

**Stakeholder Process:**  
**Proposal for Revised Transmission Planning Process**

**Summary of Submitted Comments**

Stakeholders submitted six rounds of written comments to the ISO on the following dates:

- Round One, 09/30/2009
- Round Two, 11/13/2009
- Round Three, 12/15/2009
- Round Four, 01/19/2010
- Round Five, 04/15/2010
- Round Six, 05/06/2010

Stakeholder comments are posted at: <http://caiso.com/242a/242abe1517440.html>

Other stakeholder activities include:

- White Papers Issued
  - 09/15/2009 – Straw Proposal and Issue Paper
  - 10/30/2009 – Revised Straw Proposal
  - 12/02/2009 – Second Revised Straw Proposal
  - 01/06/2010 – Draft Final Proposal<sup>1</sup>
  - 04/02/10 – Second Draft Final Proposal
  - 04/28/10 – Supplement to the Second Draft Final Proposal
  - 05/07/10 – Comprehensive Final Proposal
- In-Person Meetings
  - 09/23/2009
  - 12/8/2009
  - 01/12/2010
- Conference Calls
  - 11/06/2009
  - 04/08/2010
  - 05/04/2010

Management Proposal	PTOs with Service Territories	Municipals	Resource and Transmission Developers	Others	Management Response
<p>The ISO’s annual transmission planning process will include ISO collaboration with the California Transmission Planning Group (CTPG) in developing a conceptual statewide plan for access to renewable resources and then updating that plan for the ISO Balancing Authority Area.</p>	<p>Support</p>	<p>Support, however:  Bay Area Municipal Utilities wants to ensure that “least regrets” projects are justified independent of CTPG.</p>	<p>Green Energy Express &amp; LS Power – Any internal or external process or group that the ISO relies upon should be Order 890 compliant  Pattern Energy – CTPG should be expanded to include representatives of independent transmission developers.</p>	<p>Division of Ratepayer Advocates – Independent transmission developers should have membership in CTPG.</p>	<p>Municipals – Any “least regrets” or other transmission elements submitted to the ISO Board for approval in the ISO’s final comprehensive transmission plan will be justified by the ISO’s own analysis.  Developers – Although the CTPG has not established itself as a complete Order 890 planning process, all decision making regarding transmission additions and upgrades for the ISO balancing authority area will be made through the ISO’s Order 890 compliant planning process.  DRA and Pattern- CTPG has established a process for non-members, including independent transmission developers, to provide comments on its study process and study results. The revised ISO transmission planning process will also provide an opportunity, during Phase 2, for interested parties to provide comments on the CTPG conceptual statewide plan.</p>
<p>Parties who submitted a 2008 or 2009 request window economic project will have the right to build and own its proposed project provided:  (1) The transmission facilities comprising the project are approved as needed in the ISO’s revised transmission planning process and do not fall under the tariff transmission categories to be built</p>	<p>SCE - If the original project proponent is not capable or opts out of pursuing the project, SCE assumes then that the ISO will open the project up to others. To the extent the ISO feels it must impose an obligation to build on a PTO if no other party steps forward, the ISO should not do so without a corresponding right of first refusal. SCE is opposed to any such backstop obligation</p>	<p>-</p>	<p>Green Energy Express – Supports, however the ISO has proposed certain conditions and limitations to the presumptive right of project sponsors to build and own projects they submitted into the Request Windows, are not just and reasonable and would unduly discriminatory.  Pattern Energy and Independent Energy Producers – Supports, but once the project is determined “needed” the</p>	<p>-</p>	<p>SCE – Management does not agree that the backstop obligation to build transmission must necessarily be combined with a right of first refusal. Management believes the final proposal has struck a reasonable balance of preserving opportunities for non-PTO developers while maintaining the existing rights and obligations on incumbent PTOs and further notes the incumbent PTOs can propose to build all of the Category 1 transmission elements identified in the ISO Phase 2 plan. Thus, while the proposal does not provide them with right of first refusal for certain identified transmission needs, it does not preclude them from proposing to build these elements. At the same, if the ISO does not receive qualified proposals for some facilities, Management believes it is important to have the ability to direct the PTOs to build them.  PG&amp;E – The ISO’s study process and criteria will ensure that only projects that are needed and, for economic upgrades,</p>

