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May 18, 2011

Governor Ashutosh Bhagwat
Governor Robert Foster
Governor Angelina Galiteva
Governor Richard Maullin

Re: CAISO Management proposal for Dynamic Transfers of imports

I am writing this note to support the CAISO Management proposal for Dynamic Transfers of renewable-energy imports from other Balancing Authority Areas (BAAs), as Chief Executive Officer (CEO) of 8minutenergy Renewables. In partnership with Gestamp Solar, we are developing 355 MW of solar-energy projects in the Imperial Irrigation District (IID) area. The first of these projects is scheduled to come on-line in late 2013, and the others will follow after that.

Dynamic Transfers will be critical to reliable operation of generation projects in areas, like IID, with high renewable-energy potential but low loads and resource levels. For example, there are over 3,000 MW of generation projects under development in the IID area – virtually all of them renewable-energy projects being developed for sale to CAISO-area buyers – but IID’s loads can drop as low as 300 MW.

Those kinds of areas have only limited ability to provide imbalance-energy and other support services to manage variable resources like wind and solar plants. The CAISO has an organized imbalance market, with a large and deep resource pool that can provide those support services for dynamically transferred imports, at the same cost as if those plants were located in the CAISO area.

Lack of an approved Dynamic Transfer framework has been a significant impediment to PPA negotiations with CAISO BAA buyers. The provision in recent 33% RPS legislation allowing only dynamically transferred imports to count toward meeting RPS obligations on a “bundled” basis makes approval of this proposal even more urgent.

The proposal was developed through a long and thorough stakeholder process, and Jim Price and other CAISO staff have been meticulous in addressing all stakeholder concerns. The process included a GE study that found no operational concerns, and it is time to move forward.

I urge you to remove this barrier to entry by valuable IID-area resources into CAISO markets by approving the Dynamic Transfer proposal before you, without further delay.

Best Regards,

Martin Hermann

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