STATE OF CALIFORNIA EDMUND G. BROWN JR., *Governor*

PUBLIC UTILITIES COMMISSION
505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298

CALIFORNIA ENERGY COMMISSION
1516 NINTH STREET
SACRAMENTO, CA 95814-5512

March 12, 2012

Steve Berberich
California Independent System Operator
President and Chief Executive Officer
P.O. Box 639014
Folsom, CA 95763-9014

Re: Base Case and Alternative Scenarios for CAISO 2012-2013 Transmission Plan

Dear Mr. Berberich:

This letter represents the formal transmittal of the California Public Utilities Commission and California Energy Commission's recommended scenarios for the CAISO's 2012-2013 Transmission Planning Process (TPP). This fulfills our ongoing commitment under our May 2010 Memorandum of Understanding to ensure our planning processes are coordinated. In order to achieve consistency with the indentified base for the 2011-2012 TPP, we have identified the "cost-constrained" scenario as a reasonable base case for the CAISO to study in its 2012-2013 TPP. The "cost-constrained" scenario is detailed further in the Attachment to this letter. It heavily weights a project's cost as compared to the environmental, commercial interest and permitting scores.

Although, we have identified the "cost-constrained" scenario as a reasonable base case, we highly recommend that the CAISO also study the following three alternative scenarios in its 2012-2013 Transmission Plan: (1) an "environmentally-constrained" scenario, which heavily weights the positive environmental attributes of projects; (2) a "commercial interest" scenario, which heavily weights projects with an executed Power Purchase Agreement and data adequacy for a major siting application, and (3) a "high-distributed generation (DG)" scenario. DG is identified as solar photovoltaic projects less than 20 MW that meet a "no backflow" criterion 8760 hours per year at the substation level. Although not included in this year's scenarios, we also highly encourage the CAISO to consider a Department of Defense potential renewable projects scenario in the 2013-2014 Transmission Plan.

We appreciate the cooperative nature of the discussions regarding the 2012-2013 Transmission Plan and look forward to commenting further on policy concerns as the stakeholder process progresses. We also look forward to

working collaboratively with CAISO staff to continue improving the process and implementing any changes in the early stages of the 2013-2014 Transmission Planning Process. If you have any questions about the details of the scenarios, please contact Kevin Dudney at 415-703-2557 or kevin.dudney@cpuc.ca.gov or Roger Johnson at 916-654-5100 or rjohnson@energy.ca.gov.

Sincerely,

Michael R. Peevey
President, CPUC

Robert B. Weisenmiller
Chair, CEC

Michel P. Florio
Commissioner, CPUC

Cc. Mark Ferron, Commissioner CPUC
Paul Clanon, CPUC Executive Director
Edward Randolph, CPUC Energy Division Director
Keith Casey, CAISO VP for Market and Infrastructure Development
Karen Edson, CAISO VP for Policy and Client Services
Robert Oglesby, Energy Commission Executive Director
Roger Johnson, Energy Commission's Siting, Transmission, and Environmental Protection Division Deputy Director

Attachment 1 - Summary by CREZ

Scenario Name	Cost	Environment	Commercial	High DG*
Discounted Core	6	6	6	6
Weight on Cost Score	0.7	0.1	0.1	0.7
Weight on Environmental Score	0.1	0.7	0.1	0.1
Weight on Commercial Interest Score	0.1	0.1	0.7	0.1
Weight on Permitting Score	0.1	0.1	0.1	0.1
	Portfolio Totals (MW)			
Discounted Core	7,293	7,293	7,501	12,599
Commercial Non-Core	2,418	2,271	4,027	1,330
Generic	6,158	7,799	5,563	2,926
Total	15,869	17,363	17,091	16,856
Alberta	450	450	450	450
Arizona	550	550	550	550
Baja	100	-	100	100
Barstow	-	-	-	-
British Columbia	-	-	-	-
Carrizo North	-	-	-	-
Carrizo South	900	900	900	900
Colorado	-	-	-	-
Cuyama	-	-	-	-
Distributed Solar - PG&E	1,047	1,837	1,047	3,641
Distributed Solar - SCE	599	1,978	599	3,226
Distributed Solar - SDGE	405	426	405	490
Distributed Solar - Other	-	-	-	-
Fairmont	-	-	-	-
Imperial	1,125	1,125	1,519	1,125
Inyokern	-	-	-	-
Iron Mountain	-	-	-	-
Kramer	62	62	762	62
Lassen North	-	-	-	-
Lassen South	-	-	-	-
Montana	-	-	-	-
Mountain Pass	665	365	665	365
Nevada C	142	116	142	142
Nevada N	-	-	-	-
New Mexico	-	-	-	-
NonCREZ	5,003	5,154	4,661	2,101
Northwest	312	290	330	290
Owens Valley	-	-	-	-
Palm Springs	188	198	198	188
Pisgah	-	-	-	-
Remote DG (Brownfield) - PG&E	-	-	-	-
Remote DG (Brownfield) - SCE	-	-	-	-
Remote DG (Brownfield) - SDGE	-	-	-	-
Remote DG (Brownfield) - Other	-	-	-	-
Remote DG (Greenfield) - PG&E	-	-	-	-

Remote DG (Greenfield) - SCE	-	-	-	-
Remote DG (Greenfield) - SDGE	-	-	-	-
Remote DG (Greenfield) - Other	-	-	-	-
Riverside East	950	705	1,400	700
Round Mountain	-	34	-	-
San Bernardino - Baker	-	-	-	-
San Bernardino - Lucerne	94	72	101	49
San Diego North Central	-	-	-	-
San Diego South	200	200	200	200
Santa Barbara	-	-	-	-
Solano	535	535	535	535
Tehachapi	2,472	2,297	2,457	1,671
Twentynine Palms	-	-	-	-
Utah-Southern Idaho	-	-	-	-
Victorville	-	-	-	-
Westlands	70	70	70	70
Wyoming	-	-	-	-
Total	15,869	17,363	17,091	16,856

*Note that the High DG case uses the discounted core to force in 5,307 MW of Small Solar PV resources, beyond the 2,286 MW that is included in the discounted core for the other cases.

Attachment 1 - Summary Technology and Transmission

Scenario Name	Cost	Environme	Commercia	High DG*
Discounted Core	6	6	6	6
Weight on Cost Score	0.7	0.1	0.1	0.7
Weight on Environmental Score	0.1	0.7	0.1	0.1
Weight on Commercial Interest Score	0.1	0.1	0.7	0.1
Weight on Permitting Score	0.1	0.1	0.1	0.1
	Portfolio Totals (MW)			
Discounted Core	7,293	7,293	7,501	12,599
Commercial Non-Core	2,418	2,271	4,027	1,330
Generic	6,158	7,799	5,563	2,926
Total	15,869	17,363	17,091	16,856
Biogas	154	149	136	154
Biomass	119	281	119	119
Geothermal	965	535	607	965
Hydro	-	21	-	-
Large Scale Solar PV	5,211	6,078	6,903	2,597
Small Solar PV	2,266	4,915	2,537	7,572
Solar Thermal	827	827	1,899	827
Wind	6,327	4,557	4,890	4,622
New Transmission Segments			Kramer - 1	

*Note that the High DG case uses the discounted core to force in 5,307 MW of Small Solar PV resources, beyond the 2,286 MW that is included in the discounted core for the other cases.