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<p>by the PTOs;</p> <p>(2) There is only one project sponsor proposing the same transmission facilities in the 2008-2009 request windows; and</p> <p>(3) The project proponent is determined by the ISO to be physically, technically and financially capable of completing the project in a timely and proper manner, and operating and maintaining the facilities consistent with good utility practice and all applicable requirements</p>	<p>without a corresponding right of first refusal.</p> <p>PG&amp;E – The ISO must ensure that the benefits of these projects outweigh the costs.</p>		<p>original project sponsor should have the right to build this element and other sponsors should be not be considered.</p> <p>LS Power – Supports, however the tariff markup must call out specifically which sections of the tariff cover transmission categories to be built by PTOs.</p>		<p>economically beneficial, will be approved.</p> <p>GEE – Management believes that this proposal does not impose any requirements on project sponsors that are not just and reasonable and non-discriminatory. It is essential that any party that proposes to build transmission to be connected to the ISO grid, paid for through the ISO’s access charges, and maintained in accordance with prevailing standards, must be found duly qualified before being approved to proceed.</p> <p>Pattern – The 4/28 supplement addresses this.</p> <p>LS – The 5/7 comprehensive final proposal clarifies this.</p>
<p>In Phase 3 the ISO staff will evaluate the submitted proposals for technical completeness and consistency with the requirements of the final plan and, upon finding them acceptable, will refer the proposals to the state siting authorities for their approval processes. In situations where multiple parties submit proposals to build the same element and they are subject to different siting authorities, the ISO will decide based on clear criteria which one</p>	<p>SCE – is concerned that the manner in which such a process would work is completely unclear and has the potential to delay transmission infrastructure needed to achieve California’s renewable energy goals, create uncertainty, and potentially add costs resulting from the pursuit of duplicate projects.</p> <p>In selecting evaluation criteria SCE suggests that cost estimates should not serve as an objective criteria due to the</p>	<p>Bay Area Municipal Utilities – Supports BAMx supports the ISO proposal of utilizing the criteria similar to that used by the Public Utility Commission of Texas (PUCT) in conjunction with the ERCOT renewable</p>	<p>Green Energy Express - Only one entity should have jurisdiction to evaluate competing proposals and make this determination. This would ensure that the same criteria and standards are being utilized to review competing proposals for new transmission development in the State. In this regard, it is also critical that an independent evaluator be established to review the process of determining that competing proposals exist and that the process by which the “winning” proposal is</p>	<p>-</p>	<p>SCE – Although Management did incorporate the ISO Phase 3 decision process late in the development of this proposal, the criteria and procedures for making such decisions have precedent and useful models in the procedures of the CPUC and the Texas PUC, which the ISO can draw upon to refine the details of this process.</p> <p>Management agrees with SCE’s concerns about using cost estimates to decide between competing projects and does not intend to use them.</p> <p>GEE – The ISO has proposed that specific objective criteria for evaluating competing projects be included in the tariff and the business practice manual so as to provide transparency as to the decision-making process. Management believes that the ISO is well-suited to conduct an independent evaluation of these projects and that there is no apparent need for a third party evaluator.</p>

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to approve for cost recovery through the transmission access charge.	<p>uncertainties associated with planning level costs as well as the possibility of “low-ball” bids.</p> <p>PG&amp;E -supports the ISO’s proposal to create a new justification for approving transmission projects.</p>	transmission planning process.	<p>picked is fair, transparent and non-discriminatory.</p> <p>Pattern Energy - Supports the ISO’s proposal to develop and apply objective criteria to identify the project sponsor best able to complete the project in a timely and proper manner and operate and maintain the facilities consistent with good utility practices and all applicable legal and regulatory requirements.</p>		
Management proposes to establish a new criterion for evaluating and approving competing multiple projects	<p>SCE - cost estimates should not serve as an objective criteria due to the uncertainties associated with planning level costs as well as the possibility of “low-ball” bids. Instead, SCE recommends that the ISO consider other objective criteria including, but not necessarily limited to: a project sponsor’s ability to finance, license, and see a project through to completion; a project sponsor’s experience; a project sponsor’s ownership of existing facilities and/or ROW that could be utilized as part of a project proposal; a project sponsor’s accountability to system reliability; a project sponsor’s obligation to reliably and affordably serve</p>	-	<p>Pattern proposes the following broad categories of criteria that should be considered in the evaluation:</p> <ul style="list-style-type: none"> <li>• The sponsor’s project development experience;</li> <li>• The sponsor’s business structure (partnership, stakeholders, etc.);</li> <li>• The sponsor’s ability to finance the construction effort (access to capital) and to ensure compliance with all on-going legal, regulatory and California ISO requirements;</li> </ul>		<p>SCE, PG&amp;E and Pattern - the ISO will consider existing approaches such as the criteria used by the Public Utility Commission of Texas in conjunction with the ERCOT renewable transmission planning process.</p>

