



NEWS RELEASE

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ISO Board of Governor's Approves Path 15 Upgrade

Board Finds Project Cost Effective and Good for the Grid

(Folsom, CA) The California Independent System Operator, (ISO) Board of Governors today approved upgrading "Path 15" one of the major North-South transmission lines in the state. The project will relieve a choke point in the California Grid that costs millions of dollars a year to mitigate, and directly contributed to two days of rotating blackouts in January of 2001.

"This is a big improvement for California's Grid" said ISO Board Chairman, Michael Kahn. "Not only will this lead to economic benefits for consumers, the upgrade means we'll have a more reliable grid, and a far better way to move megawatts up and down the state."

Path 15, a system of three 500 kilovolt lines, narrows down to two lines for an 83 mile stretch through the central valley. The project will add a third line to that segment and upgrade several major transmission substations that are part of Path 15. When completed in 2004, the project will add 1,500 megawatts of transmission capacity between Northern and Southern California.

The added capacity will significantly reduce electricity costs in California, saving approximately \$100 million per year in normal conditions, and more than \$300 million during a dry year when Path 15 helps mitigate the lack of hydro-electric resources in Northern California. Current estimates show the project should recoup its \$473 million dollar costs in about four years. "My math says the cost per customer in California is about twenty cents per month," said ISO Governor Michael Florio. "In my book, that amounts to pretty cheap insurance against market power."

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Path 15 2-2-2-2

A consortium made up of three entities will pay for the project. Pacific Gas and Electric, the Western Area Power Administration and a company called “Trans-Elect” will share the costs, with Trans-Elect investing the most, and receiving the largest percentage of the transmission rights. The ISO will ensure fair and open access to the new facilities, and integrate them into the rest of the grid. The project still needs approval from the California Public Utilities Commission.

The ISO Board of Governors also approved a new transmission line in San Diego County known as the “Miguel-Mission” project. That 230 kilovolt line will improve transmission capacity in the San Diego basin. Since its inception, the ISO has approved almost 200 transmission improvement projects, valued at more than the ISO approved 200 transmission projects valued at more than \$1.5 billion.

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 a 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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