedural flaws in the current interconnection process by increasing the financial commitment necessary for project developers to enter and progress through the interconnection process, studying projects with related system impacts in groups, and providing for pro-rata allocation of transmission upgrades across grouped projects. With these and other changes, the California ISO will have greater confidence that the projects being studied are commercially viable and will be able to study projects more efficiently. At the same time, project developers will have greater certainty about the timing of interconnection studies and their share of interconnection costs.

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.