



Terra-Gen Power, LLC

March 19, 2014

California ISO
Board of Governors
P.O. Box 639014
Folsom, CA 95763-904

Dear Ms. Galiteva, Mr. Bhagwat, Mr. Foster, Mr. Maullin and Mr. Olsen:

The intent of the Revised Draft 2013-2014 Transmission Plan up for consideration at the March 20th Board Meeting should be clarified regarding its application to existing and subsequent IOU solicitations authorized under the CPUC 2012 LTPP Track 1 and 4 Decisions.

Section 2.6.3.1 of the Revised Draft Transmission Plan presents results of illustrative scenarios indicating locational preferences for preferred resources. These scenarios are the initial steps in supporting a new, proposed CAISO methodology to assess and promote preferred resources in the transmission planning process. CAISO's March 13, 2014 Response 3a to CPUC's comments on the Draft Transmission Plan clarified that the resource assumptions, which included conventional generation, ". . . were meant to be used as an illustration of how the non-conventional alternative analyses would be performed" in future Transmission Planning Processes. Terra-Gen, along with a majority of stakeholders, is supportive of preferred resources and welcomes this analysis as it is rolled out to the 2014-2015 TPP. However, this illustration should have no applicability to the IOU actions in the procurement process outlined by the CPUC in the 2012 LTPP decisions.

The practical implication of Section 2.6.3.1 is that it is being interpreted to completely eliminate the value of viable preferred and conventional resources within the Northwest sub-area of Western LA Basin that had been previously identified in a multi-year stakeholder process (the 2012 LTPP) as an area of need. The unintended consequence is that LTPP Track 1 procurement of preferred and conventional generation could be incorrectly limited to a smaller geographic area because of a misapplication by an IOU of a CAISO-conducted illustrative analysis. The CPUC and CAISO should collaborate closely to assure viable resources in the Northwest sub-area of the Western LA Basin are not precluded from meeting reliability needs in a timely manner.

Terra-Gen respectfully requests Board approval of the 2013-2014 Transmission Plan be held until a coordinated effort between the CPUC and CAISO takes place to clarify key assumptions including: (i) confirmation the analysis contained in Section 2.6.3.1 is illustrative, (ii) confirmation the TPP is not intended to contradict the Western LA Basin locational preferences within the sub-areas as identified in the CPUC's Track 1 decision (D.13-02-015) and incorporated into the recent CPUC decision on Track 4, D.14-03-004; and (iii) a critical analysis of Western LA Basin Transmission Upgrade schedules.

Sincerely,

Randy Hoyle
Senior Vice President, Development