



# CALIFORNIA MUNICIPAL UTILITIES ASSOCIATION

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DAVID L. MODISETTE, EXECUTIVE DIRECTOR

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May 17, 2010

Mason Willrich

Chairman of the Board

California Independent System Operator Corporation

151 Blue Ravine Road

Folsom, California

## RE: Revised Transmission Planning Proposal

Dear Chairman Willrich:

The California Municipal Utilities Association ("CMUA") appreciates the opportunity to express its views on the Revised Transmission Planning Proposal ("RTPP"), set for action at the California Independent System Operator Corporation ("CAISO") Board of Governors meeting on May 18, 2010.

CMUA supports many aspects of the RTPP, including the move toward a comprehensive transmission plan, and away from a project-by-project analysis. CMUA also supports more integrated recognition of renewable energy delivery into the criteria by which plan elements are examined. Finally, although not included in the Tariff language currently under development, CMUA supports the improved coordination among the CAISO and non-CAISO transmission owners. CMUA was an early advocate of the California Transmission Planning Group ("CTPG"), and encourages the CAISO's full participation in CTPG to coordinate plans among all California transmission owners.

There are two significant issues on which CMUA believes additional effort is required: (1) cost containment; and (2) the avoidance of duplication with planned facilities in neighboring Balancing Authority Areas ("BAA"). In the last five years, the high voltage Transmission Access Charge ("TAC") has more than doubled. When examining possible planned facilities and their cost, CMUA members estimate that the TAC will increase another three to five times. This places extraordinary cost pressures on California consumers, on top of the pressures already mounting to comply with the renewable directive itself, greenhouse gas emission reductions, and reliability standards. Through the RTPP, the CAISO can help manage this cost exposure by ensuring that the "least regrets" lines are given top priority, and that the project sponsors chosen to build those lines are the ones that can do so in the most cost effective manner possible. CMUA and its members have, and will continue to provide CAISO Staff with specific suggestions how to incorporate more specific cost-minimization features into the RTPP.

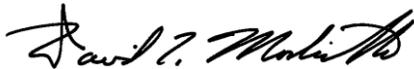
Chairman Mason Willrich  
California Independent System Operator Corporation  
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Second, CMUA is concerned that more specific provisions are required to ensure that the CAISO's plan does not duplicate facilities being planned, and paid for, through the tariffs or other mechanisms in neighboring BAAs. This would include the BAAs operated by CMUA members (including the Sacramento Municipal Utility District and the Imperial Irrigation District), as well as California's neighbors in the Pacific Northwest and Desert Southwest. Often, neighboring BAAs may have advantages such as existing rights of way, siting mechanisms, or permitting already accomplished, that would allow needed facilities to get built and renewable energy to be delivered to the CAISO, without the need for a particular project to be included in the TAC. This would expedite project development, and help control costs for California consumers by avoiding unnecessary duplication. Indeed, it is why the CTPG was formed, and the RTPP should reflect the need to avoid duplication in concrete terms. Again, CMUA and its members pledge to continue to work with CAISO Staff prior to the anticipated RTPP filing at the Federal Energy Regulatory Commission to make suggested Tariff modifications.

There is little doubt that the transmission planning process in California must reflect the statewide directive to deliver increasing amounts of renewable resources, while recognizing the obvious fact that transmission is increasingly difficult to permit. RTPP is a step in that direction, but likely not the last word. In the end, greater cooperation among the CAISO, California's transmission owners, and regulators will be necessary to ensure costs are controlled, and renewable goals achieved.

Thank you for your consideration of these matters, and please do not hesitate to contact me if CMUA can be of any assistance.

Sincerely,

A handwritten signature in black ink, appearing to read "David Modisette". The signature is fluid and cursive, with a large initial "D" and "M".

David Modisette  
Executive Director  
California Municipal Utilities Association