ALSTON&BIRD LLP

The Atlantic Building
950 F Street, NW
Washington, DC 20004-1404

202-756-3300
Fax: 202-756-3333

Michael Kunselman **Direct Dial: 202-239-3395** **E-mail: michael.kunselman@alston.com**

December 23, 2010

The Honorable Kimberly D. Bose
Secretary
Federal Energy Regulatory Commission
888 First Street, NE
Washington, DC 20426

Re: California Independent System Operator Corporation
Docket No. ER11-2318-000

Errata to Filing of ISO Service Agreement No. 1774, Non-Conforming Large Generator Interconnection Agreement

Dear Secretary Bose:

On December 8, 2010, the California Independent System Operator ("ISO") submitted a filing in the above-referenced docket regarding the Large Generator Interconnection Agreement ("LGIA") between ISO, Southern California Edison Company ("SCE"), and Palo Verde Solar II, LLC ("Palo Verde") relating to the Blythe Solar Power Project. Included as Attachment A to that filing was the declaration of Yi Zhang. In paragraph 7 of his declaration, Mr. Zhang referenced an Appendix 1 to his declaration containing supporting information. The ISO recently discovered that it had inadvertently omitted Appendix 1 to Mr. Zhang's declaration in the December 8 filing. Therefore, attached to this letter is a copy of Mr. Zhang's declaration with Appendix 1 included. The ISO respectfully requests that the Commission include this document in the record of this proceeding.

The ISO apologizes for any inconvenience it may have caused and requests that the Commission accept this errata filing. Please contact the undersigned with any questions regarding this matter.

Respectfully submitted,

/s/ Michael Kunselman
Michael Kunselman

Nancy Saracino
General Counsel
Sidney M. Davies
Assistant General Counsel
Baldassaro "Bill" Di Capo
Senior Counsel

California Independent System Operator Corporation
151 Blue Ravine Road
Folsom, CA 95630
916-608-7157

Alston & Bird LLP
The Atlantic Building
950 F Street, NW
Washington, DC 20004
202-239-3395

Counsel for the California Independent System Operator Corporation

UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION

California Independent System Operator Corporation	**)** **)**	**Docket No. ER11-__-000**

DECLARATION OF YI ZHANG

1. My name is Yi Zhang. My business address is California ISO, 151 Blue Ravine Road, Folsom, California 95630. I am employed by the California Independent System Operator Corporation ("ISO") as a Senior Regional Transmission Engineer. My job responsibilities in this position include performing complex engineering studies to anticipate, identify and resolve problems or potential problems with the California power grid, conducting planning studies and overseeing and approving transmission projects proposed for the CAISO Controlled Grid, and performing generator interconnection studies.

2. I received a Ph.D in Electrical Engineering from Washington State University in 2007. Previously I received a BSEE (Bachelor of Science in Electrical Engineering) and an MSEE (Master of Science in Electrical Engineering) from Tianjin University in China in 1993 and 1996,

respectively. Prior to joining the ISO in 2006, I worked with Electric Power Research Institute (EPRI) of China in Beijing, China from April 1996 to August 2001. At EPRI of China, I worked as a development engineer and then as a project lead on designing, developing and implementing advanced power system applications including energy management systems, distribution management systems, and power markets.

3. Since 2008, I have worked on the Phase I and Phase II interconnection studies for the ISO's Large Generator Interconnection Procedures (LGIP) transition cluster, including the study for projects in the Eastern Bulk System study group. The Eastern Bulk System study group is comprised of projects planning to interconnect to the ISO Controlled Grid in the same area on the eastern portion of Southern California Edison's (SCE) transmission system, and includes the Blythe Solar Power Project.

4. The purpose of my declaration is to explain the basis for the two reasons that led to the ISO's conclusion that even if Palo Verde Solar II, the owner of the Blythe project, chooses to exercise the partial termination option included in its non-conforming LGIA, the risk of stranded investment costs is relatively low. First, there is a relatively low threshold (300 MW) triggering the need for the West of Devers upgrades. Second, the majority of the network upgrades needed to provide the Blythe project with full capacity deliverability status, including the West of Devers upgrades, will

be commonly utilized by other generating projects in the Eastern Bulk System study group, as well as projects being studied in subsequent ISO queue clusters, resulting in a large amount of generating capacity other than Blythe that, if interconnected, will also utilize the network upgrades.

5. In the transition cluster Phase II interconnection study performed for the Eastern Bulk System study group, the ISO and SCE identified a number of necessary upgrades to the transmission system in that area in order to accommodate the requests for full capacity deliverabilty status from Blythe and other projects in the Eastern Bulk System study group. Some of these upgrades are planned for completion in 2013. However, the most extensive portion of the upgrades, known as the the “West of Devers upgrades” are not planned for completion until 2017. The West of Devers upgrades mainly consist of reconductoring a number of transmission lines in the area in order to increase their transmission capacity. The West of Devers upgrades are necessary in order to provide the projects in the Eastern Bulk System study group, including Blythe, with full capacity deliverability status.