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	<p>customers; and a project sponsor's obligation to meet policy mandates such as California's 33% RPS.</p> <p>PG&amp;E - The ISO should consider the following criteria, to ensure that the necessary transmission is built in a timely manner:</p> <ul style="list-style-type: none"> <li>• The project proponent's ability to finance.</li> <li>• Track record of proponent:</li> <li>• Accountability to overall system reliability, and obligation to serve customers, including the obligation to meet a 33 % RPS.</li> <li>• Operational consistency of project with ISO requirements and the current grid configuration.</li> </ul>				
<p>For 2010, in recognition of the urgency surrounding certain generation projects that are in the current LGIP study process and eligible for stimulus funding under the American Recovery and Reinvestment Act (ARRA), the ISO is exempting the identified network upgrades for</p>	-	-	<p>Desert Southwest Power, Independent Energy Producers, - Support the consideration of ARRA funding process in the 2010/2011 transmission planning process timeline. Concerns regarding ARRA funding specifically for transmission projects causes concern.</p> <p>Solar Millenium – initially</p>	<p>PUC – Supports tariff provisions to expedite LGIP-related upgrades</p>	<p>Management proposes to allow ARRA-eligible generation projects in the interconnection queue for which the LGIP Phase II cluster studies have been completed to continue with their LGIA negotiation and signing without having to wait for the final Phase 2 plan to be completed. Any transmission projects that are specified in such LGIAs would then become input assumptions to the formulation of the Phase 2 plan.</p>

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<p>these projects from further review so that the project developers can complete their interconnection agreements in a timely manner.</p>			<p>identified the stimulus funding timeline as a potential issue for LGIP projects.</p>		
<p>The ISO's annual transmission planning process will include ISO collaboration with the California Transmission Planning Group (CTPG) in developing a conceptual statewide plan for access to renewable resources and then updating that plan for the ISO Balancing Authority Area.</p>	<p>Support</p>	<p>Support, however:  Bay Area Municipal Utilities wants to ensure that "least regrets" projects are justified independent of CTPG.</p>	<p>Green Energy Express &amp; LS Power – Any internal or external process or group that the ISO relies upon should be Order 890 compliant  Pattern Energy – CTPG should be expanded to include representatives of independent transmission developers.</p>	<p>Division of Ratepayer Advocates – Independent transmission developers should have membership in CTPG.</p>	<p>Municipals – Any "least regrets" or other transmission elements submitted to the ISO Board for approval in the ISO's final comprehensive transmission plan will be justified by the ISO's own analysis. Developers – Although the CTPG has not established itself as a complete Order 890 planning process, all decision making regarding transmission additions and upgrades for the ISO balancing authority area will be made through the ISO's Order 890 compliant planning process. DRA and Pattern- In Phases 2 and 3, CTPG has established a process for non-members, including independent transmission developers, to provide comments on its study process and study results. In Phase 3, CTPG has also provided an opportunity for non-members to provide transmission alternatives for CTPG to study using its analytical methods. The 13 alternatives selected for analysis are presented in Section 5 of the CTPG Phase 3 Final Study Plan, available at <a href="http://www.ctpg.us/public/images/stories/downloads/2010-05-07_Final_Phase_3_CTPG_Study_Plan.pdf">http://www.ctpg.us/public/images/stories/downloads/2010-05-07_Final_Phase_3_CTPG_Study_Plan.pdf</a>. In addition, the revised ISO transmission planning process will also provide an opportunity, during Phase 2, for interested parties to provide comments on the conceptual statewide plan.</p>