



Steve Berberich
President & Chief Executive Officer

October 13, 2011

Mr. Stephen Burnage
President, Solar Express Transmission, LLC
9550 S. Eastern Avenue, Suite 253
Las Vegas, NV 89123

Dear Mr. Burnage:

Thank you for your letter to the ISO Board of Governors regarding independent transmission issues related to Valley Electric Association (VEA) and its possible membership in the California ISO. I have consulted with Board members, and they have asked me to respond on their behalf.

I understand your interest in having opportunities for independent transmission development in California and the West. As you know, the ISO has tariff provisions that create such opportunities for several types of projects. These include projects needed to achieve state or federal policy objectives, projects that cost-effectively relieve transmission congestion, and projects that anticipate future interconnection needs for facilities with limited geographic options because of constraints such as the location of renewable resources.

We support providing these opportunities, and nothing in the Memorandum of Understanding (MOU) describing VEA's transition into the ISO undermines them. Specific transmission development identified in the MOU is limited to an existing reliability project already underway and a connection to the ISO at the El Dorado substation. If a new 500 kV line is triggered by generation projects in VEA's interconnection queue, as your letter suggests, opportunities for independent transmission development could arise. Of course, an opportunity is not a guarantee. As evidenced by the right-of-way application you reference, VEA also has an interest in developing transmission that could be triggered by pending interconnection

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requests. In any case, we won't know whether network upgrades will be needed until VEA, in collaboration with the ISO, completes its interconnection studies.

Again, thank you for your letter. I look forward to your participation in our transmission planning and policy development processes where these and related issues will arise.

Sincerely yours,



Steve Berberich
President & Chief Executive Officer

Cc: Robert Foster, CAISO Board of Governors
Ashutosh Bhagwat, CAISO Board of Governors
Angelina Galiteva, CAISO Board of Governors
Richard Maullin, CAISO Board of Governors
Michael Peevey, President, California Public Utilities Commission (CPUC)
Jon Wellinghoff, Chairman, Federal Energy Regulatory Commission (FERC)
Philip Moeller, FERC Commissioner
Marc Spitzer, FERC Commissioner
John Norris, FERC Commissioner
Cheryl LaFleur, FERC Commissioner
Perry Cole, Energy Capital Partners