5. The requested commercial operation date for the Blythe project is 2013. Because of the multi-year gap between the requested commercial operation date for the generating facility and the scheduled in-service date of the transmission upgrades necessary to provide Blythe and some other

projects in the ISO's transition cluster with full capacity deliverability status, the ISO agreed to provide these interconnection customers (assuming they met certain eligibility criteria) with an advisory assessment indicating the expected amount of partial capacity that these projects could deliver for each of the years between the generating facility's commercial operation date and completion of the multi-stage transmission upgrades necessary to achieve the facility's ultimate full capacity status. This assessment took the form of an addendum to each interconnection customer's Phase II study report. A link to the technical bulletin describing in detail the background and methodology for performing these assessments is publicly available on the ISO's website at http://www.caiso.com/2802/2802860e49b50.pdf.

6. I was responsible for performing this advisory assessment for generating facilities in the Eastern Bulk System study group, including the Blythe project. In doing so, I determined that, along with upgrades to transmission facilities scheduled to be completed in that area as of or prior to 2013, special protective systems could be implemented to mitigate overloads on the existing West of Devers transmission lines by tripping up to 1400 MW of generation. This means that 1400 MW of transmission capacity can be utilized to provide deliverability to new generation connecting in the Eastern Bulk System area absent the West of Devers upgrades. At the same time, there already is 1100 MW of generation

planning to interconnect in this area that is in the ISO's "serial study group," which consists of projects that were sufficiently far along in the interconnection queue when the ISO filed its LGIP reform amendment in 2008, such that they were exempted from the new cluster study process and are considered to have a higher queue position than projects in the transition cluster such as Blythe. Thus, after accounting for the capacity of these serial group projects, there was only 300 MW of transmission capacity remaining that could be used to provide partial deliverability to the projects in the Eastern Bulk System study group, which amounts to 2199.5 MW of generation that has applied for full capacity deliverability status. After allocating this amount among the projects in the Eastern Bulk System study group, the ISO determined that in order for generating facilities interconnecting in this area to obtain any additional deliverability, the West of Devers upgrades, scheduled to be completed in 2017, would need to be placed in-service. Thus, relative to the amount of new generation in this transition cluster study group, 300 MW is a low threshold triggering the need for the upgrades.

7. In addition to this relatively low MW threshold for deliverability that triggers the need for the West of Devers upgrades, there is a substantial amount of additional generating capacity in the ISO's interconnection queue beyond the transition cluster that will make use of the majority of the network upgrades needed for the Blythe project, particularly the West of

Devers upgrades, in order to obtain their requested full capacity deliverability status. Specifically, there is over 6,000 MW of planned renewable generating capacity that is being studied for interconnection in the same area as the Blythe project and will require the West of Devers upgrades in order to obtain full capacity deliverability status. This 6,000 MW represents thirteen projects representing 1199.5 MW in the ISO's transition cluster as well as 4855 MW in the two subsequent queue clusters. This information is displayed in a table included as Appendix 1 to my declaration.

8. I declare under penalty of perjury that the foregoing is true and correct.

Yi Zhang

Executed on December 8, 2010

Appendix 1

Cluster Projects Requiring West of Devers for Full Capacity Deliverability Status

		Point of Interconnection	MW	Type
Transition Cluster (Phase II study completed)	193	Colorado River	500	ST
	365	Red Bluff	500	ST
	421	Eagle Mountain	49.5	ST
	431	Colorado River	150	ST
	294	Colorado River	1000	ST
		Subtotal	*2199.5*	
Cluster 2 (Phase I study completed)	567	Red Bluff	1400	H
	576	Colorado River	485	PV
	588	Red Bluff	200	PV
		Subtotal	*2085*	
Cluster 3 (Phase I study in progress)	643AC	Colorado River	750	ST
	643AE	Red Bluff	150	PV
	643AF	Colorado River	500	PV
	643AH	Red Bluff	170	PV
	643AL	Palo Verde-Devers #1 500 kV line	1000	ST
	643AS	Colorado River	200	PV
		Subtotal	2770	
		Total	7054.5	

All projects listed here request Full Capacity Deliverability status
Energy Only projects, including SGIP projects, are not listed

CERTIFICATE OF SERVICE

I hereby certify that I have served the foregoing document upon all of the parties listed on the official service list for the above-referenced proceeding, in accordance with the requirements of Rule 2010 of the Commission's Rules of Practice and Procedure (18 C.F.R. § 385.2010).

Dated at Washington, D.C. this 23rd day of December, 2010.

/s/Daniel Klein
Daniel Klein