



OFFICE OF THE GOVERNOR

May 18, 2011

California Independent Systems Operator
Board of Governors
151 Blue Ravines
Folsom, CA 95630

Re: Support for 2010 Transmission Plan

Dear CAISO Board of Governors:

I would like to congratulate Governor Brown's newest appointees to the CAISO Board of Governors at this, their first Board meeting. We hope to continue and extend the strong and collegial working relationship between the renewable energy team here in the Governor's Office with other members of the Board and with the capable staff there. We appreciate CAISO's hard work and strong technical knowledge as we all continue to wrestle with tough and complicated issues related to planning transmission and integrating new renewable energy resources into California's electrical power supplies.

I'm writing today to support the adoption of the 2010 Transmission Plan. The Governor will look to see more diversity in the future of transmission providers competing to build transmission, but it's clear that the rapid pace of new generation moving through land use, permitting and construction approvals tends to steer this transitional plan toward existing utility transmission corridors and toward upgrades, rather than new transmission.

The current scenario is created by developers following the best advice available to them as to where to locate their projects, the Renewable Energy Transmission Initiative co-sponsored by the California Energy Commission and the California Public Utilities Commission. RETI, in turn, sought to steer projects to existing utility transmission corridors, hewing to the so-called *Garamendi Principles* which call for upgrades to existing lines wherever possible or staying within existing utility transmission corridors, rather than new transmission or new corridors.

Speedy construction of the Path 42 project, for example, is essential to the financing of many successful solar and geothermal projects who located in RETI's North Imperial California Renewable Energy Zone (CREZ). These projects may lose the confidence of investors if they cannot get their power to markets in time to meet contracts that are already signed or in negotiation. Postponing action or failure to approve the plan will hinder Southern California Edison's upgrades on portions of the project in the CAISO service area that match improvements in the Imperial Irrigation District for portions of the project in their service area. That delay will mean that some projects, whether they interconnect to CAISO directly, or to IID, face uncertainty about their ability to meet delivery dates.

This uncertainty will also adhere to other generation projects whose investors are awaiting approval of transmission improvements in the 2010 Transmission Plan if the vote is put off or if the plan is not approved. We hope that your actions today will support hard work by the CAISO staff and other state agencies to move toward meeting California's 33% goals.

Thank you for your service to the citizens and ratepayers of the State of California.

Sincerely,

A handwritten signature in blue ink, consisting of a stylized 'M' followed by a long, sweeping horizontal line that tapers to the right.

Michael Picker
Senior Advisor to the Governor for Renewable Energy Facilities